

**VILLAGE DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
ALTAMURA ESTATES**

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Scrivener's Note to Collin County Clerk
and to all
Abstracters and Title Examiners:

This instrument specifically refers to, and constitutes a covenant running with, the residential Lots within that certain approximately 6.664 acre tract situated in Collin County, Texas which has been formally subdivided in accordance with a certain subdivision plat entitled "Altamura Estates," filed and recorded in Cabinet 2016 Drawer 325 of the Map and Plat Records of Collin County, Texas, to which reference is hereby made for all purposes.

The name and address of the business entity which owns the land initially made subject to this Village Declaration, which entity is the Declarant herein, is:

511 Ridge Road, LLC
604 Kings Lake
McKinney, Texas 75070

**VILLAGE DECLARATION
OF
COVENANTS, CONDITIONS AND
RESTRICTIONS
FOR
ALTAMURA ESTATES**

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF COLLIN §

THIS VILLAGE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ALTAMURA ESTATES is made this day of February, 2016, by **511 RIDGE ROAD, LLC**, a Texas limited liability company (the "Declarant")

BACKGROUND

Declarant is the owner and developer of certain real property more particularly described on Exhibit "A" attached hereto which is a part of that certain master planned community located in Collin County, Texas, and commonly known as Stonebridge Ranch. This Village Declaration is intended to establish a sub-association within Stonebridge Ranch to administer certain responsibilities with respect to the Common Properties, as defined in Section 1.13, and to administer and enforce the provisions of this Declaration and the By-Laws. Declarant desires to impose these covenants, conditions, restrictions, and easements on the real property subjected hereto, yet retain reasonable flexibility to respond to changing or unforeseen circumstances so as to guide, control and maintain the distinction of Altamura Estates.

Declarant hereby declares that all of the property described in Exhibit "A" to this Declaration shall be held, sold, transferred, used and conveyed subject to the Master Declaration (as defined in Article I hereof) and the following additional easements, restrictions, covenants, and conditions, which shall run with the title to the real property subjected to this Declaration. This Declaration and the Master Declaration shall be binding on all parties having any right, title, or interest in the Properties or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof.

This Declaration 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.* (Vernon 2012).

ARTICLE I
DEFINITIONS

The terms in this Declaration and the exhibits to this Declaration shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

1.1 Affiliate: "Affiliate" shall mean a partner, director, subsidiary, shareholder, officer, employee, agent, co-venturer, executor, personal representative, trustee, attorney or a Person or entity which (either directly or indirectly through one or more intermediaries), controls, is in common control with or is controlled by, another Person or entity and any Person or entity that is a director, trustee, officer, employee, agent, partner, shareholder, subsidiary or attorney of any of the foregoing. For the purposes of this definition, the term "control" means (a) legal or beneficial ownership of 10% or more of the voting interests of an entity, or (b) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person or entity, whether through the ownership of voting securities, by contract or otherwise.

1.2. Architectural Review Committee, ARC or Committee: That particular Committee which is described and explained within Article XI.

1.3 Area of Common Responsibility: Those areas of an Owner's Lot or areas exclusive of the Common Properties which the Association may assume maintenance responsibility as a Common Expense pursuant to the terms of this Declaration, or other applicable covenants, contracts, or agreements. Initially, no portion of the Properties constitutes an Area of Common Responsibility.

1.4. Articles of Formation or Articles: The Articles of Formation of Altamura Estates Homeowners Association, Inc., on file with the Secretary of State for the State of Texas, and attached hereto as Exhibit "B" and incorporated by reference, as they may be amended from time to time.

1.5. Association: Altamura Estates Homeowners Association, Inc., a Texas non-profit corporation, its successors or assigns, which shall have the power, duty and responsibility for administering and enforcing the Governing Documents.

1.6. Base Assessment: Assessments levied on all Lots subject to assessment under Section 10.12 to fund Common Expenses for the general benefit of all Lots, as more particularly described in Article X.

1.7. Board of Directors or Board: The body responsible for administration of the Association selected as provided in the By-Laws and generally serving the same role as the board of directors under Texas corporate law.

1.8. Builder: Any Person which purchases, or contracts to purchase, one or more Lots within the Property from the Declarant or from a Builder for the purpose of constructing a Residence thereon for resale to consumers or under contract to an Owner other than Declarant, or who purchases, or contracts to purchase, one or more parcels of land within the Property for further development or resale in the ordinary course of such Person's business. As used herein, Builder does not refer to Declarant or to a home building or home marketing company that is an affiliate of Declarant.

1.9. By-Laws: The By-Laws of Altamura Estates Homeowners Association, Inc., attached hereto as Exhibit "C" and incorporated by reference, as they may be amended from time to time.

1.10. Class "A" Member. The class of membership in the Association consisting of all Owners other than the Class "B" Member, as more particularly described in Section 4.3(a).

1.11. Class "B" Member: The class of membership in the Association consisting of the Declarant, as more particularly described in Section 4.3(b).

1.12. Class "B" Control Period: The period of time during which the Class "B" Member is entitled to appoint, remove and replace any officer or director of the Board, and is entitled to appoint a majority of the members of the Board. The Class "B" Control Period shall expire upon the first to occur of the following:

- (a) 120 days after the date as of which ninety percent (90%) of the total number of Lots shown on the Plat have Certificates of Occupancy issued thereon and have been conveyed to Class "A" Members other than Builders;
- (b) December 31, 2017;
- (c) when, in its discretion, the Class "B" Member so determines.

1.13. Common Properties: All real and personal property which the Association owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners and Residents, including easements and licenses, together with any and all improvements that are now or that may hereafter be constructed thereon. The Declarant, reserves the right, during the Development Period, to use portions of the Common Properties for business matters directly and indirectly related to development of Altamura Estates. Common Properties do not include the Area of Common Responsibility. The Common Properties consists of the following components, and any modifications, improvements or additions thereto, on or adjacent to the Properties, even if located on a Lot or public right-of-way: (i) the Property, save and except the Lots and those common areas designated and shown on the Plat as "CA A-1A" and "CA A-2A", which common areas shall be maintained by the Master Association, and the area shown on the Plat as a "ROW" which will be dedicated to the City of McKinney; (ii) the land described in Exhibit "A" as "CA A-1B", "CA A-2B", "CA A3", "CA A4", and "CA A5", and all improvements on such Common Properties; (iii) any area shown and described on the Plat as an area to be maintained by the Association; (iv) the formal entrances to the Property, including any signage, landscaping, electrical and water installations, planter boxes and fencing; (v) personal property owned by the Association, such as books and records, office equipment, and supplies; (vi) any and all public right-of-way lands for which the City of McKinney has required that the Declarant and/or the Association expend private, non-reimbursable time and monies to care for and maintain; and (vii) any and all facilities provided by the Declarant and/or the Association to or for the benefit of the local police, fire and similar governmental departments for which no reimbursement via public funds is requested or anticipated. Declarant shall convey record title to some or all of the Common Properties to the Association if, as and when deemed appropriate by

Declarant or as may be required by governmental officials, and Declarant shall at all times have and retain the right to effect minor redesigns or minor reconfigurations of the Common Properties and to execute any open space declarations applicable to the Common Properties which may be permitted in order to reduce property taxes, and to take whatever steps may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem and/or income taxes.

1.14. Common Expenses: The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including any reasonable reserves for repairs and replacements, as the Board may find necessary and appropriate pursuant to the Governing Documents and also including, without limitation, real estate taxes on the Common Properties, if any, and insurance premiums. Common Expenses shall not include any expenses incurred during the Class "B" Control Period for initial development, original construction, installation of infrastructure, original capital improvements, or other original construction costs unless approved by Members representing a majority of the total Class "A" votes in the Association.

1.15. Community-Wide Standard: The standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standard may be more specifically determined by the Board of Directors and its designees, if any, but shall not be lower than the standard established by the Master Association for the Stonebridge Ranch community generally.

1.16 Covenants: All covenants, conditions, restrictions, easements, easements, charges and liens set forth within this Declaration.

1.17. Declarant: 511 Ridge Road, LLC, a Texas limited liability company, or any successor, successor-in-title, or assign who takes title to any portion of the property subject to this Declaration for the purpose of development and/or sale and who is designated as the Declarant hereunder in a recorded instrument executed by the immediately preceding Declarant. However, no Person or entity merely purchasing one or more Lots from the Declarant in the ordinary course of the Declarant's business shall be considered a "Declarant."

1.18 Declaration: This particular instrument entitled "Village Declaration of Covenants, Conditions and Restrictions for Altamura Estates", together with any and all amendments or supplements thereto.

1.19. Design Guidelines or Subdivision Design Guidelines : Those particular standard, restrictions, guidelines, recommendations and specifications applicable to most of the aspects of construction, placement, location, alteration, maintenance and design of any improvements to or within the Properties, and all amendments, bulletins, modifications, supplements and interpretations thereof, which Design Guidelines shall be promulgated by the Declarant, the Board or the ARC of this Association. These Design Guidelines shall be separate and distinct from the Master Design Guidelines. The initial Design Guidelines are attached hereto as Exhibit "D" and incorporated by reference.

1.20 Development Period: shall mean the period of time beginning on the date that this Declaration is recorded, and terminating on December 31, 2017 (unless the Declarant, in its sole

discretion, terminates the Development Period prior to such time and declares so in a recorded instrument), during which time the Declarant may exercise its Development Period Rights.

1.21 “Development Period Rights” shall mean generally those rights reserved to Declarant under this Declaration to (i) facilitate the development, construction, and marketing of the Development; or (ii) direct the size, shape and composition of the Development.

1.22 Dwelling Unit: Any building or portion of a building situated upon the Properties which is designated and intended for use and occupancy as a residence.

1.23. Easement Area: Those areas which may be covered by an easement specified in Article XIII.

1.24 Exempt Property: The following portions of the Properties: (i) all land and Improvements owned by any instrumentality, political subdivision or agency of any governmental entity acting in a governmental (rather than a proprietary) capacity; (ii) all land and Improvements owned (including legal and beneficial ownership whether now or in the future) by the Association or constituting a portion of the Common Properties; (iii) all land and improvements at the Improvements which are not only exempt from the payment of *ad valorem* property taxes by Collin County, applicable school districts and the State of Texas, but are also exempt from the payment of any assessments hereunder as expressly determined by written resolution of the Declarant or the Association; and (iv) such other lands and/or Improvements and/or Lots which are specifically exempted from the payment of Base Assessments in accordance with a special resolution of the Board.

1.25 Governing Documents: This Declaration, the Bylaws, the Articles, any rules and regulations promulgated thereunder, the Design Guidelines, any architectural bulletins and any other governing instrument covering the establishment, maintenance and operation of the Properties.

1.26 Improvement: Any physical change to raw land or to an existing structure which alters the physical appearance, characteristics or properties of the land or structure, including but not limited to, adding or removing a structure, adding or removing square footage area space to or from a structure, painting or re-painting a structure, or in any way altering the size, shape or physical appearance of any land or structure.

1.27 Lot: Each numbered, platted lot, whether improved or unimproved, shown on any subdivision plat of the Properties, which Lot is intended for development, use, and occupancy as a residence for a single family. The term shall refer to the land which is part of the Lot as well as any improvements thereon. The term shall not include Common Properties of the Association or the Master Association, or any portion of the Properties which may be dedicated to the public.

1.28 Master Architectural Review Committee or MARC: Shall mean and refer to that particular committee which is described and explained within Article VIII of the Master Declaration, as same may be amended and supplemented from time to time.

1.29. Master Association: Stonebridge Ranch Community Association, Inc., a Texas corporation, its successors and assigns, which has the power, duty and responsibility for administering and enforcing the Master Declaration.

1.30 Master Design Guidelines: Those particular standards, restrictions, guidelines, recommendations and specifications applicable to most aspects of construction, placement, location, alteration, maintenance and design of any improvements to or within the Properties, and all amendments, bulletins, modifications, supplements and interpretations thereof.

1.31 Master Declaration: The Second Amended and Restated Master Declaration of Covenants, Conditions and Restrictions for Stonebridge Ranch, recorded on March 27, 2008, as Instrument Number 2008-0327000365660 in the Public Real Estate Records of Collin County, Texas, as it may be amended and supplemented from time to time.

1.32 Member: A Person subject to membership in the Association as provided in Article IV.

1.33 Mortgage: A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to a Lot.

1.34 Mortgagee: A beneficiary or holder of a Mortgage.

1.35 Mortgagor: Any Person who gives a Mortgage.

1.36 Notice of Dedicatory Instruments. A recorded instrument filed in the Real Property Records of Collin County, Texas which shall contain or refer to Dedicatory Instruments affecting the Properties, as such Notice is to be recorded in accordance with the requirements of Section 202.006 of the Texas Property Code.

1.37 Owner: One or more Persons who hold the record 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 of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

1.38 Person: A natural person, a corporation, a partnership, a trustee, or any other legal entity.

1.39 Plat: The Final Plat of Altamura Estates, a subdivision of the City of McKinney, Collin County, Texas, according to the Plat thereof referenced at the cover page to this Declaration.

1.40 Properties: The real property described in Exhibit "A".

1.41 Resident: Any Person who inhabits a Dwelling Unit, either permanently or temporarily, and may include, without limitation, an Owner or lessee and their respective families, guests, invitees, servants or employees.

1.42 Special Assessment: Assessments levied in accordance with Section 10.6 of this Declaration.

1.43 Specific Assessment: Assessments levied in accordance with Section 10.7 of this Declaration.

1.44 Stonebridge Ranch: That certain real property located in Collin County, Texas, and made subject to the jurisdiction of Stonebridge Ranch Community Association, Inc. by the Stonebridge Ranch Covenants.

1.45 Stonebridge Ranch Covenants: One or more instruments recorded in the public records of Collin County, Texas, which by their terms subject the real property described therein to the jurisdiction of the Master Association and impose a system of covenants, conditions, restrictions, easements, charges and liens on such property, as such instrument(s) may be amended and supplemented from time to time, and/or any consolidation thereof.

1.46 Structure. "Structure" shall mean and refer to: (i) any thing or device, other than trees, shrubbery (less than two feet high if in the form of hedge) and landscaping (the placement of which upon any Lot shall not adversely affect the appearance of such Lot) including but not limited to any building, garage, porch shed, greenhouse or bathhouse, cabana, coop or cage, covered or uncovered patio, swimming pool, play apparatus, clothesline, fence, curbing, paving, wall or hedge more than two feet in height, signboard or other temporary or permanent living quarters or any temporary or permanent improvement to any Lot; (ii) any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across any Lot; and (iii) any enclosure or receptacle for the concealment, collection and/or disposition of refuse; (iv) any change in the grade of any Lot of more than three (3) inches from that existing at the time of initial approval by the Master Architectural Review Committee or the ARC.

1.47 Supplemental Declaration. An amendment or supplement to this Declaration recorded pursuant to Article VI to add or remove certain items of the Property from those items which are designated as a part of the Area of Common Responsibility

1.48 Village Declaration or Declaration: This Village Declaration of Covenants, Conditions and Restrictions for Altamura Estates, as it may be amended and supplemented from time to time.

1.49 Zoning: "Zoning Ordinance" shall mean and refer to City of McKinney Ordinance No. 1621 and all amendments thereto.

ARTICLE II

MASTER ASSOCIATION

This Declaration is intended to supplement the Master Declaration as it applies to the Properties. Every Owner, by acceptance of an interest in any Lot, acknowledges that he or she is subject to the Master Declaration, in addition to this Village Declaration, and that he or she is

automatically a member of and subject to assessment by the Master Association, as well as by Altamura Estates Homeowners Association, Inc.

In addition to all of the rights and obligations which are conferred or imposed upon the Association pursuant to this Declaration, the By-Laws or the Articles of Formation, the Association shall be entitled to exercise any of the rights conferred upon it and shall be subject to all of the obligations imposed upon it pursuant to the Master Declaration and the By-Laws of Stonebridge Ranch Community Association, Inc. The Association and all committees thereof shall also be subject to all superior rights and powers which have been conferred upon the Master Association pursuant to the Master Declaration and the By-Laws of the Master Association. The Association shall take no action in derogation of the rights of, or contrary to the interests of the Master Association.

The covenants, restrictions and provisions of this Declaration shall be cumulative with those of the Master Declaration; provided, however, in the event of a conflict between or among the provisions of this Declaration, the Bylaws, Articles of Formation or Rules and Regulations pursuant thereto and the Master Declaration, its bylaws, articles of incorporation or rules and regulations, those of the Master Association shall be superior to those of the Association. The foregoing priorities shall not prevent enforcement by the Association of provisions or rules which are more stringent than those of the Master Association. **THE FOREGOING PRIORITIES GIVEN TO THE MASTER DECLARATION AND OTHER GOVERNING DOCUMENTS PROMULGATED BY THE MASTER ASSOCIATION AND ITS BOARD, IT'S DECLARANT OR ITS COMMITTEES SHALL NOT PREVENT ENFORCEMENT BY THE ASSOCIATION, THE DECLARANT OR THE COMMITTEE OR THE ADOPTION BY ASSOCIATION, THE DECLARANT OR THE COMMITTEE OF COVENANTS, DESIGN GUIDELINES, ARCHITECTURAL BULLETINS, RULES, REGULATIONS, BY-LAWS, ARTICLES OF FORMATION OR ANY OTHER GOVERNING DOCUMENTS WHICH ARE MORE RESTRICTIVE, STRINGENT, LIMITING, SPECIFIC, AND/OR LESS PERMISSIVE THAN THOSE ADOPTED BY, ENFORCED BY OR PROMULGATED BY THE MASTER ASSOCIATION, ITS MARC, MC, BOARD OR ANY OTHER INSTRUMENTALITY THEREOF.**

ARTICLE III

RIGHTS OF ENJOYMENT IN THE COMMON PROPERTIES

3.1 Common Properties. Subject to the provisions of Sections 3.1 through 3.7, inclusive, of this Article, each and every Owner and Resident and their respective family, guests, and invitees, shall have a non-exclusive right and easement of enjoyment in and to all Common Properties, and such easement shall be appurtenant to and shall pass with the title to every Lot.

(a) The right of the Declarant or Association to prescribe reasonable regulations and policies governing, and to charge fees and/or deposits (e.g., key and access card deposits) related to, the use, operation and maintenance of the Common Properties, including rules limiting the number of guests who may use the Common Properties and imposing fines for infractions of such regulations.

- (b) Liens or mortgages placed against all or any portion of the Common Properties with respect to monies borrowed by the Declarant to develop and improve the Properties or Common Properties or by the Association to improve or maintain the Common Properties.
- (c) The right of the Association to enter into and execute contracts with any party (including, without limitation, the Declarant or its corporate Affiliates) for the purpose of providing management, maintenance or such other materials or services consistent with the purposes of the Association and/or this Declaration.
- (d) The right of the Declarant or the Association to take such steps as may be reasonably necessary to protect the Common Properties against foreclosure.
- (e) The right of the Declarant or the Association to enter into and execute contracts with the owner-operators of any fiber optic or other similar operations for the purpose of extending high-speed internet or utility or other service on, over or under the Common Properties to ultimately provide service to one or more of the Lots.
- (f) The right of the Declarant or the Association to suspend the right of any Owner or Resident to use or enjoy any of the Common Properties for any period during which any assessment (including, without limitation, "fines") against such Owner's or Resident's Lot remains unpaid, or during which non-compliance with the Governing Documents exists, and otherwise for any period deemed reasonable by the Association for an infraction of the Governing Documents.
- (g) The right of the Declarant and/or the Association to dedicate or transfer all or any part of the Common Properties to any municipal corporation, public agency, governmental authority or utility for such purposes and upon such conditions as may be agreed to by the Declarant and the Board.
- (h) The right of the Declarant and/or the Association to grant permits, licenses and easements over the Common Properties for utilities, roads and other purposes.
- (i) The Governing Documents.
- (j) The right of the Declarant and/or the Association to permit use of any recreational facilities situated upon the Common Properties by Persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board.
- (k) The right of the Declarant and/or the Association to deny or prohibit the use of any facilities situated upon the Common Properties by Persons other than the Owners, their families, lessees and guests upon such terms and conditions as may be established by the Board from time to time.
- (l) The right of the Declarant and/or the Association to deny or prohibit access to certain of the Common Properties by any and all Persons, including but not limited to, Owners and Residents as more specifically set forth below at Section 4.2.

An Owner who leases his or her Lot shall be deemed to have assigned all such rights and easements to the lessee of such Lot for the period of the lease.

3.2 Private Street. The Common Properties also include the private street and entryway features which is identified as "CA A-3", "CA A-4" and "CA A-5" on the Plat, which private street will be dedicated to the Association at such time as the Declarant determines it is appropriate to so dedicate such private street. The Declarant and the Association will also be entitled to prescribed regulations, rules and policies governing the use of this private street which rules, regulations and policy may include speed limits governing the speed of motorized vehicles using the private street, may prohibit parking and standing of vehicles or limit parking and standing of vehicles on the private street and may provide for the means for enforcing parking, speed limits and use of the private street by motorized vehicles and by Persons.

3.3 Residents Bound. Each Owner of each Lot shall be deemed and held directly responsible and liable for the acts, conduct and omission of each and every Resident, guest and invitee affiliated with such Lot, and such liability and responsibility of each Owner shall be joint and several with their Resident(s), guests and invitees. The Payment and Performance Lien shall extend to cover and secure the proper payment and performance by each and every Resident, guest and invitee affiliated with each Owner.

3.4. Restricted Actions. No Owner or Resident shall permit anything to be done on or in the Common Properties which would violate any applicable public law or zoning ordinance or which would result in the cancellation of or the increase of premiums for any insurance carried by the Association, or which would be in violation of any law or any rule or regulation promulgated by the Board.

3.5 Damage to the Common Properties. Each Owner and Resident shall be liable to the Association for any damage to any portion of the Common Properties caused by the negligence or willful misconduct of the Owner or Resident or their family, guests or invitees.

3.6 Rules of the Board. The Board may adopt, amend, repeal and enforce reasonable Rules and Regulations, and penalties for infractions thereof, governing the occupancy, leasing, use, disposition, maintenance, appearance, and enjoyment of the Properties, which Rules and Regulations may include the right to prohibit or to restrict. Such regulations shall be consistent with the rights and duties established by this Declaration. Such regulations shall be binding upon all Owners, occupants, invitees and licensees, if any, until and unless overruled, canceled or modified in a regular or special meeting of the Association by the vote of a majority of the Class "A" Members and the consent of the Class "B" Member, so long as such membership shall exist.

3.7 Construction Activities. All Owners are hereby placed on notice that Declarant, any Affiliate of Declarant and/or its agents, contractors, subcontractors, licensees and other designees, successors or assignees, may be, from time to time, conducting excavation, construction and other activities within or in proximity to the Properties. By the acceptance of a deed or other conveyance or Mortgage, leasehold, license, easement or other interest, and by using any portion of the Properties, each Owner automatically acknowledges, stipulates and

agrees (a) that none of the aforesaid activities shall be deemed nuisances or noxious or offensive activities, under any applicable covenants or at law generally, (b) not to enter upon, or allow their children or other Persons under their control or direction to enter upon (regardless of whether such entry is trespass or otherwise) any property within or in proximity to any portion of the Properties where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours), (c) Declarant, any Affiliate of Declarant and all of their agents, contractors, subcontractors, licensees and other designees, successors and assignees, shall not be liable but, rather, shall be held harmless, for any and all losses and damages (compensatory, consequential, punitive or otherwise), injuries or deaths arising from or relating to the aforesaid activities, and (d) any purchase or use of any portion of the Properties has been and will be made with full knowledge of the foregoing.

ARTICLE IV

ASSOCIATION FUNCTION, MEMBERSHIP AND VOTING RIGHTS

4.1. Function of Association. The Association shall be the entity responsible for management, maintenance, operation and control of the Common Properties and the Area of Common Responsibility, subject to its right to delegate or assign such responsibility to other entities as provided in this Declaration and the By-Laws.

The Association shall be the primary entity responsible for enforcement of this Declaration and such reasonable rules regulating use of the Properties as the Board may adopt. The Association shall perform its functions in accordance with the Master Declaration, this Declaration, the By-Laws, the Articles of Formation and Texas law.

4.2. Membership. Every Owner shall automatically be and must at all times remain, a Member of the Association. No Owner, whether one or more Persons, shall have more than one membership per Lot owned. If a Lot is owned by more than one Person, all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners hereunder. The membership rights and privileges of an Owner who is a natural Person may be exercised by the Member or the Member's spouse. The membership rights of an Owner which is a corporation, partnership or other legal entity shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association, which written instrument shall be subject to the approval of the Association.

4.3. Voting. During the Development Period, the Association shall have two classes of membership, Class "A" and Class "B."

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any.

Class "A" Members shall have one equal vote for each Lot in which they hold the interest required for membership under Section 4.2. There shall be only one vote per Lot or, if the Class "A" Member owns multiple contiguous Lots with only one shared residence, the Class "A" Member shall only be entitled to one vote for all such Lots.

In any situation in which there is more than one Owner of a particular Lot, the vote for such Lot may be exercised by any one of them; provided, it shall be exercised as directed by written notice signed by all such co-Owners and filed with the Secretary of the Association prior to any vote of the membership, if such notice is given. Absent such direction, the Lot's vote shall be suspended if more than one Person seeks to exercise it. There shall be no fractional voting.

(b) Class "B". The sole Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to approve, or withhold approval of actions proposed under this Declaration and the By-Laws, are specified elsewhere in the Declaration and the By-Laws. The Class "B" Member may appoint a majority of the members of the Board of Directors during the Class "B" Control Period. The Class "B" Member shall have three (3) votes for each Lot it owns.

The Class "B" membership shall terminate and become converted to Class "A" membership upon the earlier of:

- (i) the expiration of the Development Period; or
- (ii) when, in its discretion, the Declarant so determines and declares in a recorded instrument.

4.4 Rulemaking Authority Regarding Meetings and Voting. The Board may make such rules and regulations, consistent with the terms of this Declaration and the Bylaws, as it deems advisable with regard to membership meetings and voting, including, without limitation, rules regarding: (i) any meeting of Members; (ii) proof of membership in the Association; (iii) evidence of right to vote; (iv) the appointment and duties of examiners and inspectors of votes; (v) the procedures for actual voting in person, by proxy or by absentee ballot, including the use of electronic ballots; (vi) registration of Members for voting purposes; and (viii) such other matters concerning the conduct of meetings and voting as the Board shall deem necessary or advisable.

4.5 Board of Directors. The affairs of the Association are managed by a board of three (3) individuals, all of whom shall be elected by the Class "B" Member until the end of the Class "B" Control Period.

4.6 Notice and Voting Procedures. Quorum, notice and voting requirements of and pertaining to the Association may be set forth within the Articles and Bylaws, as either or both may be amended from time to time, and shall be in accordance with Texas law.

ARTICLE V
RIGHTS AND OBLIGATIONS OF THE ASSOCIATION;
GENERAL POWERS AND DUTIES OF THE BOARD

5.1. Common Properties. The Association, subject to the rights of the Owners set forth in this Declaration, shall manage and control the Common Properties and any Area of Common Responsibility, and all improvements thereon (including, without limitation, furnishings,

equipment, and landscaping), and shall keep them in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard, subject to the right to assign such responsibilities to the Master Association by mutual agreement.

5.2. Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. The Declarant may convey to the Association improved or unimproved real estate located within the Properties subject to this Declaration, personal property, and leasehold and other property interests. Such property shall be accepted by the Association and thereafter shall be maintained as a Common Expense for the benefit of the Members, subject to any restrictions set forth in the deed.

5.3. Rulemaking. The Association may adopt, amend, repeal and enforce reasonable rules and regulations (hereafter, the "Rules"), and penalties for infractions thereof, governing the occupancy, leasing, use, disposition, maintenance, appearance, and enjoyment the Properties, consistent with this Declaration and the Master Declaration and with the rules and regulations of the Master Association. This requirement of consistency shall not preclude the Association from adopting rules which are more restrictive than the provisions of the Master Declaration or the rules of the Master Association. Such Rules shall be binding upon all Owners, occupants, invitees and licensees, if any, until and unless overruled, canceled or modified in a regular or special meeting of the Association by the vote of a majority of the Class "A" Members and the consent of the Class "B" Member, so long as such membership shall exist.

At least 30 days prior to the effective date of the adoption, amendment, or repeal of a Rule, the Board shall electronically send to each Owner at his or her registered electronic mail address or post on the Association's website a copy of any proposed change in the Rules. The Association shall post on its website a copy of the Rules then in effect.

5.4. Enforcement. The Association may impose sanctions for violations of the Governing Documents in accordance with procedures set forth in the By-Laws, including reasonable monetary fines. In addition, the Association may suspend any services provided by the Association to any Owner or such Owner's Lot, during the period of any delinquency in payment of assessments or other charges due to the Association. The Association may also exercise self-help and seek relief in any court for violations or to abate nuisances.

The Master Association shall be entitled to enforce the provisions of this Declaration to the same extent as the Association or any Owner. The failure of the Association or Master Association to enforce any of the limitations, restrictions, conditions or covenants contained herein shall not constitute a waiver of the right to enforce the same thereafter. No liability shall be imposed on, or incurred by, the Association or Master Association as a result of such failure. The prevailing party in any action at law or in equity instituted by the Association or Master Association to enforce or interpret said limitations, restrictions, conditions or covenants, shall be entitled to all costs incurred in connection therewith, including without limitation, reasonable attorneys' fees.

The City of McKinney shall be entitled to enforce the maintenance provisions of this Declaration in the event that the Association, its successors or assigns, or the Master Association shall fail or refuse to, in accordance with procedures set forth in Section 16.12 of this Declaration.

The Association, by contract or other agreement, may enforce county and city ordinances, if applicable, and permit Collin County and the City of McKinney, Texas, to enforce ordinances on the Properties for the benefit of the Association and its Members.

5.5. Implied Rights: Board Authority. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in this Declaration, the By-Laws, Articles, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

5.6. Governmental Interests. For so long as the Declarant owns any property subject to this Declaration, the Declarant may designate sites within the Properties for water, drainage, and utility facilities, and other public facilities. The sites may include Common Properties, in which case the Association shall take whatever action is required with respect to such site to permit such use, including conveyance of the site, if so directed by Declarant. The sites may include other property not owned by Declarant provided the owner consents thereto.

5.7. Indemnification. **The Association shall indemnify every officer, director, and committee member against all expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member.**

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director and committee member harmless from any and all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

5.8. Dedication of Common Properties. The Association may dedicate portions of the Common Properties to Collin County, the City of McKinney, Texas, or to any other local, state, or federal governmental entity, provided, the City of McKinney shall have no obligation to accept any private street for public access and maintenance and may impose such conditions upon acceptance as it deems appropriate.