

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

RIVERSIDE PLACE

RECITALS:

A. This Declaration is filed with respect to all lots, inclusive, Riverside Place Addition, a subdivision in Tarrant County Texas, according to the plat recorded under Document D216158834, Official Public Records of Tarrant County, Texas (the "Property"). Declarant is the owner of the Property.

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

C. By the filing of this Declaration, Declarant serves notice that the Property will be subjected to the terms and provisions of this Declaration.

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

ARTICLE I
DEFINITIONS

1.1 "ACA" or "Architectural Control Authority" shall have the meaning given to such terms in Section 6.2 hereof.

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

1.3 "Architectural Committee" means the committee established under Section 6.3 hereof.

1.4 "Association" means "Riverside Place Community Association, Inc.", a Texas nonprofit corporation, established for the purposes set forth herein.

1.5 "Association Easement" means (a) any easement reserved herein or created elsewhere intended for the construction, installation, operation, location or repair of any subdivision improvement, including, without limitation, the easement for subdivision fencing reserved in Section 10.6 hereof and any easement for any landscaping, subdivision sign, monument or entry feature, retaining, screening or perimeter wall or drainage facility, or (b) any other easement for the benefit of the Association shown on a Recorded plat of the Property or otherwise created or shown in any instrument of Record.

1.6 "Association Maintenance Fencing" means any fencing for the general benefit of the Association, if any, installed by Declarant pursuant to an Association Easement.

1.7 "Board" means the Board of Directors of the Association.

1.8 "Builder" means any person or entity who purchases one (1) or more Lots for the purpose of constructing improvements for later sale to consumers in the ordinary course of such person's or entity's business.

1.9 "Bylaws" means the bylaws of the Association.

1.10 "Certificate" means the Certificate of Formation of the Association.

1.11 "City" means the City of Fort Worth.

1.12 "Common Area" and "Common Areas" means any property and facilities that the Association owns or in which it otherwise holds rights or obligations, including, without limitation, any property that the Association holds under a lease, license or easement in favor of the Association. Some Common Area will be solely for the common use and enjoyment of the Owners, while other portions of the Common Area may be for the use and enjoyment of the Owners and members of the public. The Common Area shall generally include community wide recreational facilities, open space, detention areas, wetlands and green areas. The Common Area shall not include any streets, streetlights, water mains or sanitary sewers or other improvements which have been dedicated to a municipality or governmental authority. Common Area may be on a separate subdivided lot or may be part of a Lot.

1.13 "Common Expenses" means the actual and estimated expenses incurred or anticipated to be incurred by the Association for the benefit of the Member(s) and/or the Common Maintenance Areas.

1.14 "Common Maintenance Areas" means the Common Areas, if any, and any areas within public rights-of-way or easements (public and private), portions of Lots, public parks, private streets, landscaping, entry features and/or fence or similar areas that either the Board deems necessary or appropriate to maintain for the common benefit of the Members or that are

shown on a Recorded plat of the Property or portion thereof as being maintained by the Association.

1.15 "County" means Tarrant County, Texas.

1.16 "Declarant" means "CTMGT Valley Ridge, LLC" a Texas limited liability company, and its successors and assigns as provided in Section 13.12 hereof.

1.17 "Declaration" means this Declaration of Covenants, Conditions and Restrictions for "Riverside Place Addition" and any amendments and supplements thereto made in accordance with its terms.

1.18 "Designated Interest Rate" means the interest rate designated by the Board from time to time, subject to any interest limitations under Texas law. If the Board fails to designate an interest rate, then the interest rate shall be the lesser of twelve percent (12%) per annum or the highest rate permitted by Texas law. The Designated Interest Rate is also subject to the limitations in Section 12.6 hereof.

1.19 "Development Period" means the period commencing upon the date of this Declaration and expiring upon the earlier of (a) when Declarant does not own any real property within the Property, or (b) when Declarant executes a document stating the Development Period has terminated, which termination document may be executed during the period when Declarant still owns real property within the Property.

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

1.21 "Entry Signs" means the entry feature signs for the subdivision that are or may be placed by Declarant or its agents on the Common Area, Common Maintenance Areas and/or any area covered by an Association Easement.

1.22 "Land" means any real property (other than areas dedicated to the City or County or other applicable governmental authority) within the Property that has not been platted as a Lot.

1.23 "Lot" means any separate residential building parcel shown on a Recorded subdivision plat of the Property, but only if such parcel has in place the infrastructure (including utilities and streets) necessary to allow construction of a Dwelling thereon. Common Areas and areas deeded to a governmental authority or utility, together with all improvements thereon, shall not be included as part of a Lot.

1.24 "Member" means any person, corporation, partnership, joint venture or other legal entity that is a member of the Association pursuant to the terms in Article III hereof.

1.25 "Owner" means the record owner, whether one or more persons or entities, of fee simple title to any Lot, but excluding in all cases any party holding an interest merely as security

for the performance of an obligation. If a Lot is sold under a Recorded contract for deed, then the purchaser (rather than the fee Owner) will be considered the Owner.

1.26 "Property" means the real property described on Exhibit "A" attached hereto (other than areas dedicated to the City or County or other applicable governmental authority) and such additional property as is brought within the jurisdiction of the Association and made subject to this Declaration.

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

ARTICLE II PROPERTY RIGHTS

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

(a) **Rules.** The right of the Association to establish and publish rules and regulations governing the use of the Common Areas and/or the Lots.

(b) **Suspension of Common Area Use Rights.** The right of the Association to suspend the right of use of the Common Areas for any period of time during which any assessment against such Owner's Lot is due and remains unpaid.

(c) **Conveyance of Common Area.** The right of the Association, subject to the provisions hereof, to dedicate, sell or transfer all or any part of the Common Areas. However, no such dedication, sale or transfer will be effective unless there is an affirmative vote of sixty-seven percent (67%) or greater of all outstanding votes of the Members entitled to be cast.

(d) **Mortgage Common Area.** The right of the Association, subject to the provisions hereof, to mortgage or lien all or any part of the Common Areas. However, the Common Areas cannot be mortgaged or liened without an affirmative vote of sixty-seven percent (67%) or greater of all outstanding votes of the Members entitled to be cast.

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

(a) **No Transfer without Lot.** An Owner's right and easement of use and enjoyment in and to the Common Area shall not be conveyed, transferred, alienated or encumbered separate and apart from an Owner's Lot.

(b) **No Partition.** Except as provided in Section 2.1(c) hereof, the Common Area shall remain undivided and no action for partition or division of any part thereof shall be permitted.

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

ARTICLE III MEMBERSHIP AND VOTING

3.1 Membership - Owners. Every Owner by virtue of ownership of a Lot or Land will be a member of the Association. Membership will be appurtenant to and will not be separated from ownership of any Lot or Land (as applicable).

3.2 Voting Rights. The voting rights in the Association shall be as follows:

(a) **Members other than Declarant.** Except as provided in Section 3.2(b) below, Members shall be entitled to one (1) vote for each Lot owned. However, when more than one person or Member holds an interest in any Lot, only one vote in total may be cast per Lot as the Owners of such Lot determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. The Association shall have no affirmative obligation to take any action to determine which Member is the person designated to cast the Lot's vote. If the Members fail to advise the Association of the person designated to cast the Lot's vote, then the Lot's vote shall be suspended if more than one person or entity seeks to exercise it.

(b) **Declarant.** Declarant shall be entitled to ten (10) votes for each Lot owned by Declarant and four (4) votes for each acre of Land owned by Declarant, regardless if the time of the vote is within or after the Development Period.

ARTICLE IV ASSESSMENTS

4.1 Obligation to Pay Assessments. Subject to and except as provided in this Article IV, each Owner of any Lot by acceptance of a deed therefor, whether or not it will be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (a) annual assessments as provided in Section 4.3 hereof, (b) special assessments as provided in Section 4.6 hereof, and (c) specific assessments as provided in Section 4.7 hereof.

4.2 Rate of Assessments. Both annual assessments and special assessments shall be fixed at a uniform rate for all Lots, regardless of a Lot's location or size or the value of the Dwelling thereon.

(a) **Improved Lot.** A Lot that has thereon a Dwelling that has been occupied at any time (past or current) for residential purposes (an "Improved Lot") shall be assessed at the full rate.

(b) **Vacant Lot.** A Lot that does not have thereon a Dwelling that has been occupied at any time (past or current) for residential purposes shall be assessed at the full rate.

(c) **Lots and Land Owned by Declarant – Exempt.** Except as provided in Section 4.5 below, during the Development Period all Lots owned by Declarant shall be exempt from all assessments (annual assessments, special assessments and/or specific assessments) and Declarant shall not be obligated to pay any assessments for the Lots. Notwithstanding anything contained herein to the contrary, Declarant shall never be obligated to pay assessments for any Land owned by Declarant.

4.3 Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots on the date of conveyance of the first Lot to an Owner (other than to Declarant or an entity that assumes Declarant status as provided herein), unless the Board elects to commence the annual assessment earlier. Until January 1st of the year immediately following the conveyance of the first Lot to an Owner (other than to Declarant or an entity that assumes Declarant status as provided herein), the annual assessment shall be \$300 per Lot, provided that such first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The amount of subsequent annual assessments against each Lot shall be fixed by the Board at least thirty (30) days in advance of each assessment period. Written notice of the annual assessment shall be sent to an Owner of every Lot subject thereto. The due dates shall be established by the Board. The Board shall also establish whether the annual assessment shall be paid annually, quarterly or monthly.

4.4 Annual Assessment – Increases. The annual assessment may be increased by the Board, provided that the Board gives written notice of the increase to the Members at least thirty (30) days in advance of the effective date of such increase. No vote or other approval shall be required for the increase to be effective, unless the increase is more than ten percent (10%) of the prior annual assessment. If the increase is more than ten percent (10%), then the increase may be disapproved by a sixty-seven percent (67%) or greater vote of the votes of Members entitled to be cast, provided that the vote occurs and the Board receives evidence thereof within sixty (60) days of the date of the increase notice.

4.5 Declarant's Obligation to Pay Budget Deficits. If at any time during the Development Period the Association's operating expenses exceed the assessments received by the

Association from the Owners (the "Budget Deficit"), Declarant shall fund the amount of such deficit to the Association; provided, however, that in no event shall Declarant be obligated to pay more than an amount equal to the full assessment rate applicable to Improved Lots for the Lots (but not Land) Declarant owns to make up such Budget Deficit. Notwithstanding the foregoing, if the Budget Deficit is the result of the failure or refusal of an Owner or Owners to pay their annual, special or specific assessments, the Association will diligently pursue (and Declarant may also pursue at its option) all available remedies against such defaulting Owners and will promptly reimburse Declarant for any Budget Deficit funded by Declarant from any amounts collected from such Owner or Owners. In no event shall Declarant be obligated to pay any Budget Deficit attributable to the period of time after the Development Period. Furthermore, Declarant's agreement to pay Budget Deficits under this Section 4.5 shall in no way eliminate or diminish Declarant's exemption from all assessments when no Budget Deficit exists.

4.6 Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment to cover expenses which the Board determines, in its sole discretion, to more appropriately be handled outside of the regular operating budget, provided that any such special assessment must have an affirmative vote of sixty-seven percent (67%) or greater of all outstanding votes of the Members entitled to be cast.

4.7 Specific Assessments. The Association shall have the power to levy specific assessments against a particular Lot to (a) cover costs incurred in bringing a Lot into compliance with this Declaration, (b) cover costs incurred as a consequence of the conduct (or the failure to act) of the Owner or occupant of a Lot, their agents, contractors, employees, licensees, invitees or guests, and/or (c) collect any sums due by the Owner to the Association (other than annual assessments or special assessments or interest or late charges related thereto), including, without limitation, fines.

4.8 Purpose of Annual and Special Assessments - Reserve. Annual assessments and special assessments levied by the Association shall be used for Common Expenses. The Association may establish and maintain a reserve fund for the periodic maintenance, inspection, repair and replacement of improvements to the Common Maintenance Areas.

4.9 Personal Obligation to Pay Assessments. Each assessment provided for herein, together with interest at the Designated Interest Rate, late charges and collection costs (including, without limitation, reasonable attorneys' fees) shall be the personal obligation of the person who was the Owner of such Lot at the time when the assessment arose. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no mortgagee under a Recorded first purchase money mortgage or beneficiary of a Recorded first deed of trust (meaning any Recorded mortgage or deed of trust with first priority over other mortgages or deeds of trust), shall be liable for unpaid assessments which accrued prior to the mortgagee's acquisition of title. In addition, no mortgagee shall be required to collect assessments.

4.10 Capitalization of Association - Payment.

(a) Each Owner (other than Declarant) of a Lot with a completed Dwelling thereon will pay a one-time initial working capital contribution to the Association (the "Initial Contribution") in an amount equal to \$125.00, which amount shall be due immediately upon the transfer of title to the Lot.

(b) Notwithstanding the foregoing provision, the following transfers will not be subject to the requirement to pay the Initial Contribution: (i) foreclosure of a deed of trust lien, tax lien, or the Association's assessment lien; (ii) transfer to, from, or by the Association; or (iii) voluntary transfer by an Owner to one or more co-owners, or to the Owner's spouse, child or parent. In the event of any dispute regarding the application of the Initial Contribution to a particular Owner, the Board's determination regarding application of the exemption will be binding and conclusive without regard to any contrary interpretation of this Section 4.10. The Initial Contribution will be in addition to, not in lieu of, any other assessments or other charges levied in accordance with this Article IV and will not be considered an advance payment of such assessments. The Association will have the power to waive the payment of any Initial Contribution attributable to a Lot by the execution and recordation in the Public Records of a waiver notice executed by a majority of the Board.

4.11 Failure to Pay Assessments; Remedies of the Association. With respect to any assessment or other sum due herein not paid within ten (10) days after the due date, the Association shall have the right to: (a) charge a late fee, in an amount determined by the Board; (b) charge interest on the amount due at the Designated Interest Rate from the due date until the date the sum is paid; (c) charge costs and fees related to the collection of the sum due; and/or (d) exercise any other remedies available to the Association as provided elsewhere in this Declaration. In addition, the Association may bring an action at law against the Owner personally obligated to pay the same. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Maintenance Areas or abandonment of his or her Lot. The failure to pay assessments shall not by the terms of this Declaration constitute a default under an insured mortgage, unless otherwise provided by the terms of such mortgage.

4.12 Lien.

(a) **Creation of Lien.** The Association shall hereby have a continuing lien against each Lot to secure payment of delinquent assessments (annual assessments, special assessments and specific assessments), as well as interest at the Designated Interest Rate, late charges and costs of collection, including, without limitation, court costs and attorneys' fees, and any other fees or charges that are authorized under or pursuant to this Declaration. Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and Record a

document setting forth as to any Lot, the amount of delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the payment thereof. However, the failure of the Association to execute and Record any such document shall not, to any extent, affect the validity, enforceability, perfection or priority of the lien.

(b) **Enforcement of Lien - Judicial or Nonjudicial.** The lien may be enforced by judicial foreclosure or by nonjudicial foreclosure; provided, however, that prior to any nonjudicial foreclosure, the Association shall first obtain a court order as required under Section 209.0092(a) of the Texas Property Code, as amended, and otherwise comply with any applicable prerequisites or requirements for nonjudicial foreclosure under applicable law, including, without limitation, Chapter 209 of the Texas Property Code, as amended. Each Owner by accepting title to a Lot hereby grants to the Association, whether or not it is so expressed in the deed or other instrument conveying such Lot to the Owner, a private power of nonjudicial sale. 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's meeting. A foreclosure must comply with the requirements of applicable law, including, without limitation, Chapter 209 of the Texas Property Code, as amended. A nonjudicial 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, as amended, 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, as amended. The Association has the power to bid on the lot at foreclosure sale and to acquire, hold, lease, mortgage and convey same.

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

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

(e) **Effect of Foreclosure.** The foreclosure of a first purchase money mortgage, trustee's sale of a first deed of trust or a deed in lieu thereof will extinguish the lien of such assessment as to payments attributable to the period prior to the foreclosure, trustee's sale

or deed in lieu thereof. However, a foreclosure of a first purchase money mortgage, trustee's sale of a first deed of trust or a deed in lieu thereof will not relieve such Lot or Owner thereof from liability for any assessment attributable to the period after the foreclosure, trustee's sale or deed in lieu thereof. The foreclosure of a first purchase money mortgage, trustee's sale of a first deed of trust or a deed in lieu thereof shall not release the Owner whose Lot is being foreclosed, sold at a trustee's sale or conveyed pursuant to a deed in lieu from the Owner's obligation to pay assessments attributable to the period prior to the date of such foreclosure, trustee's sale or deed in lieu thereof. For purposes of this Declaration, the use of the term "first" in connection with a mortgage or deed of trust shall refer to the lien priority as compared to other mortgages or deeds of trust.

ARTICLE V THE ASSOCIATION

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

5.2 Board of Directors. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint, in accordance with the Certificate and the Bylaws. The Board shall have the powers granted in this Declaration, the Certificate, the Bylaws, and all powers provided by Texas law and all powers reasonably implied to perform its obligations and/or duties provided herein.

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

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

5.5 Insurance.

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

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

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

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

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

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

5.7 Books and Records. The books and records of the Association shall be made available to the Members for inspection and copying as provided in the Bylaws and in accordance with the requirements of applicable law, including, without limitation, Chapter 209 of the Texas Property Code, as amended.

5.8 Dissolution of Association; Conveyance of Assets. If the Association is dissolved other than incident to a merger or consolidation, the assets both real and personal of the Association, shall be conveyed as provided in the Certificate.

5.9 Enforcement – Notice. The Association may impose sanctions for violation of this Declaration (including any rules, guidelines or standards adopted pursuant to this Declaration) in accordance with and subject to the applicable procedures set forth in this Declaration, the Bylaws and applicable law, including Chapter 209 of the Texas Property Code, as amended. Specifically, written notice and opportunity for a hearing must be given prior to the Association exercising its remedies if such notice and hearing is required by this Declaration, the Bylaws and applicable law, including Chapter 209 of the Texas Property Code, as amended. Such sanctions may include all remedies available at law and/or in equity and all remedies herein, including, without limitation, the following:

(a) **Fines.** The Association may impose reasonable monetary fines which shall constitute a lien upon the Owner of the Lot related to or connected with the alleged violation. The Owner shall be liable for the actions of any occupant, guest or invitee of the Owner of such Lot.

(b) **Suspension of Rights to Use Common Area.** The Association may suspend any person's or entity's right to use any Common Area; provided, however, that nothing herein shall authorize the Association to limit ingress or egress to or from a Lot.

(c) **Right of Self-Help.** The Association may exercise self-help or take action to enter upon the Lot to abate any violation of this Declaration.

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

(e) **Levy Specific Assessment.** The Association may levy a specific assessment to cover costs incurred by the Association in bringing a Lot into compliance with this Declaration.

(f) **Lawsuit; Injunction or Damages.** The Association has the right, but not the obligation, to bring a suit at law or in equity to enjoin any violation or to recover monetary damages, or both.

(g) **Perform Maintenance.** In addition to any other enforcement rights, if an Owner fails to perform properly such Owner's maintenance responsibility with respect to a Lot and/or Dwelling, the Association may record a notice of violation in the Records and/or enter onto the Lot and perform such maintenance responsibilities and assess all costs incurred by the Association against the Lot and the Owner as a specific assessment.

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

ARTICLE VI ARCHITECTURAL CONTROLS

6.1 No Improvements Unless Approved by Architectural Control Authority - Except Improvements by Declarant. No building, fence, wall, outbuilding, landscaping, pool, detached building, athletic or play equipment or facility, structure or improvement will be erected, altered, added onto or repaired upon any portion of any Lot without the prior written consent of the ACA. However, ACA approval is not required for (a) any improvements constructed, erected, altered, added onto or repaired by Declarant or a Builder designated in writing by Declarant during the Development Period to be exempt from the ACA approval requirements; (b) any improvements to the interior of a Dwelling, except as provided herein; (c) the painting or re-bricking of the exterior of any Dwelling in accordance with the same color or design as originally constructed by Declarant or in accordance with the approved color and design scheme approved by the ACA; (d) improvements for which this Declaration expressly states that the ACA's prior approval is not required; or (e) repair or replacement of worn out or damaged improvements if such repair or replacement is with substantially similar materials. Any improvements pursuant to clauses (c) and (e) immediately preceding must be in compliance with any applicable ACA Standards.

6.2 Architectural Control Authority. The ACA shall have the sole and exclusive authority to perform the functions contemplated by the ACA in this Declaration. The purpose of the ACA is to enforce the architectural standards of the Property and to approve or disapprove plans for improvements proposed for the Lots. The ACA will have the authority to delegate its duties or to retain the services of a professional engineer, management company, architect, designer, inspector or other person to assist in the performance of its duties. The cost of such services shall be included in the Common Expenses. The "ACA" or "Architectural Control Authority" shall be the following entity:

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

(b) **Architectural Committee - After the Development Period.** The Architectural Committee shall be the ACA after Declarant's right to act as the ACA has either expired or voluntarily been terminated.

6.3 Architectural Committee. A committee to be known as the "Architectural Committee" consisting of a minimum of three (3) members will be established after Declarant's right as the ACA has terminated. The members of the Architectural Committee will be appointed, terminated and/or replaced by the Board. The Architectural Committee will act by simple majority vote.

6.4 Submission of Plans. Prior to the initiation of construction of any work required to be approved by the ACA as provided in Section 6.1 above, the Owner (excluding Declarant and any Builder designated in writing by Declarant during the Development Period to be exempt from the ACA approval requirements as provided herein) will first submit to the ACA a complete set of plans and specifications for the proposed improvements, including site plans, landscape plans, exterior elevations, specifications of materials and exterior colors, and any other information deemed necessary by the ACA for the performance of its function. In addition, the Owner will submit the identity of the individual(s) or company(ies) intended to perform the work and projected commencement and completion dates.

6.5 Plan Review.

(a) **Timing of Review and Response.** Upon receipt by the ACA of all of the information required by this Article VI, the ACA will have thirty (30) days in which to review said plans and other documents and materials submitted pursuant to Section 6.4 hereof. No correspondence or request for approval will be deemed to have been received until all requested documents have actually been received by the ACA in form satisfactory to the ACA. If the ACA requests additional information and the applicant fails to provide such information prior to the date stated in the ACA's notice, then the application shall be

deemed denied. If the applicable submittal is denied or deemed denied, then the applicant shall be required to re-apply if the applicant still desires to have the ACA consider the request. If the ACA fails to issue its written approval within thirty (30) days after the ACA's receipt of all materials requested by the ACA to complete the submission, then such failure by the ACA to issue its written approval shall be deemed its disapproval of such materials. The ACA may charge a reasonable fee for reviewing requests for approval. It is the responsibility of the Owner seeking approval from the ACA to verify that the ACA has received its request for review and whether approval has been given by the ACA.

(b) **Approval Considerations - Aesthetics.** The proposed improvements will be approved if, in the sole opinion of the ACA: (i) the improvements will be of an architectural style, quality, color and material that are aesthetically compatible with the improvements within the Property; (ii) the improvements will not violate any term herein or in the ACA Standards; and (iii) the improvements will not have an adverse impact on the Property. Decisions of the ACA may be based on purely aesthetic considerations. The ACA shall have the authority to make final, conclusive and binding determinations on matters of aesthetic judgment and such determination shall not be subject to review so long as the determination is made in good faith and in accordance with the procedures set forth herein. Each Owner acknowledges that opinions on aesthetic matters are subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements and as the ACA and its members change over time.

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

6.7 Improvements Impact on Drainage. With respect to any improvements performed on a Lot and/or any alterations to the grade of a yard, the Owner shall take proper precautions to insure that such improvements do not cause the surface water drainage on the Lot to (a) drain onto an adjoining Lot in an amount more than the drainage amount prior to the improvement or alteration, or (b) collect near the foundation of the Dwelling. Although the ACA may comment on and/or deny the approval of plans because of the impact of the proposed improvements or alterations on surface water drainage, the ACA's comments or approval shall not constitute or be construed as a representation, warranty or guaranty that adverse surface water drainage problems will not occur and shall not be relied upon as such. The Owner is responsible for taking the necessary actions in order to avoid any surface water drainage problems, including, without limitation, engaging the services of a qualified consultant.

6.8 No Waiver. The approval by the ACA of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the ACA under

this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing specification or matter subsequently submitted for approval.

6.9 Variances. The ACA may authorize variances from strict compliance with the requirements herein, in any ACA Standards or any required procedures: (a) in narrow circumstances where the design meets the intent of the provision from which variance is sought and where granting the variance would enhance design innovation and excellence; or (b) when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations so require. For purposes of this Section 6.9, the inability to obtain approval of any governmental agency, the issuance of any permit or the terms of any financing as the sole or primary reason for requesting a variance shall not be considered a hardship warranting a variance. No variance shall be contrary to the terms of this Declaration and no variance shall be effective unless in writing, nor shall a variance in one instance estop the ACA from denying a variance in other circumstances.

6.10 Architectural Control Authority Standards. The ACA may, from time to time and in its sole and absolute discretion, adopt, amend and repeal, by unanimous vote or written consent, ACA Standards. The ACA Standards may not conflict with the terms of this Declaration. In this regard, any conflict between any ACA Standards and the terms of this Declaration shall be controlled by the terms of this Declaration.

6.11 Enforcement; Non-Conforming and Unapproved Improvements. If there are any significant or material deviations from the approved plans in the completed improvements, as determined by the ACA, in its sole and absolute discretion, such improvements will be in violation of this Article VI to the same extent as if made without prior approval of the ACA. In addition to the Association's rights in Section 5.9 hereof, the Association or any Owner may maintain an action at law or in equity for the removal or correction of (a) the non-conforming improvement or alteration, and/or (b) any improvement or alternation to any improvement on any Lot that is not approved by the ACA.

6.12 Liability of Declarant and the ACA; Indemnity.

(a) **Decisions of Declarant and ACA.** Declarant and the members of the ACA shall have no liability for decisions made by them so long as such decisions are made in good faith and are not discriminatory, arbitrary or capricious. Any errors in or omissions from the documents submitted to Declarant or the ACA shall be the responsibility of the entity or person submitting the documents, and neither Declarant nor the ACA shall have any obligation to check for errors in or omissions from any such documents, or to check for such documents' compliance with the general provisions of this Declaration, City codes and other regulations, state statutes or the common law, whether the same relate to Lot lines, building lines, easements or any other issue.

(b) **No Liability of Declarant or ACA.** Declarant shall have no responsibility or liability for (i) the creation, selection, management or operation of the ACA, (ii) any actions taken or omitted to be taken by or on behalf of the ACA in connection with this Declaration or the Property, or (iii) any liabilities, obligations, debts, actions, causes of action, claims, debts, suits or damages incurred by or on behalf of or arising in connection with the ACA, the Property or the duties and obligations of the ACA pursuant to this Declaration. Furthermore, neither Declarant, the Association, the ACA, the Board nor the officers, directors, members, employees and agents of any of them, shall be liable in damages to anyone submitting plans and specifications to any of them for approval, or to any Owner by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications and every Owner agrees that he will not bring any action or suit against Declarant, the Association, the ACA, the Board or the officers, directors, members, employees or agents of any of them, to recover any such damages and hereby releases and quitclaims all claims, demands and causes of action arising out of or in connection with any judgment, negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release is given. Plans and specifications are not reviewed, approved and/or rejected for engineering or structural design, adequacy of materials or adequacy of soils or drainage, and by approving such plans and specifications, neither Declarant, the Association, the ACA, the Board nor the officers, directors, members, employees and agents of any of them assumes liability or responsibility therefor, nor for any defect in any structure constructed from such plans and specifications.

(c) **Indemnification of Declarant and ACA.** Without limiting the foregoing provisions of this Section 6.12, subject to any limitations imposed under the TBOC or in the Bylaws, the Association shall indemnify, defend and hold harmless the ACA and Declarant from and against all damages, claims and expenses, including, without limitation, attorneys' fees, reasonably incurred in connection with any threatened, initiated or filed action, suit or other proceeding (including the settlement of any suit or proceeding, if approved by the then Board) to which the ACA or Declarant may be a party by reason of its activities under or in connection with this Declaration.

ARTICLE VII DESIGN GUIDELINES

7.1 Building Type. No Home shall exceed thirty five (35) feet in height measured from finished grade to the highest point of the roof peak and shall not be more than two (2) stories as seen from any public street.

7.2 Minimum Floor Space. Each proposed Home submitted to the Architectural Committee on each Lot shall contain at least 1,600 square feet of air conditioned area, exclusive of all porches, garages, or breezeways attached to the main dwelling.

7.3 Materials. At least seventy-five percent (75%) of the exterior wall areas of any Home erected on any Lot shall be constructed of brick, stone, brick veneer, stone veneer, stucco type material, or other masonry materials approved by the committee ("Masonry Materials"); provided, however, one hundred percent (100%) of the front outside wall area of any Home shall be of Masonry Material. Further, dormers, exterior walls located over roofs, covered porches, gables or other exterior features located above the first floor plate line, are not required to be constructed of Masonry Material. A chimney located on the front exterior of a Home shall be constructed of Masonry Materials on the three (3) exterior sides. The side facing the home may be non-masonry. Masonry Materials do not include hardiboard, hardiplank or similar materials. The outside wall areas of a Home which are not required to be of Masonry Materials shall be constructed of hardiboard, hardiplank, Smart Siding or similar materials which are approved by the Committee.

7.4 Roofs. All roofs shall be of wood shingles, simulated wood shingles, tile, slate, metal or three dimensional composition shingles with a minimum twenty five (25) year warranty. All wood shingles must be treated with a fire proofing substance, and before installation of wood shingles a certificate from the manufacturer or supplier stating the terms of the warranty of the fire proofing shall be presented to the Committee. All major roof lines must be pitched a minimum of six (6) inches in twelve (12) inches. The committee may permit a lesser pitch where such pitch is consistent with the architectural style of the Home as judged by the Committee at its sole discretion. The Committee shall approve the color of all roofs. All roof venting and roof flashing that is not painted/finished by the manufacturer, shall be painted to match roof color.

7.5 Garages. Each single-family residential dwelling erected on any Lot shall provide garage space for a minimum of two (2) conventional automobiles. The Committee may approve the construction of a residential dwelling with garage space for only one automobile; however the Committee shall require at least three (3) additional "off-street" paved parking spaces located within the Lot boundaries. The interior walls of every garage shall be finished with taped and beaded sheet rock or other material acceptable to the Committee. Conversion of any carport or garage to finished space for use as apartment or other internal part of the living area of a Home is prohibited without prior approval of the Committee.

7.6 Driveways. Driveways shall be constructed of concrete or other masonry material set on a concrete base. Driveways shall provide parking space for at least two conventional automobiles within the area of the Lot.

7.7 Exterior Structures and Recreational Equipment. Any outbuildings constructed on the Lot shall be constructed of material complementary to the material used in the

construction of the Home. No gazebo, pool pavilion, trellis, greenhouse, storage shed or similar structure and no tennis court, basketball backboard, swing set or similar recreational equipment shall be constructed or placed upon any Lot or Home without prior written approval of the Committee. In no case shall lighting for tennis courts, basketball courts, or other recreational purposes be permitted.

ARTICLE VIII USE RESTRICTIONS AND COVENANTS

8.1 Single Family Residential Use. All Lots and Dwellings will be used and occupied for single-family residential purposes only and no trade or business may be conducted in or from any Lot and/or Dwelling, except that an Owner of the Dwelling may conduct business activities within the Dwelling so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Dwelling; (b) the business activity conforms to all zoning requirements for the Property; (c) the business activity does not involve unreasonable visitation to or from the Dwelling by clients, customers, suppliers or other business invitees; and (d) the business activity is ancillary to the residential use of the Dwelling and does not diminish the residential character of the Property or constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of the other residents in the Property. The determination of whether a business activity satisfies the foregoing requirements set forth in clauses (a) through (d) above in this Section 8.1 shall be made by the Board in its sole and absolute discretion. The business activity prohibition will not apply to the use by Declarant or any Builder of any (i) Dwelling as a model home, construction office and/or sales office, or (ii) Lot as a site for a selection center trailer, construction office trailer and/or sales office trailer and/or parking lot.

8.2 Parking of Motor Vehicles. No vehicles or similar equipment will be parked or stored in an area visible from any street within the Property, except passenger automobiles, motorcycles, passenger vans and pick-up trucks may be parked in any garage or driveway if such vehicle (a) has less than one (1) ton carrying capacity; (b) has less than 3 axles; (c) is in operating condition; and (d) is generally in daily use as a motor vehicle on the streets and highways of the State of Texas. No vehicles, trailers, implements or apparatus may be driven or parked in the Common Areas, the Common Maintenance Areas or on any easement unless such vehicle, trailer, implement or apparatus is in use for maintaining such area or easement; provided, however, that this restriction will not apply to any driveways, roads, parking lots or other areas designated by the Board as intended for such vehicular use. No abandoned, derelict or inoperable vehicles may be stored or located on any Lot or a street within the Property, except within an enclosed garage. No dismantling or assembling of motor vehicles, boats, trailers, recreational vehicles or other machinery or equipment will be permitted in any driveway or portions of any Lot that are visible from any street within the Property.

8.3 Trailers, Boats, Commercial and Recreational Vehicles. No campers, boats, trailers, motor homes, travel trailers, camper bodies, golf carts, recreational vehicles, non-passenger vehicles, vehicles with 3 or more axles or greater than 1 ton carrying capacity, and/or

equipment or accessories related thereto may be kept on any Lot, unless such item is operable and such item is (a) kept fully enclosed within a garage located on such Lot; (b) kept fully screened from view by a screening structure or fencing approved by the ACA; (c) temporarily parked on any street within the Property or on a Lot for the purpose of loading or unloading; or (d) a commercial vehicle that is in use for the construction, maintenance or repair of a Dwelling or Lot in the immediate vicinity. The Board will have the absolute authority to determine from time to time whether an item is in operable condition and complies with the requirements in clauses (a) through (d) above in this Section 8.3. Upon an adverse determination by the Board, the Owner will cause the item to be removed and/or otherwise brought into compliance with this Section 8.3. Notwithstanding any provision herein, no trucks or vehicles of any size which transport inflammatory or explosive cargo may be kept on the Property at any time.

8.4 Fences.

(a) **Required Fencing.** The backyard of each Lot must be fully enclosed with a perimeter fence. The Owner must at all times maintain the fence on its Lot in accordance with the terms of this Declaration, unless such Owner obtains the ACA's written approval to modify, replace, relocate or remove such fence in accordance with the provisions of this Declaration.

(c) **Location of Fence.** Unless approved by the applicable governmental authority and the ACA, no fence or wall will be placed (i) on any Lot in a location nearer the street than the front corner of the Dwelling located on such Lot, or (ii) on those certain corner Lots whose rear boundary line adjoins any portion of another Lot's front yard of a Lot behind the corner Lot, in a location nearer to the front building setback line for the street that is in front of the adjoining Lot. The foregoing shall not limit or restrict fences erected in conjunction with model homes or sales offices. In addition to the foregoing, easements may also restrict the placement of fences.

(d) **Maintenance of Fencing.** Except with respect to Association Maintenance Fencing, each Owner shall maintain the portion of fencing on such Owner's Lot in a presentable condition and shall make all repairs and replacements thereto (as deemed necessary by the Board, in its sole and absolute discretion), except that Owners adjoining a Common Fence (as provided in Section 8.4(f) hereof) shall share in the cost of such maintenance as provided in Section 8.4(f) hereof. The Association shall be responsible to maintain the Association Maintenance Fencing.

(e) **No Changes / Repairs.** All repairs and replacements to the perimeter fencing must be done using the same type and color of materials so that such fencing does not appear to have been repaired or replaced, except to the extent of the new appearance of the repaired or replaced materials. Except as provided in this Section 8.4(e), no fencing (including, without limitation, Association Maintenance Fencing and Restricted Fencing)

may be changed or modified without the prior written consent of the ACA. This includes the prohibition against changing the height of the fencing and the fencing materials.

(f) **Common Fencing.** Except for Association Maintenance Fencing, side and rear yard fences that are installed by Declarant or the Builder of the Dwelling to separate adjacent Lots as a common boundary fence (the "Common Fence") shall be maintained jointly by the Owners whose Lot adjoins such Common Fence and the costs associated therewith shall be shared equally by said Owners. An Owner is not released from the joint maintenance obligation even if an Owner constructs a second fence along or near the Common Fence, unless the other Owner agrees in writing otherwise and the ACA's approval is obtained. If the Owners disagree regarding the timing, cost or other applicable issue related to the repair or replacement of a Common Fence or any portion thereof, then either Owner may (i) make the repair or replacement (provided any applicable ACA approval is obtained) and seek collection of one-half (1/2) of the cost of repair or replacement at Arbitration (as defined herein); and/or (ii) seek payment of one-half (1/2) of the cost of repair or replacement at Arbitration, subject to the repair or replacement being made. The term "Arbitration" shall mean binding arbitration pursuant to the rules of the American Arbitration Association or such other person or entity approved by the applicable Owners.

8.5 Common Retaining Wall.

(a) **Maintenance of Common Retaining Wall.** Any retaining walls that are installed by Declarant on a common boundary of two Lots or that are located on a Lot, but adjacent to (within 3 feet) and generally parallel with another Lot (a "Common Retaining Wall") shall be maintained jointly by the Owner(s) whose Lot the Common Retaining Wall is located on and the Owner whose Lot is adjacent to the Common Retaining Wall (depending upon which is applicable) and the costs associated therewith shall be shared equally by said Owners. An Owner is not released from the joint maintenance obligation unless the other Owner agrees in writing to such release. The Common Retaining Wall shall be maintained in the same location, size, style and design and with the same materials, unless both Owners agree in writing otherwise and the ACA's approval is obtained. If the Owners disagree regarding the timing, cost or other applicable issue related to the repair or replacement of a Common Retaining Wall and/or portion thereof, then either Owner may (i) make the repair or replacement (provided any applicable ACA approval is obtained) and seek collection of one-half (1/2) of the cost of repair or replacement at Arbitration, and/or (ii) seek payment of one-half (1/2) of the cost of repair or replacement at Arbitration, subject to the repair or replacement being made.

(b) **Easement for Common Retaining Wall.** Common Retaining Walls may or may not be located exactly on the common boundary line between two Lots. Therefore, there is hereby created an easement in and on the Lot where the Common Retaining Wall is actually located. The easement area shall be limited to the area that is within 3 feet of

the common boundary line. The easement shall be for the benefit of the Owner of the Lot that adjoins the Common Retaining Wall so that such Owner can maintain the Common Retaining Wall as provided in Section 8.5(a).

8.6 Outbuildings, Sheds and Detached Buildings. No detached accessory buildings (including, but not limited to, detached garages and storage buildings and sheds) shall be erected, placed or constructed upon any Lot, unless (a) the building is approved by the ACA prior to the installation or construction of the building; (b) such building is compatible with the Dwelling to which it is appurtenant in terms of its design and material composition; (c) the exterior paint and roofing materials of such building shall be consistent with the existing paint and roofing materials of the Dwelling; (d) the building is located within a backyard that has a fence that completely encloses the backyard; (e) the height of the walls (excluding the roof) is not greater than 6 feet; (f) the total height of the building (including walls and roof) is not greater than 8 feet; and (g) the building has less than 80 square feet of floor space. In addition, the Owner is required to comply with any applicable governmental requirements, including, without limitation, any necessary permits.

8.7 Animals. No animals, livestock or poultry of any kind will be raised, bred or kept on any Lot, except that a reasonable number of cats, dogs or other generally recognized household pets may be permitted on any Lot; however, those pets which are permitted to roam free, or in the sole discretion of the Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or unreasonable source of annoyance to the occupants of other Lots shall be removed from the Lot upon the request of the Board. If the animal owner fails to remove the animal from the Lot after the Board's request, the Board may remove the animal, in addition to imposing such other sanctions as are authorized by the Declaration and the Bylaws. All animals will be kept in strict accordance with all local laws and ordinances (including leash laws) and in accordance with all rules established by the Association. All persons bringing an animal onto the Common Maintenance Areas shall be responsible for immediately removing any solid waste of said animal.

8.8 Signs. Except for Entry Signs, no sign or emblem of any kind, may be kept or placed upon any Lot or mounted, painted or attached to any Dwelling, fence or other improvement upon such Lot so as to be visible from public view except the following: (a) an Owner may erect one (1) sign on a Lot advertising the Dwelling for sale, provided that the sign does not exceed two (2) feet by three (3) feet in size; (b) an Owner may temporarily place one (1) sign on a Lot advertising the "open house" of a Dwelling for sale, provided that the sign does not exceed two (2) feet by three (3) feet in size and the sign may only be displayed during actual open house hours; (c) signs or billboards may be erected by Declarant or any Builder designated in writing by Declarant as having the right to erect such signs or billboards; (d) an Owner may temporarily place one (1) sign on a Lot advertising a "garage sale", provided that the sign does not exceed two (2) feet by three (3) feet in size and the sign may only be displayed during the garage sale hours; or (e) political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party,

issue or proposal provided that such signs will not be erected more than sixty (60) days in advance of the election to which they pertain and are removed within fifteen (15) days after the election. The ACA may in the ACA Standards permit additional signs and/or place additional restrictions or limitations on the signs permitted in this Declaration, provided that such additional restrictions or limitations do not conflict with the terms hereof. The Association will have the right to remove any sign, billboard or other advertising structure that does not comply with the foregoing. Removal shall not subject Declarant, the Board, the Association or the Association's officers to any liability in connection with such removal.

8.9 Trash; Containers and Collection. No garbage or trash shall be placed or kept on any Lot, except in covered sanitary containers. In no event shall such containers be stored, kept, placed or maintained on any Lot where visible from the location on the street that is immediately in the front of the Dwelling except solely on a day designated for removal of garbage, then such containers may be placed in the designated location for pick-up of such garbage and the container will be removed from view before the following day. Materials incident to construction of improvements may be stored on Lots during construction by Declarant or any Builder designated in writing by Declarant during the Development Period.

8.10 Nuisances. No noxious or offensive activity, including, without limitation, unreasonable smells, noise or aesthetics, will be carried on upon any Lot, nor will anything be done thereon which the Board determines, in its sole and absolute discretion, is or may become an unreasonable source of annoyance or nuisance to the Property.

8.11 Antennae and Satellite Dishes. Except with the written permission of the ACA or as provided herein, exterior antennae, aerials, satellite dishes or other apparatus for the transmission or reception of television, radio, satellite or other signals of any kind may not be placed on the exterior of any Dwelling or on any portion of the Lot outside the Dwelling, except that (a) antennas, satellite dishes or other apparatuses that are one meter or less in diameter and that are designed to receive transmissions other than television broadcast signals shall be permitted; and (b) antennas or satellite dishes designed to receive television broadcast signals shall be permitted. Any of the foregoing permitted devices and any other device permitted by the ACA (a "Permitted Device"), must be located in an area where such Permitted Device is not visible (for aesthetic reasons) from any portion of the street in front of the applicable Lot with the apparatus. However, if the Owner determines that the Permitted Device cannot be located in compliance with the foregoing non-visibility requirement without precluding reception of an acceptable quality signal, then the Owner may install the Permitted Device in the least conspicuous alternative location on the Lot where an acceptable quality signal can be obtained. The ACA in the ACA Standards may include rules or provisions regarding the type of additional Permitted Devices and/or the placement of Permitted Devices, provided that such ACA Standards do not conflict with the terms of this Section 8.11 and do not unreasonably increase the cost of installation, maintenance or use of the Permitted Device. A Permitted Device that complies with the provisions of this Section 8.11 and the ACA Standards shall not require the ACA's approval prior to installation. However, the ACA shall be the sole and exclusive authority

for purposes of determining if the item or device complies with the provisions of this Section 8.11 and the ACA Standards.

8.12 Air-Conditioning Units. Air-conditioning apparatuses must be installed on the ground behind the rear of the Dwelling, on the ground on the side of the Dwelling or in such other location as may be approved by the ACA. No air-conditioning apparatus or evaporative cooler may be located in or on the front of any Dwelling or attached to any roof, wall or any window of any Dwelling.

8.13 No Solar Collectors. Except with the written permission of the ACA, no solar collection panels or similar devices may be placed on or around any Dwelling. During the Development Period, the ACA shall be entitled, in its sole and absolute discretion, to restrict or prohibit entirely the installation of solar collection panels or similar devices. Upon expiration of the Development Period, the ACA shall be entitled to restrict or prohibit the installation of solar collection panels or similar devices if installation would result in any one or more of the following conditions: (1) as adjudicated by a court, the device threatens the public health or safety or violates applicable law; (2) the device is to be located on Common Areas or other property owned or maintained by the Association; (3) the device is to be located in an area on the Owner's Lot other than on the roof of the Dwelling or of another structure approved by the ACA for construction on the Owner's Lot or in a fenced yard or patio owned and maintained by the Owner; (4) if to be mounted on the roof of the Dwelling, the device (a) extends higher than or beyond the roofline, (b) is located in an area other than that which has been designated by the ACA, (c) does not conform to the slope of the roof and has a top edge that is not parallel to the roofline or (d) has a frame, a support bracket, or visible wiring that is not in a silver, bronze, or black tone commonly available in the marketplace; (5) if to be mounted in a fenced yard or patio, the device is taller than the fence line; or (6) if the device, as installed, voids material warranties.

8.14 No Temporary Structures as a Residence. No structure of a temporary character, including, without limiting the generality thereof, any tent, shack, garage or barn will be used on any Lot at any time as a residence, either temporarily or permanently; except that camping out in a tent, that is erected in the back yard behind a fully screened fence, is permitted provided that such activity is on a temporary basis and does not become or constitute a nuisance or unreasonable source of annoyance to the occupants of other Lots as determined by the Board in its sole and absolute discretion. This restriction will not be interpreted to limit the right of Declarant or any Builder to use trailers or outbuildings as sales offices, selection center offices, construction offices or material storage facilities.

8.15 Landscaping Maintenance. All yards must be sodded or grassed within a reasonable time period not to exceed three (3) months after the initial conveyance of a Lot with a Dwelling thereon to an Owner. Decorative ground cover rock (excluding flower beds and planters with mulch rather than rock) in the front and side yard may not exceed 10% of the total area of the front and side yard. All trees, grass and other landscaping located on any Lot must be properly maintained at all times by the Owner of such Lot in a trimmed, well-kept and clean

condition, as determined by the Board, in its sole and absolute discretion. Each Owner will keep all shrubs, trees, grass and plantings of every kind on his or her Lot cultivated, pruned, free of trash and other unsightly material. In addition, each Owner shall on a regular basis remove weeds from the yard, including, without limitation, flower beds and planter areas. No hardscape, including, without limitation, edging may include any symbols, characters, numbers or letters, unless approved by the ACA.

8.16 Owner's Maintenance of Adjacent Areas. (a) Unless such obligations are expressly assumed in writing by the Association as provided in paragraph (c) below, each Owner shall, at its sole cost and expense, be obligated to undertake all activities and work (collectively, the "Adjacent Area Maintenance Work") necessary to properly mow, irrigate and otherwise maintain in good condition all areas ("Adjacent Areas") situated between the boundary of such Owner's Lot and the back of the curb of any adjacent public or private rights-of-way, street or alley. The Adjacent Area Maintenance Work shall include, without limitation, irrigating, pruning, maintaining and replacing all landscaping and trees located within the Adjacent Areas and maintaining and/or replacing (as necessary) all irrigation equipment or lines located within the Adjacent Areas. Furthermore, no landscaping (including, without limitation, trees) or improvements may be removed from, or modified or installed within, the Adjacent Areas without the advance written consent of the Board.

(b) In the event an Owner fails or refuses to properly and on a timely basis (both standards to be determined by the Board in the Board's sole and absolute discretion) perform any Adjacent Area Maintenance Work for which it is responsible, such failure will constitute a violation of this Declaration. In such event, without limitation on any other rights or remedies arising out of such violation, the Board may additionally cause such Adjacent Area Maintenance Work to be performed in a manner determined by the Board, in its sole and absolute discretion. If the Board causes any Adjacent Area Maintenance Work to be performed due to an Owner's failure to do so, the Owner otherwise responsible therefor will be liable to the Association for all costs and expenses incurred by the Association for effecting such Adjacent Area Maintenance Work. If such Owner fails to pay such costs and expenses timely upon demand by the Association, such costs and expenses (plus interest from the date of demand until paid at the Designated Interest Rate) will be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot hereunder will be secured by the liens reserved in this Declaration for assessments and may be collected by any means provided in this Declaration for the collection of assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s).

(c) The Association at any time, but without any obligation to do so, may assume responsibility for all or a portion of the Adjacent Area Maintenance Work associated with one or more Owner's Lots. The Association may also from time to time enter into agreements with one or more Owners pertaining to the Adjacent Area Maintenance Work or the costs thereof, in the sole discretion of the Board.

8.17 **Sidewalks.** The Owner shall be responsible for maintaining any sidewalk located on such Owner's Lot to the extent required by the City or any other applicable governmental authority.

8.18 **Exterior Improvement Maintenance.** All improvements upon any Lot will at all times be kept in good condition and repair and adequately painted or otherwise maintained by the Owner of such Lot in a presentable well-kept and clean condition, as determined by the Board, in its sole and absolute discretion.

8.19 **Garages.** Each Dwelling must have a garage that will accommodate a minimum of two (2) automobiles. All garages must comply with all applicable governmental requirements. Garages may be used as Declarant's or a Builder's sales offices prior to permanent occupancy of the main structure; however, sales offices must be converted to garages prior to permanent occupancy. With the exception of periods when garages are used by Declarant or Builder as sales offices, all garages will be maintained for the storage of automobiles, and no garage may be enclosed or otherwise used for habitation. No carports are permitted on a Lot.

8.20 **Clothes Hanging Devices.** No clothes hanging devices are to be constructed or placed on the Lot, except within the Dwelling.

8.21 **Window Treatment.** No aluminum foil, newspaper, reflective film, bed sheets or similar linens, nor any similar treatment, will be placed on windows or glass doors of a Dwelling.

8.22 **Oil and Gas Drilling or Mining.** No drilling, refining, quarrying or mining operation of oil, gas or other minerals of any kind will be permitted upon or from the surface of any Lot, nor will any oil derrick, well, tank, storage facility or other related equipment be permitted on any Lot. This Section shall not prohibit subsurface drilling activities that begin upon and are conducted from the surface of real property not subject to these restrictions.

8.23 **Mail Boxes.** Mailboxes shall be brick and of similar type and design and in the same location as originally installed, unless the ACA approves additional types and designs or locations of mail boxes.

8.24 **Athletic and Recreational Facilities.** No outdoor athletic and recreational facilities such as playscapes, swing sets and sport courts may be placed on a Lot unless (a) such item is placed within a backyard that has a fence that completely encloses the backyard and the location and the item does not exceed twelve (12) feet in height, or (b) such item is a temporary and movable facility that is stored each night in the garage, the Dwelling or other fully screened area. Notwithstanding the foregoing, basketball goals and any other recreation equipment designated by the ACA may be located on any portion of the Lot (including side yards) that is behind any portion of the rear of the Dwelling.

8.25 Lighting; Exterior Holiday Decorations. Lighting and/or decorations on a Lot may not be used or placed in a manner which, in the Board's sole and absolute discretion, constitutes a nuisance or an unreasonable source of annoyance to the occupants of other Lots. Except for lights and decorations within the interior of a Dwelling that are not displayed in a window, lights and decorations that are erected or displayed on a Lot in commemoration or celebration of publicly observed holidays may not be displayed more than six (6) weeks in advance of that specific holiday and must be removed within thirty (30) days after the holiday has ended.

8.26 Flags, Flagpoles, Lawn Decorations and Sculptures. The Owner must have the approval of the ACA to place any decorations, sculptures, fountains, flags, flagpoles and similar items on any portion of such Owner's Lot except the interior of the Dwelling, unless (a) such item is placed within a backyard completely enclosed by a fence which blocks the view of the item at ground level; and (b) such item is no taller than the fence. Displays of American patriotism, school pride, and individuality are encouraged within reason and decorum; however, to maintain the overall aesthetic character of the community, the following restrictions shall govern the display of flags within the community. No more than one (1) in-ground flagpole, of not more than twenty feet (20') in height, may be installed in a location within the Owner's Lot as designated or approved in advance of installation by the ACA. Each Owner is authorized to mount two temporary or permanent flagstuffs on the front, rear or side of their Dwelling by wall bracket. The flagstuffs should not to exceed six (6) feet in length. The suggested location for such bracket mounting is on the garage doorframe or near the garage door. No roof-mounted flagstaff is allowed. Multiple flag configurations and any flagstaff in excess of six (6) feet must be approved by the ACA prior to installation or display. The Owner may use the flagpole or flagstaff to display the American flag, the Texas flag, a flag of any branch of the United States armed forces, and pennants or banners such as school flags or sports team flags. All flags may contain no more than twenty-four (24) square feet of material and must be of good taste and presentation.

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

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

8.29 Construction Activities. This Declaration will not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction or remodeling of or making of additions to improvements by an Owner (including Declarant) upon any Lot within the Property. Specifically, no such construction activities will be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of

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

- 8.30 **Declarant and Builder Development and Construction.** Notwithstanding any other provision herein, Declarant, and its successors and assigns, and any Builders, will be entitled to conduct on the Property all activities normally associated with, and convenient to, the development of the Property and the construction and sale of Dwellings on the Property.

ARTICLE IX COMMON AREAS

9.1 **Association to Hold and Maintain.** The Association will accept and own all Common Areas in fee simple title. The Association shall maintain, at the Association's cost, the Common Area and any improvements and landscaping thereon in good repair. The Association shall also maintain the Common Maintenance Areas, at the Association's cost, to the extent the Board determines that such maintenance is desirable. The costs of such maintenance for the Common Areas and Common Maintenance Areas shall be the Association's responsibility, regardless if such cost was incurred during or after the Development Period.

9.2 **Use of Common Areas at Own Risk.** Each Owner, by acceptance of a deed to a Lot, acknowledges that the use and enjoyment of any Common Area recreational facility involves risk of personal injury or damage to property. Each Owner acknowledges, understands and covenants to inform its tenants and all occupants of its Lot that Declarant, any Builder and the Association, its Board, officers and any committees are not insurers of personal safety and that each person using the Common Area assumes all risks of personal injury and loss or damage to property, resulting from the use and enjoyment of any recreational facility or other portion of the Common Area.

9.3 **Condemnation of Common Area.** In the event of condemnation or a sale in lieu thereof of all or any portion of the Common Areas, the funds payable with respect thereto will be payable to the Association and will be used by the Association as the Board determines, in its sole discretion, including, without limitation, (a) to purchase additional Common Areas to replace that which has been condemned, (b) to reconstruct or replace on the remaining Common Area any improvements that were on condemned Common Area, (c) to pay for Common Expenses, or (d) to be distributed to each Owner on a pro rata basis.

9.4 **Damage to Common Area.** If the Common Area or improvements on the Common Maintenance Areas are damaged and if there are insurance proceeds sufficient to repair such damage and return such areas or improvements to their prior condition, then the Association shall cause such damage to be repaired or reconstructed unless sixty-seven percent (67%) or more of all outstanding votes of the Members entitled to be cast vote not to make such repair or reconstruct within ninety (90) days after the loss. If said sixty-seven percent (67%) vote is cast not to repair or reconstruct such damage and no alternative improvements are authorized, the damaged property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive condition. Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Association.

9.5 **Conveyance of Common Areas by Declarant to Association.** Declarant shall have the right to convey title to any portion of the Property owned by Declarant, or any easement interest therein, to the Association as Common Area, and the Association shall be required to accept such conveyance. Property conveyed by Declarant to the Association as Common Area shall be conveyed free and clear of monetary liens and encumbrances other than taxes and assessments imposed by governmental entities or districts authorized by Texas law. Any such conveyance shall be effective upon recording the deed or instrument of conveyance in the Records.

9.6 **Annual Inspection of Common Area - Budget.** From the period commencing on the expiration of the Development Period until ten (10) years thereafter, the Association shall at least annually examine the condition of the Common Area to evaluate the quality, frequency and adequacy of maintenance performed during the preceding year, and to recommend maintenance for the upcoming year. The examination and report may be performed by one or more experts hired by the Association for this purpose, such as a professional property manager, an engineer or professional contractors such as landscapers and brick masons. Within fifteen (15) days after performing the inspection, the expert should submit to the Board a written report with findings and recommendations. The Board should evaluate the Association's operating budget and reserve accounts for maintenance, repair and replacement in light of the expert's findings and recommendations. Any decision by the Board to reduce or defer recommended maintenance should be made with an evaluation of the potential consequences for future costs and deterioration. Any expert's report shall be a record of the Association that is available to Owners for inspection and copying.

9.7 **No Representations or Warranties Regarding Lakes, Creeks or Drainage Areas.** Declarant has informed and hereby informs the Association that any lakes, creeks (the "Creek Areas") or drainage areas located on or to be constructed upon the Common Area (the "Water/Drainage Improvements") are intended primarily for drainage purposes and are not intended as a recreational feature or an amenity with certain specific aesthetic qualities. Declarant makes no representations or warranties regarding the Water/Drainage Improvements and

Declarant hereby disclaims any and all representations and warranties regarding the Water/Drainage Improvements, including, without limitation, any implied warranties, including any warranty of fitness for a particular purpose and any warranty of good and workmanlike construction. Declarant has informed and hereby informs the Association that the Creek Areas are intended to be maintained in a native condition with minimal mowing and maintenance. THE ASSOCIATION HEREBY AGREES TO ACCEPT THE WATER/DRAINAGE IMPROVEMENTS IN THEIR "AS-IS" CONDITION.

9.8 **No Representations or Warranties Regarding Open Space.** Declarant has informed and hereby informs the Association that the Common Area or portions thereof depicted and/or described on Exhibit "A" attached hereto (the "Open Space Area"), is intended primarily as an unimproved open space to be maintained in a natural or semi-natural condition and not as a recreational feature or an amenity with certain specific aesthetic qualities. Declarant makes no representations or warranties regarding the Open Space Area and Declarant hereby disclaims any and all representations and warranties regarding the Open Space Area, including, without limitation, any implied warranties, including any warranty of fitness for a particular purpose and any warranty of good and workmanlike construction. THE ASSOCIATION HEREBY AGREES TO ACCEPT THE OPEN SPACE AREA IN ITS "AS-IS" CONDITION.

ARTICLE X EASEMENTS

10.1 **Easement for Utilities on Common Area.** During the Development Period, Declarant, on behalf of itself, reserves the right to grant perpetual, nonexclusive easements for the benefit of Declarant or its designees, upon, across, over, through and under any portion of the Common Area for the construction, installation, use and maintenance for utilities, including, without limitation, water, sewer, electric, cable television, telephone, natural gas and storm water and drainage related structures and improvements. The Association will also have at all times the right to grant the easements described in this Section 10.1.

10.2 **Easement to Correct Drainage on Property.** For a period of five (5) years after the expiration of the Development Period, Declarant hereby reserves for the benefit of Declarant and any Builder, a blanket easement on, over and under the ground within the Property (excluding the area where a Dwelling is located) to maintain and correct drainage of surface waters and other erosion controls in order to maintain reasonable standards of health, safety and appearance, and will be entitled to remove trees or vegetation, without liability for replacement or damages, as may be necessary to provide adequate drainage facilities. Notwithstanding the foregoing, nothing herein will be interpreted to impose any duty upon Declarant or any Builder to correct or maintain any drainage facilities within the Property. Any damage to a Lot caused by or due to the exercise of the foregoing drainage easement rights, shall be promptly repaired by the party exercising such easement rights after completing its construction activities in the damaged area.

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

10.4 **Easement for Right to Enter and Inspect Common Area.** For a period of ten (10) years after the expiration of the Development Period, Declarant shall have the right, but not the obligation, to enter upon the Common Area for purposes of inspecting and repairing the Common Area and/or any improvements thereon at Declarant's expense; provided; however, nothing contained herein shall obligate Declarant to make any such inspections or repairs.

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

10.6 **Association Easement.** Declarant hereby reserves an Association Easement for the benefit of Declarant and the Association for the purpose of placing, constructing and maintaining any Entry Signs, Association Maintenance Fencing and landscaping located within or on a Lot. The real property subject to the Association Easement shall be conveyed subject to the Association Easement.

ARTICLE XI ANNEXATION AND WITHDRAWAL

11.1 **Annexation by Declarant.** While Declarant owns any real property subject to this Declaration, Declarant may, at its sole option, amend and expand the definition of Property by annexing real property into the Association and subjecting such real property to the terms hereof; provided; however, that Declarant shall not have the right to annex real property that is located more than one-half (1/2) of a mile from the Property (as such term may be amended), without the required approval of the Members as provided in Section 11.2 below.

11.2 **Annexation by Association.** The Association may annex any real property into the Association and subject such real property to the terms hereof with the affirmative vote of sixty-seven percent (67%) or more of all outstanding votes of the Members that are entitled to be cast.

11.3 **Recording of Annexation.** The annexation of such real property shall be evidenced by a written Recorded document.

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

11.5 **Withdrawal of Property.** While Declarant owns any real property subject to this Declaration, Declarant may amend this Declaration to withdraw any real property from the definition of the Property and from the coverage of this Declaration, provided that the owner of real property to be withdrawn consents to such withdrawal.

ARTICLE XII DISPUTE RESOLUTION

12.1 **Introduction & Definitions.** The Association, the Owners, Declarant and all persons subject to this Declaration (individually a "Party" and collectively, the "Parties") agree to encourage the amicable resolution of disputes involving the Property and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all Claims (as hereafter defined). As used in this Article only, the following words, when capitalized, have the following specified meanings:

(a) "Claim" means any claim, grievance or dispute between or among the Parties arising from this Declaration, the Bylaws or the Certificate or related to the Property, except Exempt Claims (as defined below), and including, without limitation: (i) Claims arising out of or relating to the interpretation, application or enforcement of this Declaration; (ii) Claims relating to the rights and/or duties of Declarant as Declarant under this Declaration; and (iii) Claims relating to the design, construction or maintenance of the Property.

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

(c) "Exempt Claims" means the following claims or actions, which are exempt from this Article: (i) the Association's claim for assessments, and any action by the Association to collect assessments; (ii) an action by a Party to obtain a temporary restraining order or equivalent emergency equitable relief, and such other ancillary relief as the court deems necessary to maintain the status quo and preserve the Party's ability to enforce the provisions of this Declaration; (iii) enforcement of the easements, architectural control, maintenance and use restrictions of this Declaration; (iv) a suit to which an applicable statute of limitations would expire within the notice period of this Article, unless a Party against whom the Claim is made agrees to toll the statute of limitations as

to the Claim for the period reasonably necessary to comply with this Article; and (v) a dispute that is subject to alternate dispute resolution (such as mediation or arbitration) by the terms of a public law or another instrument, such as a contract or warranty agreement, in which case the dispute is exempt from this Article unless the Parties agree to have the dispute governed by this Article.

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

12.2 Mandatory Procedures. Claimant may not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of its Claim until Claimant has complied with the procedures of this Article.

12.3 Notice. Claimant must notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely: (a) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (b) the basis of the Claim (i.e., the provision of the Declaration, Bylaws or Certificate other authority out of which the Claim arises); (c) what Claimant wants Respondent to do or not do to resolve the Claim; and (d) that the Notice is given pursuant to this Section 12.3.

12.4 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. At such meeting or at some other mutually-agreeable time, Respondent and Respondent's representatives will have full access to the property that is subject to the Claim for the purposes of inspecting the property. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent's representatives and agents with full access to the property to take and complete corrective action.

12.5 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. If Claimant does not submit the Claim to mediation within the thirty (30) day period, Claimant is deemed to have waived the Claim, and Respondent is released and discharged from any and all liability to Claimant on account of the Claim.

12.6 Termination of Mediation. If the Parties do not settle the Claim within thirty (30) days after submission to mediation, or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may file suit or initiate administrative proceedings on the Claim, as appropriate.

12.7 Allocation of Costs. Except as otherwise provided in this Section 12.7, each Party bears all of its own costs incurred prior to and during the proceedings described in Sections 12.3, 12.4 and 12.5 above, including its attorneys' fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator.

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

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

12.10 Litigation Approval and Settlement. In addition to and notwithstanding the above alternate dispute resolution procedures, the Association may not initiate any judicial or administrative proceeding without the affirmative vote of at least seventy-five percent (75%) of the votes of all Members, except that no such approval is required (a) to enforce provisions of this Declaration, including collection of assessments; (b) to challenge condemnation proceedings; (c) to enforce a contract against a contractor, vendor, or supplier of goods or services to the Association; (d) to defend claims filed against the Association or to assert counterclaims in a proceeding instituted against the Association; or (e) to obtain a temporary restraining order or equivalent emergency equitable relief when circumstances do not provide sufficient time to obtain the prior consents of Owners in order to preserve the status quo. Also, without limiting the provisions of Section 6.12 hereof, the Association may not initiate any judicial or administrative proceeding against Declarant without the affirmative vote of at least seventy-five percent (75%) of the votes of all Members. The Board, on behalf of the Association and without the consent of Owners, is hereby authorized to negotiate settlement of litigation, and may execute any document related thereto, such as settlement agreements and waiver or release of claims.

The provisions of this Article XI may not be amended without the affirmative vote of at least seventy-five percent (75%) of the votes of all Members.

**ARTICLE XIII
MISCELLANEOUS**

13.1 Declaration Term - Perpetual. Unless ninety (90%) of all outstanding votes of the Members that are entitled to be cast approve the termination of this Declaration, the provisions of this Declaration shall run with and bind the land and shall be and remain in effect perpetually to the extent permitted by law. A written instrument terminating this Declaration shall not be effective unless Recorded.

13.2 Amendments to Declaration.

(a) **Amendment by Declarant.** While Declarant owns any real property subject to this Declaration, Declarant, in its sole discretion and without a vote or the consent of any other party, shall have the right to amend this Declaration for the following purposes: (i) to add real property to the Property, (ii) to create lots, easements, common areas, common maintenance areas, fencing and signage, (iii) to modify the use and covenant restrictions in Section VII hereof, (iv) to comply with the requirements of any governmental authority or institutional lender or underwriting lender, (v) to resolve conflicts, clarify ambiguities and to correct misstatements, errors or omissions in this Declaration, and (vi) for any other purpose; provided, however, that any amendment made pursuant to this clause (vi) must not have any material adverse effect on any right of an Owner without the consent of such Owner.

(b) **Amendment by Association.** Except as provided in Article XI above, the Association may amend the terms and provisions of this Declaration by the affirmative vote of sixty-seven percent (67%) or greater of all outstanding votes of the Members entitled to be cast. Any amendment must be Recorded. Notwithstanding the foregoing, the Association shall be required to obtain Declarant's written consent to (i) any amendment during the Development Period, and (ii) any amendment to Section 3.2(b), Section 4.5, Section 6.12, Article IX or Article XI after the Development Period.

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

13.4 Remedies; Cumulative. In the event any Lot does not comply with the terms hereof or any Owner fails to comply with the terms hereof, the Association and/or any Owner will have each and all of the rights and remedies which may be provided for in this Declaration, the Bylaws and any rules and regulations, and those which may be available at law or in equity, including, without limitation, enforcement of any lien, damages, injunction, specific performance, judgment for payment of money and collection thereof, or for any combination of remedies, or

for any other relief. No remedies herein provided or available at law or in equity will be deemed mutually exclusive of any other such remedy, but instead shall be cumulative.

13.5 Notice to Association of Sale or Transfer. Any Owner (other than Declarant) desiring to sell or otherwise transfer title to his or her Lot shall give the Board written notice of the name and address of the purchaser or transferee, within thirty (30) days after the date of such transfer of title, and such other information as the Board may reasonably require. With the Board's approval 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 this Declaration, the Bylaws and/or the Certificate, compliance inspections, ownership record changes and priority processing, provided the fees are customary in amount, kind and number for the local marketplace. Transfer-related fees are not refundable and may not be regarded as a prepayment of or credit against regular or special assessments. Transfer-related fees do not apply to the following transfers unless a party to the transfer requests the corresponding documentation: foreclosure of a deed of trust lien, tax lien or the Association's assessment lien; transfer to, from or by the Association; or voluntary transfer by an owner to one or more co-owners, or to the owner's spouse, child or parent. Transfer-related fees may be charged by the Association or by the Association's managing agent, provided there is no duplication of fees. Transfer-related fees charged by or paid to a managing agent must have the prior written approval of the Association, are not subject to the Association's assessment lien, and are not payable by the Association. This Section 13.5 does not obligate the Board or the manager to levy transfer-related fees.

13.6 Limitation on Interest. All agreements between any Owner and the Association and/or Declarant are expressly limited so that the amount of interest charged, collected or received on account of such agreement shall never exceed the maximum amount permitted by applicable law. If, under any circumstances, fulfillment of any provision of this Declaration or of any other document requires exceeding the lawful maximum interest rates, then, ipso facto, the obligation shall be reduced to comply with such lawful limits. If an amount received by the Association and/or Declarant should be deemed to be excessive interest, then the amount of such excess shall be applied to reduce the unpaid principal and not to the payment of interest. If such excessive interest exceeds the unpaid balance due to the Association and/or Declarant, then such excess shall be refunded to Owner.

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

13.8 Notices. Except as otherwise provided in the Bylaws or this Declaration, all notices, demands, bills, statements and other communications under this Declaration shall be in writing and shall be given personally or by mail. Notices that are mailed shall be deemed to have been duly given three (3) days after deposit, unless such mail service can prove receipt at an earlier date. Owners shall maintain one mailing address for a Lot, which address shall be used by the Association for mailing of notices, statements and demands. If an Owner fails to maintain

a current mailing address for a Lot with the Association, then the address of that Owner's Lot is deemed to be such Owner's mailing address. If a Lot is owned by more than one person or entity, then notice to one co-owner is deemed notice to all co-owners. Attendance by a Member at any meeting shall constitute waiver of notice by the Member of the time, place and purpose of the meeting. Written waiver of notice of a meeting, either before or after a meeting, of the Members shall be deemed the equivalent of proper notice

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

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

13.11 Rights and Obligations Run With Land. The provisions of this Declaration are covenants running with the land and will inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and mortgagees. No Lot is exempt from the terms set forth herein. By the recording or the acceptance of a deed conveying a Lot or any ownership interest in the Lot whatsoever, the person to whom such Lot or interest is conveyed will be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration, whether or not mention thereof is made in said deed. Notwithstanding any provision herein, the rights of Declarant as provided herein shall not run with the land, but instead may only be transferred or assigned as provided in Section 13.12 hereof.

13.12 Assignment of Declarant's Rights. Declarant may assign, in whole or in part, its rights as Declarant by executing a document assigning such rights. There may be more than one Declarant, if Declarant makes a partial assignment of Declarant status. Without limiting the terms of Section 6.12 hereof, upon a Declarant's assignment of any or all of its rights as Declarant under this Declaration, the assigning Declarant shall automatically, without further acknowledgment or consent of any other party, be fully released and discharged from any obligations accruing under this Declaration after the date of such assignment, including, without limitation, the obligation of such assigning Declarant to fund Budget Deficits arising after such assignment.

13.13 Disclaimer Regarding Security. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of security within the Property, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or of ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, burglar alarm system or other security system cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants, invitees and

licensees that the Association, its Board and committees and Declarant are not insurers and that each person using any portion of the Property assumes all risks for loss or damage to persons, to Lots and to the contents of Lots resulting from acts of third parties.

13.14 Adjacent Land Use. Although this Declaration may contain disclosures about the Property or its location on the date of this Declaration, Declarant makes no representation that these are the only noteworthy features of the Property or its location. A prospective owner or resident must make his own inspection of the Property, its location and nearby land uses, and make inquiries of anything that concerns him. Declarant makes no representation 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 any plat shows as potential uses of adjoining land. Declarant and the Association cannot and do not guaranty scenic views, volumes of traffic on streets around and through the Property, availability of schools or shopping, or any other aspect of the Property that is affected by the uses or conditions of adjacent or nearby land, water or air.

13.15 Attorneys' Fees and Court Costs. If litigation is instituted to enforce any provision herein, then the prevailing party shall be entitled to all attorneys' fees and court costs related to such legal action.

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

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

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

13.19 Exhibits. All exhibits referenced in this Declaration as attached hereto are hereby incorporated by reference.

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

DECLARANT:

CTMGT Valley Ridge, LLC
a Texas limited liability company

By: Centamtar Terras, LLC
a Texas limited liability company, Its Manager

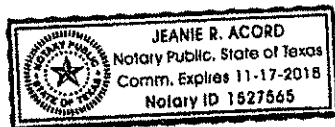
By: CTMGT, LLC
a Texas limited liability company, Its Manager

By: Mehrdad Moayed
Mehrdad Moayed, Manager

Date: July 27, 2016

STATE OF TEXAS)
)
COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me on this the 27 day of July, 2016, by Mehrdad Moayed, Manager of CTMGT Valley Ridge, LLC, a Texas limited liability company, on behalf of said company.



JR Acord
Notary Public, State of Texas
Notary's Name Printed:

My Commission Expires: _____

AFTER RECORDING RETURN TO:

Riverside Place Community Association, Inc.
200 Bailey Ave., Suite 202
Fort Worth, TX 76107

Exhibit A Plat

