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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BROADMOOR ESTATES

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BROADMOOR ESTATES (this "Declaration") is made and entered by SCARBOROUGH FOREST RIDGE DEVELOPMENT, L.P., a Texas limited partnership (the "Declarant").

WHEREAS, Declarant is the owner of all that certain real property situated in the City of Lucas, Collin County, Texas, as more particularly described on Exhibit "A" attached hereto and incorporated herein by reference for all purposes (the "Property"); and

WHEREAS, Declarant intends that the Property be developed as a residential subdivision and community and that the Property be subject to the covenants, conditions and restrictions set forth in this Declaration in order to establish a plan for the development, improvement and use of the Property; and

WHEREAS, Declarant intends to create the Association (as hereinafter defined) to have, exercise and perform on behalf of, and as agent for, the Owners (as hereinafter defined), the rights, duties and functions set forth in this Declaration, including, but not limited to, (i) the maintenance of certain portions of the Property and improvements thereon, (ii) the assessing, collecting and disbursing of Assessments (as hereinafter defined) provided for herein, and (iii) the appointment of an Architectural Control Committee (as hereinafter defined) to enforce the protective covenants contained herein and to review and approve or disapprove Plans (as hereinafter defined) for improvements and modifications to improvements to be constructed on Lots (as hereinafter defined) within the Subdivision.

NOW, THEREFORE, Declarant adopts, establishes and imposes the following covenants, conditions, restrictions, easements, liens and charges upon the Property and declares that the Property and all portions thereof are and shall be held, transferred, assigned, sold, conveyed and occupied subject to all such covenants, conditions, restrictions, easements, liens and charges.

ARTICLE I

DEFINITIONS

Unless otherwise defined in this Declaration, the following words when used in this Declaration (unless the context shall otherwise clearly indicate or prohibit) shall have the following meanings:

(a) Annexed Land shall have the meaning set forth in Article VIII hereof.

(b) "Architectural Control Committee" shall have the meaning set forth in Section 7.01 hereof.

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(c) "Assessment" or "Assessments" shall have the meaning set forth in Section 5.01 hereof.

(d) "Assessment Lien" shall have the meaning set forth in Section 5.08 hereof.

(e) "Association" shall mean the non-profit corporation of be created under the laws of the State of Texas under the name, "Broadmoor Estates Homeowner's Association, Inc." or such other name as is selected by Declarant or Declarant's successors.

(f) "Association Documents" shall mean the Articles of Incorporation (herein so called) and the Bylaws (herein so called) of the Association, as amended and modified from time to time, and the resolutions and certifications adopted by the Association from time to time.

(g) "Board" shall mean the board of directors of the Association as elected from time to time pursuant to the Association Documents.

(h) "City" shall mean the City of Lucas, Texas.

(i) "Class A Members" shall have the meaning set forth in Section 4.04 (a) hereof.

(j) "Class B Member" shall have the meaning set forth in Section 4.04 (b) hereof.

(k) "Common Properties" shall mean the following, to the extent located within the boundaries of the Subdivision:

(i) Any and all Entry Areas, landscape areas, greenbelt areas, wall easements, landscape easements, drainage ways, open spaces, Detention Facilities, or other similar areas within the Subdivision whether or not shown on any Plat (as hereinafter defined) of the Subdivision, whether within or surrounding or along the boundaries of the Property, including, without limitation, the area of the Subdivision adjacent to open areas or greenbelt areas surrounding any Detention Facilities within the Subdivision, but not any of such areas located on any Lot which is not designated as a "Common Area" or "Common Property" on any Plat of the Subdivision;

(ii) Any other property or improvements within the Subdivision for which Declarant and/or the Association have or may hereafter become obligated to maintain, improve or preserve as required pursuant to any agreement executed by Declaration or the Association, or the terms of any zoning ordinance or other governmental requirement applicable to the Subdivision;

(iii) Any and all entry signs and monuments, fencing and walls, planters, berms, ledges, tree wells, signs, markers, irrigation systems, sprinkler systems, water wells and pumps, lights, lighting systems, poles, flags, and any

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other improvements installed by Declarant or the Association on any Common Properties, and all equipment, accessories, utilities and machinery used in the operation or maintenance of any of the Common Properties; and

(iv) Any other fixtures, structures or improvements installed by Declarant or the Association on any Lots within the Subdivision and which are not expressly made the responsibility of the Lot Owner pursuant to the provisions of this Declaration.

(l) "Common Expenses" shall have the meaning set forth in Section 5.02 hereof.

(m) "Common Service" or "Common Services" shall mean such services provided from time to time by Declarant or the Association, or obtained by the Association on behalf of, and for the common benefit of, the Owners which have been approved by the Board and/or by the Members (as hereinafter defined) at a meeting at which a Special Quorum (as hereinafter defined) is present as provided herein.

(n) "Declarant" shall mean Scarborough Forest Ridge Development, L.P., and its successors, and any assignee of Declarant to whom Declarant, by instrument recorded in the Real Property Records of Collin County, Texas, expressly assigns all of Declarant's rights and obligations as Declarant under this Declaration. No Person (as hereinafter defined) purchasing one (1) or more Lots shall be considered "Declarant" hereunder unless Declarant makes the express and specific assignment referenced in the immediately preceding sentence.

(o) "Declaration" shall mean this Declaration, and all amendments and modifications hereto, including without limitation, any Supplemental Declaration (as hereinafter defined), filed of record in the Real Property Records of Collin County, Texas.

(p) "Default Rate of Interest" shall mean the lesser of (i) fifteen percent (15%) per annum, or (ii) the maximum allowable contract rate of interest under applicable law.

(q) "Easement Areas" shall mean all easements as shown on any Plat within the Subdivision, or on adjacent property which may or hereafter benefit or burden the Property and the Subdivision, including, without limitation, drainage easement for detention basins, and those various utility, drainage and all other easements located within the Property and along, over and across various Lots therein, together with all future and proposed easements for the benefit of or burdening the Property or the Subdivision, whether within or outside the Subdivision boundaries, and as may be shown on any Plat or as may actually be subsequently granted, dedicated and/or conveyed.

(r) "Entry Area" shall mean those areas as shown on any Plat along, near or adjacent to the Subdivision entrances, and the other Common Properties located on or adjacent to such entrances, and any Common Properties which may be now or hereafter located at or near the Entry Areas.

(s) "Lot" or "Lots" shall mean the thirty-four (34) buildable single-family residential lots as shown on the Plat, as amended from time to time, and designated as a "Lot" thereon and as shown on the Plat, and if, as, and when applicable, shall also include all Lots within any Annexed Land which is annexed in accordance with Article VIII hereof.

(t) "Member" or "Members" shall mean each Owner of a Lot.

(u) "Member in Good Standing" or "Members in Good Standing" shall have the meaning set forth in Section 4.03 hereof.

(v) "Mortgagee" shall have the meaning set forth in Section 9.09 hereof.

(w) "Notice of Unpaid Assessments" shall have the meaning set forth in Section 5.08 hereof.

(x) "Owner" or "Owners" shall mean each and every Person who is a record owner of a fee or undivided fee interest in any Lot; provided, however, "Owner" shall not include Persons who hold an interest in a Lot as security for the performance of an obligation.

(y) "Plans" shall have the meaning set forth in Section 7.03(c) hereof.

(z) "Plat" shall mean (i) the final plat of Broadmoor Estates, an addition to the City of Lucas, Texas, as recorded on July 10, 2013 as Instrument No. 20130710010002110, Plat Records of Collin County, Texas, and (ii) and any and all subsequent amendments thereto, and any final plat of any Annexed Land expressly annexed and made subject to this Declaration in accordance with the terms of Article VIII hereof.

(aa) "Per-Lot Regular Assessment Amount" shall have the meaning set forth in Section 5.02 hereof.

(bb) "Person" or "Persons" shall mean any natural person, corporation, partnership, trust or other legal entity.

(cc) "Property" shall mean the real property situated in the City of Lucas, Collin County, Texas, as more particularly described on Exhibit "A" attached hereto, together with any Annexed Land expressly annexed thereto and made subject to this Declaration in accordance with the terms of Article VIII hereof.

(dd) "Regular Assessments" shall have the meaning set forth in Section 5.02 hereof.

(ee) "Regular Quorum" shall have the meaning set forth in Section 4.05(c) hereof.

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(ff) "Special Member Assessments" shall have the meaning set forth in Section 5.04 hereof.

(gg) "Special Purpose Assessments" shall have the meaning set forth in Section 5.03 hereof.

(hh) "Special Quorum" shall have the meaning set forth in Section 4.05(b) hereof.

(ii) "Subdivision" shall mean the Property as shown on the Plat to be commonly known as "Broadmoor Estates".

(jj) Supplemental Declaration shall mean and refer to any Supplemental Declaration of covenants, conditions, restrictions and easements bringing Annexed Land within the scheme of the Declaration under the authority provided in this Declaration.

(kk) "Violation Fine" shall have the meaning set forth in Section 9.11 hereof.

ARTICLE II

USE OF THE PROPERTY - PROTECTIVE COVENANTS

2.01 General. No use shall be permitted on the Property which is not allowed under applicable public codes, ordinances and other laws either already adopted or as may be adopted by the City or other controlling public authorities. Each Owner, occupant or other user of any portion of the Property, shall at all times comply with this Declaration and with any and all laws, ordinances, policies, rules, regulations and orders of all federal, state, county and municipal governments or their agencies having jurisdictional control over the Property, specifically including, but not limited to, applicable zoning restrictions placed upon the Property as they exist from time to time. IN SOME INSTANCES GOVERNMENTAL REQUIREMENTS MAY BE MORE OR LESS RESTRICTIVE THAN THE PROVISIONS OF THIS DECLARATION. IN THE EVENT A CONFLICT EXISTS BETWEEN ANY SUCH GOVERNMENTAL REQUIREMENT AND ANY REQUIREMENT OF THIS DECLARATION, THE MOST RESTRICTIVE REQUIREMENT SHALL PREVAIL, EXCEPT IN CIRCUMSTANCES WHERE COMPLIANCE WITH A MORE RESTRICTIVE PROVISION OF THE DECLARATION WOULD RESULT IN A VIOLATION OF MANDATORY APPLICABLE GOVERNMENTAL REQUIREMENTS, IN WHICH EVENT THOSE GOVERNMENTAL REQUIREMENTS SHALL APPLY. COMPLIANCE WITH MANDATORY GOVERNMENTAL REQUIREMENTS WILL NOT RESULT IN THE BREACH OF THIS DECLARATION EVEN THOUGH SUCH COMPLIANCE MAY RESULT IN NON-COMPLIANCE WITH PROVISIONS OF THIS DECLARATION. WHERE A GOVERNMENTAL REQUIREMENT DOES NOT CLEARLY CONFLICT WITH THE PROVISIONS OF THIS DECLARATION BUT PERMITS ACTION THAT IS DIFFERENT FROM THAT REQUIRED BY THIS DECLARATION, THE PROVISIONS OF THIS DECLARATION SHALL PREVAIL AND CONTROL. All Lots shall be developed in

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accordance with this Declaration as this Declaration may be amended or modified from time to time as herein provided. The provisions of this Article set forth certain requirements which, in addition to the other provisions of this Declaration, shall apply with respect to the development and use of the Property.

2.02 Residential Use. All Lots shall be used and occupied for single family residential purposes only, as defined in and limited by the applicable ordinances of the City. No building or structure shall be erected, altered, placed or permitted to remain on any Lot other than a private single-family detached residence unless approved in writing by the Architectural Control Committee. No building or structure on any Lot shall exceed two (2) stories in height.

2.03 Common Properties. The Common Properties shall be used only for the purposes set forth herein. Except for those provisions to the contrary contained herein with respect to said Common Properties, each Owner shall be solely responsible for any and all improvements of any kind located on such Owner's Lot.

2.04 Resubdivision/Zoning Changes. No Lot shall be resubdivided; provided, however, that Declarant shall have, and reserves the right, at any time, and from time to time, upon the consent of the City, and with the joinder and consent of the directly affected Lot Owners, to change zoning and replat the Property or amend the Plat to effect a resubdivision or reconfiguration of any Lots in the Property then owned by Declarant and the consenting Lot Owners, so long as such replat results in each resubdivided Lot containing not less than the minimum Lot size within the Subdivision prior to such replat. Owners of Lots not being replatted shall not unreasonably withhold or delay their joinder in or consent to such replat or amendments to the Plat as may be required by the City. The right to replat set forth in this Section shall be exercisable only by Declarant. No Owner shall initiate or support any proposed zoning change affecting the Property or any portion thereof without first obtaining the prior written consent of Declarant for as long as Declarant or Declarant's affiliates own at least one (1) Lot.

2.05 Combining Lots. Any Person owning two (2) or more adjoining Lots, after first obtaining prior written consent from the Architectural Control Committee, may consolidate such Lots into a single building location for the purpose of constructing one (1) residential structure thereon and such other improvements as are permitted herein; provided, however, any such consolidation must comply with the rules, ordinances and regulations of the City. In the event of any such consolidation, the consolidated building lot shall be treated as a single Lot for purposes of applying the provisions of this Declaration. Combining of portions of Lots into a single building lot is prohibited.

2.06 Minimum Floor Space. Each residential structure constructed on any Lot shall be no less than 3,000 square feet of air-conditioned floor area, exclusive of porches, garages or breezeways.

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2.07 Building Materials. The exterior walls (excluding doors and windows) of each dwelling constructed or placed on a Lot shall be brick or brick veneer, stone or stone veneer, or cementious siding, or other material that is approved by the City and the Architectural Control Committee and shall meet minimum City percentage requirements as of the date of this Declaration; provided, that architectural elements, including without limitation, dormers, that do not have their exterior wall directly over an exterior wall, may be constructed of other materials but only to the extent approved by the Architectural Control Committee and permitted by the City. No material on the exterior of any building or other improvement except wood, hardboard or stucco shall be stained or painted without the prior written approval of the Architectural Control Committee.

2.08 Driveways/Sidewalks. Each Lot must be accessible to an adjoining street by a concrete driveway unless other materials are approved in writing by the Architectural Control Committee.

2.09 Garages. Each single-family residential dwelling erected on any Lot shall provide and maintain garage space for a minimum of three (3) automobiles. Each driveway must accommodate two (2) automobiles in front of the garage for off-street parking requirements. Garage doors may face side streets. No garage facing a front street shall be permitted unless it is a detached garage constructed in the rear yard. Subject to approval of the Architectural Control Committee, one of the three (3) garages may face the front street if the face fronting garage is further from the front building line than the other two (2) garages and if each of the garage doors are constructed with a stained wood veneer.

2.10 Drainage.

(a) All Lots shall be graded as shown on the City approved grading plan. Retaining walls to aid or control drainage may be installed or constructed in accordance with Section 2.22 hereof.

(b) Neither the Declarant nor Declarant's successors or assigns shall be liable for any loss of, or damage done to, any shrubbery, grass, flowers, improvements, fences, sidewalks, driveways or buildings of any type or the contents thereof on any Lot caused by any water levels, rising waters or drainage waters.

2.11 Roofs. The use of composition dimensional roofs rated for a minimum thirty (30) year life and excluding wood shingles; provided, however, no roofing material shall be installed without first obtaining the Architectural Control Committee's prior written approval thereof.

2.12 Exterior Surfaces. All wood, cementious siding or stucco used on the exterior of a house must be painted or stained in a compatible color approved by the Architectural Control Committee.

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2.13 Building Direction; Building Lines; Setbacks.

(a) All residences erected on any Lot shall face the street adjacent to the Lot as shown on the Plat or, with respect to corner Lots, as required in writing by the Architectural Control Committee.

(b) No portion of any such dwelling or residence shall be nearer to the front property line of said Lot than as designated on the Plat unless otherwise allowed by both the City and the Architectural Control Committee.

(c) Subject to the further restrictions set forth in Section 2.13(c) hereof, no structure or improvement of any kind (except for fences, as provided in Section 2.14 hereof) shall be nearer to the side property line or the rear property line of any Lot than as specified by the City for side and rear yard setbacks applicable to the Property unless allowed by the City and approved by the Architectural Control Committee.

(d) No structure or improvements of any kind whatsoever shall be located within any easement as shown on the Plat unless allowed by the City and approved by the Architectural Control Committee.

2.14 Fences.

(a) No fencing is required. Any fencing installed or constructed on any Lot shall be installed and constructed in accordance with the City requirements and this Section.

(b) No fence, wall or hedge shall be erected, placed or altered on any Lot nearer to any street than the minimum building setback line indicated on the applicable Plat, unless allowed by the City and approved in writing by the Architectural Control Committee. No fence, wall or hedge shall exceed six (6) feet in height unless otherwise specifically required by the City and approved in writing by the Architectural Control Committee. No fence shall be constructed outside of the side-street building setback line on any Lot with a side building setback line that lines up with the front building setback line on an adjacent Lot.

(c) No chain link fences or other wire type fences shall be erected on any Lot so as to be visible from any street or the ground level on any adjoining Lot.

(d) Unless otherwise approved in writing by the Architectural Control Committee, no fencing is required. Solid wood and chain link fencing are strictly prohibited, except for Lots that a side or sides of the Lot backs up to or adjoin the exterior of the Subdivision, that side may install a six (6') foot wood fence. If a six (6') foot wood fence is installed it must be constructed of four (4") wide board-on-board cedar with a six (6") cedar cap. Any other fence within the subdivision shall be tubular steel fencing with a minimum of fifty percent (50%) open space and shall be no more than six(6) feet in height and of a design and color approved in writing by the Architectural Control Committee. All tubular steel fencing shall remain rust free and shall be

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treated with a powder coat or comparable rust resistant undercoat, including spot welds. Any fencing installed or constructed on any Lot shall be installed and constructed in accordance with the City requirements and this Section with approval from the Architectural Control Committee. Any other permitted fencing shall be in compliance with City codes and standards for material, color and design as set forth by the Architectural Control Committee. No fence, wall or hedge shall be erected, placed or altered on any Lot nearer to any street than the minimum building setback line indicated on the applicable Plat, unless allowed by the City and approved in writing by the Architectural Control Committee. No fence, wall or hedge shall exceed six (6') feet in height unless otherwise specifically required by the city and approved in writing by the Architectural Control Committee.

(e) Where the fence or wall is an integral part of the architectural style or design of the home, and upon submission of a written request for same, the Architectural Control Committee may permit the construction of fences or walls which are in variance with the provisions of this Section from time to time and at its sole and exclusive discretion, taking into account the impact of the view from any street, the adjacent Lot or any other Lot directly affected thereby.

2.15 Signs. No sign or signs of any kind or character, including (a) any signs in the nature of a "protest" or complaint against Declarant or any homebuilder, (b) or that describe, malign or refer to the reputation, character or building practices of Declarant or any homebuilder, or (c) discourage or otherwise impact or attempt to impact anyone's decision to acquire a Lot or residence in the Subdivision, shall be displayed to the streets or otherwise to the public view on any Lot, except that:

(a) Any builder, during the applicable initial construction and sales period, may utilize one (1) professionally fabricated sign of not more than nine (9) square feet in size per Lot for advertising and sales purposes, and one (1) professionally fabricated sign of not more than thirty two (32) square feet in size in the Subdivision advertising a model home, provided that such signs shall first have been approved in writing by the Architectural Control Committee;

(b) A professionally fabricated "for sale" or "for rent" sign of not more than nine (9) square feet in size may be utilized by the Owner of a Lot for the applicable sale or rent situation, provided that such sign first shall have been approved in writing by the Architectural Control Committee;

(c) Development related signs owned or erected by Declarant shall be permitted; and

(d) Signs displaying the name of a security company shall be permitted, provided that such signs are (i) ground mounted, (ii) limited to two (2) in number per Lot one (1) in the front yard and one (1) in the back yard, and (iii) of a size not in excess of two (2) square feet in size.

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Declarant, any home builder or their agents, shall have the right, without notice, to remove any sign, billboard or other advertising structure that does not comply with the above, and in so doing shall not be subject to any liability for trespass or any other liability in connection with such removal.

2.16 Utilities. Each residence situated on a Lot shall be connected to the public water and gas service lines, provided by Declarant. Septic tanks or county approved on-site sewage facility ("OSSF") system shall be placed and maintained on the Lot as specified by City ordinances. Portable toilets will be required as stated in City ordinances during building construction. The use of any propane, butane, LP Gas or other gas tank, bottle or cylinder of any type (except on portable gas grills) is prohibited. Except as to street lighting (if any) all utility service facilities (including, but not limited to, water, sewer, gas, electricity and telephone) shall be buried underground (except meters, transformers, risers, service pedestals and other surface installations necessary to maintain or operate appropriate underground facilities). Electric utility transformers may be installed only in locations designated on the Plat for such purpose or otherwise approved in writing by the Architectural Control Committee, and all improvements on a Lot on which an electric transformer pad easement is located as shown on the Plat must be installed in compliance with all electric company guidelines for separations from pad-mounted transformers.

2.17 Temporary Structures. Subject to Section 2.29 hereof, no temporary structures of any kind shall be erected or placed upon any Lot without the prior written consent of the Architectural Control Committee.

2.18 Vehicles. . No boat, marine craft, hover craft, aircraft, recreational vehicle, pick up camper, travel trailer, trailer, motor home, camper body or similar vehicle or equipment may be parked for storage in the driveway or front yard of any dwelling or parked on any public street in the Addition, nor shall any such vehicles or equipment be parked for storage in the side or rear yard of any residence unless completely concealed from public view. No such vehicle or equipment shall be used as a residence or office temporarily or permanently. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance, or repair of a residence in the immediate vicinity. Trucks with tonnage in excess of three-quarter (3/4) ton and any vehicle with painted advertising shall not be permitted to park overnight within the Addition except those used by a builder during construction of improvements. No vehicle of any size which transports inflammatory or explosive cargo may be kept in the Addition at any time.

2.19 Garbage; Weeds. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. All garbage shall be kept in City-approved containers. All garbage containers shall be placed where designated by the City only on the day of collection. If, at any time, an Owner shall fail to control weeds, grass or unsightly growth exceeding eight (8) inches in height, Declarant and the Association shall have the authority and right to go onto such Lot, or direct a third (3rd) party service to go onto such Lot, for the purpose of mowing and cleaning

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such Lot and shall have the authority and right to assess and collect from the Owner of such Lot the reasonable costs incurred in connection with such mowing or cleaning.

2.20 Offensive Activities; Pets. No noxious or offensive activity shall be conducted on any Lot nor shall anything be done thereon which is or may become an annoyance or nuisance within the Property or any portion thereof. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets are permitted, provided that they are not kept, bred or maintained for commercial purposes and provided further that no more than a total of four (4) adult animals may be kept on a single Lot. Adult animals for the purpose of these covenants shall mean and refer to animals one (1) year or older.

2.21 Antennas and Aerials. All television antennas and other antennas and aerials shall be located inside the attic of the residence constructed on the Lot. One (1) satellite dish over twenty (20) inches in diameter shall be permitted only if it is not visible from any street or the ground level of an adjoining Lot and does not extend above the height of the fence. One (1) satellite dish per Lot under twenty (20) inches in diameter (digital satellite receiver) shall be permitted only if it is not visible from any street.

2.22 Landscaping; Retaining Walls; Ponds.

(a) Weather permitting, landscaping of a Lot must be completed within sixty (60) days after the date on which the residence thereto is ninety-five percent (95%) complete.

(b) Each builder or Owner of a Lot must install three (3) three (3") inch caliper trees and two (2) ornamental shrubs on each Lot in accordance with the regulations of the City both in type, size and location. The builder or Owner must maintain at least one of those trees in the front yard. For a period of one (1) year following issuance of the final certificate of occupancy for improvements on a Lot, the builder or Owner shall replace all trees which require replacement during such period.

(c) The Owner of the Lot shall be obligated to maintain all grass areas between the front of the house and the street (and if any Owner fails to do so, the Association shall have the right, but not the obligation to maintain same at the Owner's cost, and shall have all other rights and remedies as are provided for in this Declaration).

(d) Retaining walls may be installed to achieve even grades for pools, driveways or house foundations or to prevent storm water drainage to flow onto other Lots as required by Section 2.10(a) hereof. All retaining walls must be constructed of such materials and height, and in a manner and location, approved in writing by the Architectural Control Committee. Landscape quality rock or stone shall be permitted. No railroad ties or landscape timbers shall be permitted.

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(e) Each Owner of an affected Lot shall be responsible for the maintenance and repair of the portion of any retaining wall (but not screening walls which are the responsibility of the Association as provided herein) adjacent to, or located on, such Owner's Lot.

(f) When a retaining wall is deemed necessary along a mutual property line, the high-side Owner shall be responsible for constructing and paying for such retaining wall, unless the need for such retaining wall is attributable to the conduct of the low-side Owner, for instance, when the low-side Owner lowers the elevation of the Lot to install a rear driveway.

(g) All Lots shall be sodded and irrigated the width of the front of the Lot to a depth of a minimum of twenty (20') feet past the rear of the main building located on such Lot.

2.23 Exterior Lighting. Upon being given notice by the Architectural Control Committee that any exterior lighting is objectionable, as determined by the Architectural Control Committee in its sole and exclusive discretion, the Owner of the Lot on which same is located shall immediately remove any such lighting or shield the same in such a way that it is no longer objectionable to the Architectural Control Committee.

2.24 Tennis Courts. Tennis courts shall not be permitted upon any Lot without the prior written approval of the Architectural Control Committee.

2.25 Gazebos, Greenhouses and Storage Sheds. Gazebos, pool pavilions, trellises, greenhouses, children's playhouses, treehouses, storage sheds or other similar structures may not be erected or placed on a Lot without the prior written approval of the Architectural Control Committee.

2.26 Pools and Pool Equipment. All pools must be approved in writing by the Architectural Control Committee prior to construction. All pool service equipment shall be either screened with shrubbery or fenced and located in either (a) a side yard between the front and rear boundaries of the dwelling, or (b) in the rear yard. No above ground pools are permitted.

2.27 Mail Boxes. Curb-side mail boxes are required. All mailboxes shall be constructed of masonry material. All mailboxes must be constructed per city and post office recommendations.

2.28 Exterior Maintenance. Each Owner shall maintain the exterior appearance of the improvements on such Owner's Lot, shall keep all landscaping and sprinkler systems on such Owner's Lot in a neat, orderly and well-maintained condition and shall keep the sidewalk on such Owner's Lot in good condition and repair.

2.29 Certain Declarant Uses. Notwithstanding anything herein to the contrary, Declarant and any home builder(s) authorized by Declarant may conduct their sales and marketing programs for the Property from any permanent or temporary sales buildings or trailers,

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and may conduct improvement work and activities on portions of the Property owned by them and do all things reasonably necessary or convenient as required to expeditiously commence, continue and complete such improvement work, including, but not limited to, the provision of temporary buildings (including, without limitation, trailers), temporary storage of construction materials and equipment and the installation of temporary signage of such types, in such sizes and at such locations on portions of the Property owned by them as they deem appropriate.

2.30 Construction Standards. Any builder constructing improvements on any Lot may conduct such builder's construction operations and activities and do all things reasonably necessary as required to expeditiously commence, continue and diligently complete construction of any such improvements. All construction activities, temporary structures, storage of materials and equipment, construction-related parking and temporary security fences shall be confined entirely on such Lot. Each Owner is responsible for, and shall cause, through appropriate contractual provisions, all costs of cleaning up any debris or waste improperly disposed of anywhere on the Property. Each Owner and such Owner's contractors shall use reasonable diligence to maintain an attractive, clean, nuisance-free environment during the period of construction. Each Owner of a Lot on which improvements are being constructed shall keep all streets reasonably cleared of mud and dirt left by construction vehicles for each Lot. Once commenced, all construction on a Lot shall be continued with due diligence and good faith until completion.

2.31 Repairs, Replacements and Modifications. The provisions of this Article shall apply to any and all repairs, replacements or modifications of any improvements placed upon any Lot and shall not be deemed or construed as being limited to initial or new construction.

2.32 Elevation Standards. (a) The minimum first floor plate height shall be no less than nine (9) feet; (b) the main front entry door shall be a minimum of eight (8) feet in height; and (c) the minimum roof pitch of each dwelling shall be 8/12. Notwithstanding the above, shed roofs over porches and patios may be reduced to 4/12 pitch in order to affect certain architectural styles. Under no circumstances shall any architectural front elevation be repeated within a four Lot span on the same side of the street, nor shall it be constructed directly on the opposite side of the street.

2.33 Solar and Wind Energy Systems. Nothing in these Declarations shall be interpreted or operate to prohibit or unreasonably limit or restrict the use of solar or wind energy systems, provided that any such installation shall be subject to approval by the Architectural Control Committee pursuant to this Declaration.

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ARTICLE III

EASEMENTS, COMMON PROPERTIES AND DETENTION FACILITIES

3.01 Title to the Common Properties. The Association will hold record fee simple title to all Common Properties, and all portions of the Property which are not within any of the Lots as shown on the Plat, all of which have been or will be dedicated to the Association as shown on, and pursuant to, the Plat, subject to the easements set forth in the Plat and herein. Declarant or the Association shall have the right to execute any open space declarations applicable to the Common Properties owned by, or dedicated to, the Association which may be permitted by law in order to reduce property taxes.

3.02 Responsibilities of the Association for Maintenance of the Common Properties and Easements. The Association has and shall have the sole responsibility to maintain the Common Properties and Easement Areas, and for future improvements and Common Properties for the benefit of the Subdivision which are or may become necessary or desirable in the future on any Common Properties or Easement Areas, including any of the off-site Easement Areas outside the limits of the Subdivision. The Association's costs of maintaining the Common Properties and such Easement Areas will be collected from the Owners through Assessments as provided in Article V hereof. The Association shall not seek, by either act or omission, to abandon the Association's obligations as established by this Declaration to maintain the Common Properties and/or Easement Areas.

3.03 Utility Easements. Declarant and providers of utility services to the Subdivision shall have, and are hereby granted easements for installation, maintenance, repair, removal and operation of utilities and drainage facilities on, under and across the Easement Areas and for the removal of any obstruction that may be placed in such Easement Areas that would constitute interference with the use of any such easement, or with the use, maintenance, operation or installation of any such utility. The City or the utility company exercising such easement rights shall promptly repair any damage to landscaping, sprinkler systems or other improvements resulting therefrom; provided, however, neither the City nor any utility company shall have any obligation to repair any improvements installed in any Easement Areas.

3.04 Association's Easement for Maintenance. The Association shall have a maintenance easement on all Lots to the extent reasonably necessary for the purpose of maintaining the Common Properties and for the removal of any obstruction that may be placed on such Easement Areas that would constitute interference with the Association's use of any such easement.

3.05 Maintenance Reserve Fund. In order to provide for extraordinary and unanticipated items regarding the maintenance obligations contained herein, the Association shall establish a maintenance reserve fund for the maintenance of the Common Properties and Easement Areas in an amount the Board shall, in its sole and absolute discretion, determine to be sufficient.

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3.06 Other Easements. Declarant and the Association shall have an easement and full right of ingress and egress at all times over and upon the Property for the exercise of any and all rights and functions set out in this Declaration and over any easements set forth on any Plat. Any such entry by Declarant and the Association upon a Lot shall be made with as minimum inconvenience to the affected Owner as practical.

3.07 Universal Elements. The Owner of each Lot (including Declarant so long as Declarant is the Owner of any Lot) is hereby granted an easement not to exceed two (2) feet in width over all adjoining Lots and common areas (if any) for the purpose of accommodating any encroachment or protrusion due to engineering errors, errors in original construction, surveying, settlement or shifting of any building, or any other cause. There shall be easements for the maintenance of said encroachments, protrusions, settling or shifting; provided, however, that in no event shall an easement for encroachment or protrusion be created in favor of an Owner or Owners of said encroachment or protrusion occurring due to willful misconduct of said Owner or Owners. In addition, the Owner of each Lot is hereby granted an easement for minor encroachment, not to exceed three (3) feet in width by overhanging roofs and eaves as originally constructed over each adjoining Lot and/or common areas (if any) and for the maintenance thereof. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall be appurtenant to each affected Lot and shall pass with each conveyance of said Lot.

ARTICLE IV

PURPOSE, MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

4.01 Purpose of the Association. The Association shall have and exercise the rights, and shall perform the functions of, the Association for the benefit of, and as agent for, the Owners as set forth in this Declaration. The duration of the Association shall be perpetual.

4.02 Membership. Every Owner (including Declarant) shall automatically be and must remain a Member of the Association so long as such Person is an Owner. The membership of a Person in the Association shall terminate automatically whenever such Person ceases to be an Owner, except that such termination shall not release or relieve such Person from any liability or obligation arising under this Declaration during such Person's period of ownership. Any transfer of title to a Lot shall operate automatically to transfer membership in the Association appurtenant to such Lot to the new Owner of such Lot.

4.03 Member in Good Standing. A Member shall be considered to be a "Member in Good Standing" (herein so called) and eligible to vote on Association related matters if such Member:

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(a) Has, at least ten (10) days prior to the taking of any vote by the Association, fully paid all Assessments or other charges levied by the Association, as such Assessments or charges are provided for hereunder;

(b) Does not have a Notice of Unpaid Assessments filed by the Association against the Lot owned by such Owner; and

(c) Has discharged all other obligations to the Association as may be required of Members hereunder or under the Association Documents.

The Board shall have the right and authority, in the Board's sole and absolute discretion, to waive the ten (10) day prior payment requirement in Section 4.03 (a) hereof and require only that such payment be made at any time before such vote is taken if the Board shall determine, in the Board's sole and exclusive judgment, that extenuating circumstances exist which have prevented prior payment. Any Member not conforming with the provisions of this Section shall be declared by the Board not to be a Member in Good Standing and any such Member shall not be entitled to vote on matters before the Association other than election of members of the Board or on matters affecting the rights of such member not in Good Standing, until such time as Member in Good Standing status is attained and so declared by the Board.

4.04 Voting Rights. The Association shall have the following two (2) classes of voting membership:

(a) CLASS A: "Class A Members" (herein so called) shall be all Members other than Declarant. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. If any Lot is owned by more than one (1) Owner, the number of votes attributable to such Lot still shall be one (1), and such one (1) vote may be cast only if all of the Owners owning such Lot, prior to the time of the vote in question, have delivered to the Association a written agreement as to how such vote is to be cast or a written designation of one (1) of such Owners to cast the vote attributable to such Lot. Any Owner who is not an individual must designate, upon request of the Board, a representative to act for such Owner in Association matters and to cast the vote of such Owner, such designation to be made in writing to the Board.

(b) CLASS B: The sole "Class B Member" (herein so called) shall be Declarant. The Class B Member shall be entitled to thirty-four (34) votes for each Lot which it owns. The Class B membership shall cease at such time as Declarant and Declarant's affiliates no longer own a Lot within the Subdivision.

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4.05 Quorum, Notice and Voting Requirements.

(a) Except as otherwise specifically provided in this Declaration, any action requiring the vote or approval of the Members or the Owners shall require the majority vote of the Members in Good Standing (both classes voting together), represented at a duly called meeting of the Members in person or by a legitimate proxy in form provided in the Association Documents or otherwise approved by the Board, at which a "Regular Quorum" or a "Special Quorum" is present. Written notice of a meeting must be given to all Members not less than ten (10) days nor more than thirty (30) days in advance of any such meeting and shall set forth the purpose(s) of such meeting. No action may be taken at a meeting on any matter that is not described in the applicable meeting notice as being on the agenda for such meeting. Notwithstanding anything herein to the contrary, to the extent permitted by applicable law.

(b) The quorum (a "Special Quorum") required for any action referred to in Section 5.05 (b) (maximum increase in Regular Assessments) hereof or Section 5.05(d) (Special Purpose Assessments) hereof or for the approval of any Common Services shall be as follows:

Members in Good Standing, represented at a duly called meeting of the Members in person or by a legitimate proxy in form provided in the Association Documents or otherwise approved by the Board, entitled to cast sixty percent (60%) of all of the votes of Members in Good Standing (both classes of Members taken together) shall constitute a Special Quorum. If the required Special Quorum is not present at such meeting, that meeting may be adjourned, and an additional meeting may be called, subject to the notice requirement set forth herein, with the required Special Quorum at such second (2nd) meeting being reduced to one-half (1/2) of the required Special Quorum at the preceding meeting; provided, however, that such second (2nd) meeting must be held not later than thirty (30) days after the first (lst) meeting. Further, if the reduced required Special Quorum is not present at such second (2nd) called meeting, the adjournment of the meeting shall be continued, and one (1) additional meeting may be called, subject to the notice requirement set forth herein, with Declarant alone constituting the required Special Quorum at such third (3rd) meeting; provided that such third (3rd) meeting must be held not later than forty-five (45) days after the first (lst) meeting.

(c) The quorum (a "Regular Quorum") required for any action other than the action referred to in Section 4.05(b) hereof shall be as follows:

Members in Good Standing, represented at a duly called meeting of the Members in person or by a legitimate proxy in form provided in the Association Documents or otherwise approved by the Board, entitled to cast thirty percent (30%) of all of the votes of Members in Good Standing (both classes of Members taken together) shall constitute a Regular Quorum. If the required Regular Quorum is not present at such meeting, that meeting may be adjourned, and an additional meeting may be called, subject to the notice requirement set forth herein, with the required Regular Quorum at such second (2nd) meeting being reduced to one-half (1/2) of the required Regular Quorum at the preceding meeting; provided, however, that such second (2nd) meeting must be held not later than thirty (30) days after the first (lst) meeting. Further, if the

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reduced required Regular Quorum is not present at such second (2nd) called meeting, the adjournment of the meeting may be called, subject to the notice requirement set forth herein, with Declarant alone constituting the required Regular Quorum at such third (3rd) meeting; provided that such third (3rd) meeting must be held not later than forty-five (45) days after the first (1st) meeting.

(d) As an alternative to the procedure set forth in this Section, any action may be taken without a meeting upon obtaining the consent given in writing and signed by Members in Good Standing who hold more than (i) sixty percent (60%) of the outstanding votes eligible to be cast by Members in Good Standing (both classes of Members taken together) for actions referred to and requiring a Special Quorum as provided in Section 4.05(b) hereof, or (ii) thirty percent (30%) of the outstanding votes eligible to be cast by Members in Good Standing (both classes of Members taken together) for actions referred to and requiring a Regular Quorum as provided in Section 4.05(c) hereof.

(e) Except as set forth in this Section, the notice, voting and quorum requirements for all action to be taken by the Association shall be as set forth in the Association Documents.

ARTICLE V

ASSESSMENTS

5.01 Covenants for Assessments. Each Owner, by acceptance of a deed or other conveyance or transfer of legal title to a Lot, whether or not it shall be so expressed in any such deed or other conveyance or transfer, shall be deemed to have covenanted and agreed to pay to the Association, or to an independent entity or agency which may be designated by the Association to receive such monies, the following assessments (collectively, the "Assessments"):

(a) Regular Assessments as provided in Section 5.02 hereof;

(b) Special Purpose Assessments as provided in Section 5.03 hereof; and

(c) Special Member Assessments as provided in Section 5.04 hereof.

All Assessments shall remain the property of the Owner making payment of such Assessments but shall be controlled and expended by the Association on behalf of the Owners only for the specified purposes provided or approved pursuant to this Declaration. No profit, gain or other benefit is to be derived by the Association from the Assessments, but, instead, such funds shall be expended only as agent for the Owners. All services contemplated to be paid from Assessments shall be obtained by the Association on behalf of the Owners. Upon termination of the Association (and not before), all Assessments held at that time by the Association shall be allocated and returned to the Owners that paid such Assessments. No Assessments shall be levied against the Common Properties or the Lots owned by Declarant; provided, however that

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Declarant shall pay the amounts, if any, pursuant to Section 5.02 hereof agreed to be expressly paid by Declarant.

5.02 Regular Assessments. "Regular Assessments" (herein so called) shall be determined, assessed and expended on a calendar year basis, which shall be the fiscal year of the Association. Regular Assessments shall be used exclusively for the following purposes (collectively, the "Common Expenses"): (a) maintaining, improving and/or operating the Common Properties, subject to the limitations set forth in Section 6.01 hereof; (b) the payment of taxes and insurance (if any) in connection with the Common Properties and the Common Services; (c) developing and maintaining replacement and working capital reserves for the Association (including, without limitation, the maintenance reserve fund as provided for in Section 3.05 hereof); (d) providing the Common Services; (e) the payment of insurance premiums and costs as provided in Section 6.02 hereof, including, without limitation, the premiums for officers', directors' and Architectural Control Committee Members' liability insurance, and the payment of any indemnity costs or costs of other functions of the Board or the Association pursuant to this Declaration; (f) meeting and carrying out all contractual obligations of the Association, including, without limitation, the Common Services obligation; and (g) carrying out the duties of the Board and the Association as set forth in this Declaration. Each year while this Declaration is in force, the Board shall set the amount of the Regular Assessments to be levied for the next calendar year, taking into consideration (i) the Common Expenses for the then current year, and anticipated increases in such expenses during such next calendar year, (ii) a contingency amount not exceeding ten percent (10%) of the anticipated expenditures for such next year, (iii) amounts needed for any reserve fund as determined by the Board, and (iv) the number of Lots subject to Assessments, and (v) should any excess surplus (exclusive of amounts in any reserve fund) exist at the end of any calendar year, the Board may, but shall not be obligated to, reduce the amount required for the next year's Regular Assessments by an amount equal to such surplus. The Regular Assessments for each calendar year shall be set by the Board on or about the 1st day of November of the preceding year or as soon thereafter as such determination reasonably can be made by the Board. The "Per-Lot Regular Assessment Amount" (herein so called) shall then be determined by the Board such that the sum of the Per-Lot Regular Assessment Amounts payable for each Lot subject to Assessments equals the aggregate Regular Assessments required as set by the Board.

The Per-Lot Regular Assessment Amount shall be payable for each Lot which has been conveyed by Declarant to any third party, including, but not limited to, any Owner, builder or contractor. Regular Assessments shall commence, and the Per-Lot Regular Assessment (pro-rated for the remaining portion of the fiscal year of the Association) shall become payable immediately upon the conveyance (or reconveyance in the case of any Lot which is reacquired by Declarant) of any Lot by Declarant. Notwithstanding anything herein to the contrary, no Regular Assessments shall be payable for Lots owned by Declarant (whether now owned or hereafter acquired or reacquired). During the period ending December 31, 2013, to the extent that the Regular Assessments are insufficient to cover actual expenses incurred by the Association for the purposes thereof, Declarant agrees to loan any excess actual expenses

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provided that the amount payable by Declarant shall in no event exceed the Per-Lot Regular Assessment Amount for each Lot which Declarant owns at the time of any such shortfall.

To the extent that the amount of Regular Assessments required to be paid to the Association are insufficient to cover actual expenses incurred by the Association for the purposes thereof, Declarant may, at its sole discretion, loan to the Association an amount equal to any excess actual expenses, which amount, together with interest at a floating rate per annum equal to the highest prime rate published by *The Wall Street Journal* plus two percent (2%), and shall be repaid by the Association to Declarant upon demand.

5.03 Special Purpose Assessments. Subject to the provisions of Section 5.05(d) hereof, the Board may, from time to time, levy "Special Purpose Assessments" (herein so called) for the purpose of paying any capital improvements and other unanticipated expenses that normally would have been paid out of Regular Assessments but which were not included in that year's budget for Regular Assessments. Such Special Purpose Assessments shall be assessed on a per Lot basis in the same manner as the Regular Assessments are assessed as set forth in Section 5.02 hereof.

5.04 Special Member Assessments. The Board may levy a "Special Member Assessment" (herein so called) on any Member, to the extent any directly related insurance proceeds (if any) paid to the Association are not sufficient to pay all such costs, for the purpose of:

(a) Paying the cost of any damage or loss requiring maintenance, repairs or replacement of Common Properties, which damage or loss has been determined by the Board to have been caused, either directly or indirectly, by the act(s) of such Member, or such Member's agent, employee, occupant or visitor; and/or

(b) Paying the maintenance costs, construction delay damages and Violation Fines or other amounts chargeable to any Owner as otherwise set forth herein.

5.05 Special Provisions Regarding Assessments.

(a) Until and unless otherwise determined by the Board, the annual Per-Lot Regular Assessment Amount shall be $1,000.00 per Lot per year.

(b) The Board may establish the maximum annual Regular Assessment and the maximum Per-Lot Regular Assessment Amount for each Lot, provided that the maximum annual Regular Assessment and the maximum Per-Lot Regular Assessment Amount may not be increased more than twenty-five percent (25.0%) above the maximum annual Regular Assessment and the maximum Per-Lot Regular Assessment Amount for the previous year unless approved by a Special Quorum of the Members of the Association as provided in Section 4.05(b) hereof. Notwithstanding the foregoing, in the event that the Board determines that due to unusual circumstances the maximum annual Regular Assessment and the maximum Per-Lot

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Regular Assessment Amount even as increased by twenty-five percent (25.0%) will be insufficient to enable the Association to pay the Common Expenses, then in such event, the Board shall have the right to increase the maximum annual Regular Assessment and the maximum Per-Lot Regular Assessment Amount by the amount necessary to provide sufficient funds to cover the Common Expenses without the approval of the Members as provided herein; provided, however, the Board shall only be allowed to make one (1) such increase per calendar year without obtaining approval of a Special Quorum of the Members as provided in Section 4.05(b) hereof.

(c) If any Assessment remains unpaid at the expiration of fifteen (15) calendar days from and after the due date established by the Board, a late charge, in an amount determined by the Board to offset administrative costs of the Association resulting from such delinquency, shall be assessed against the non-paying Owner for each month, or portion thereof, that any portion of an Assessment remains unpaid. A service charge of Twenty-five and No/100 Dollars ($25.00) or such other amount established by the Board (but in no event exceeding the maximum lawful amount) shall be charged for each check that is returned because of insufficient funds. The amounts of late charges and service charges may be adjusted, from time to time, by the Board, and shall in no event exceed the amounts permitted by applicable law.

(d) Any Special Purpose Assessments for the purpose of paying the cost of the construction of a capital improvement or for the provision of Common Services shall require the affirmative approval of a Special Quorum of the Members as provided in Section 4.05(b) hereof.

(e) In addition to Regular Assessments, Special Purpose Assessments and Special Member Assessments, each Owner of Lot within the Property (other than a builder who purchases a Lot upon which the builder will construct improvements for sale to a bona fide third party consumer) who purchases a Lot shall be obligated, at the time of the purchase of the Lot by such Owner and simultaneously therewith, to pay the Association the sum of $250.00 as an initiation fee, which fee shall be used for the same purposes for which Regular Assessments may be used.

5.06 Due Date of Assessments. The Regular Assessments provided for herein shall be payable annually within thirty (30) days after an invoice is delivered by the Association to an Owner; provided, however, the Board shall have the right to require payment of Regular Assessments at other intervals if the Board deems appropriate in the Board's sole and exclusive discretion [but with payment thereof not required any earlier than thirty (30) days after delivery of any such invoice therefor]. The due date of any Special Purpose Assessment or Special Member Assessment shall be fixed in the notice to the Owner or Owners providing for any such Assessment, but will not be sooner than thirty (30) days after such notice is delivered to the Owner or the Owners thereof. The initial Per-Lot Regular Assessment Amount as established by the Board shall be payable, in whole or in part (as applicable), simultaneously with the sale and conveyance of each Lot by Declarant, and such applicable amount shall be prorated over the remainder of the calendar year from the date of such conveyance.

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5.07 Personal Obligation for Payment of Assessments. The Assessments provided for herein shall be the personal obligation of the Owner or Owners of the Lot with respect to which such Assessment is made. The covenants for the payment of Assessments as provided in this Declaration touch and concern each Lot, are covenants running with the land and specifically bind the Owners and their heirs, successors, devisees, personal representatives and assigns. Except for Declarant as expressly provided herein, no Owner, for any reason, may exempt itself from liability for Assessments. In the event that any Assessment (or any part thereof) is not paid when due, the Owner or Owners of such Lot shall be obligated to pay interest on any such unpaid Assessment from such date at the Default Rate of Interest together with the charges made as authorized in Section 5.05(c) hereof and all costs and expenses of collection thereof, including, but not limited to, reasonable attorneys' fees. The Board shall have the right to reject any partial payment of any Assessment and demand full payment thereof, or the Board may, in the Board's sole and exclusive discretion, elect to accept any such partial payment on account only, without in so doing waiving any rights established hereunder with respect to any remaining balance due. The obligation of any Owner to pay an Assessment with respect to a Lot made for any period of time that an Owner owns the Lot shall remain such Owner's personal obligation (notwithstanding any future sale or conveyance of such Owner's Lot) and shall also pass to the purchaser(s) of such Lot. However, any lien against a Lot for any unpaid Assessments shall be unaffected by any sale of such Lot and shall continue in full force and effect. In the event of a sale of a Lot, it shall be the obligation of the then Owner of such Lot to disclose to any buyer, assignee, title company designated to handle such transaction, financing entity or any other party to such sale any unpaid Assessments, such notice to be given in writing to all parties to the intended transaction at least fifteen (15) days before the date at which such transaction is to be consummated. A copy of any such notice shall be sent to the Association at the same time. A former Owner shall not be liable for Assessments due with respect to a Lot for periods after such Person no longer is the Owner of such Lot and the notice required herein has been given.

5.08 Assessment Lien and Foreclosure. THE OBLIGATION TO PAY ASSESSMENTS IN THE MANNER PROVIDED FOR IN THIS ARTICLE, TOGETHER WITH INTEREST FROM SUCH DUE DATE AT THE DEFAULT RATE OF INTEREST, THE CHARGES MADE AS AUTHORIZED IN SECTION 5.05(c) HEREOF, ALL VIOLATION FINES AND THE COSTS OF COLLECTION, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES, IS SECURED BY A CONTINUING CONTRACTUAL LIEN (THE "ASSESSMENT LIEN") AND CHARGE ON THE LOT COVERED BY SUCH ASSESSMENT, WHICH SHALL BIND SUCH LOT AND THE OWNERS THEREOF AND THEIR HEIRS, SUCCESSORS, DEVISEES, PERSONAL REPRESENTATIVES AND ASSIGNEES. The aforesaid continuing contractual Assessment Lien shall attach to the Lots as of the date of the recording of this Declaration in the Real Property Records of Collin County, Texas, and such Assessment Lien shall be superior to all other liens except as provided in Section 5.10 hereof. Such Assessment Lien shall not encumber or attach to the Common Properties. The Association shall have the right to subordinate the aforesaid Assessment Lien to any other lien. The exercise of such right shall be entirely discretionary with the Board. Except for a conveyance to a purchaser at a foreclosure sale pursuant to a lien to which the Assessment Lien is subordinate as provided herein or in Section

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5.10 hereof, all Lots are conveyed to, and accepted and held by, the Owner thereof subject to the Assessment Lien provided for in this Section. To evidence any unpaid Assessments, the Association may prepare a written notice of unpaid Assessments (the "Notice of Unpaid Assessments") setting forth the amount of the unpaid indebtedness, the name of the Owner of and describing the affected Lot. Such notice shall be signed by one (1) of the officers of the Association and may, at the Board's sole and exclusive discretion, be recorded in the Real Property Records of Collin County, Texas. The Association shall record an appropriate release of any recorded Notice of Unpaid Assessments when the amounts referenced therein have been paid. THE ASSESSMENT LIEN MAY BE ENFORCED BY FORECLOSURE OF THE ASSESSMENT LIEN UPON THE DEFAULTING OWNER'S LOT BY THE ASSOCIATION SUBSEQUENT TO THE RECORDING OF THE NOTICE OF UNPAID ASSESSMENTS EITHER BY JUDICIAL FORECLOSURE OR BY NONJUDICIAL FORECLOSURE THROUGH A PUBLIC SALE IN LIKE MANNER AS A MORTGAGE ON REAL PROPERTY IN ACCORDANCE WITH THE PROVISIONS OF THE TEXAS PROPERTY CODE, AS SUCH MAY BE REVISED, AMENDED, SUPPLEMENTED OR REPLACED FROM TIME TO TIME. In addition, the Association any institute suit against the Owner personally to obtain a judgment for unpaid Assessments. Furthermore, the Association shall have such other rights and remedies as permitted or allowed by applicable law. In any foreclosure proceeding, whether judicial or nonjudicial, or in any suit or other action against, or pertaining to, the Owner, the Owner shall be required to pay all costs, expenses and reasonable attorneys' fees incurred by the Association. The Association shall have the right and power to buy the Lot at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same, subject to any statutory right of redemption.

5.09 Certificate. Upon request by an Owner, the Association shall furnish a certificate setting forth the unpaid Assessments owed by an Owner. Upon the written request of any Mortgagee holding a lien on a Lot, the Association shall report to any said Mortgagee any Assessments which are delinquent and unpaid at the time of the report.

5.10 Subordination of the Assessment Lien. The Assessment Lien provided for herein on a Lot shall be subordinate and inferior to the lien or liens granted by the Owner of such Lot to secure the repayment of a loan made for the purpose of providing purchase money funds for such Lot, funds used at any time to install or construct improvements on such Lot or funds used to pay ad valorem taxes on such Lot; provided, however, that such subordination shall apply only to Assessment Liens which have become due and payable prior to the foreclosure sale, whether public or private, of such Lot pursuant to the terms and conditions of any such mortgage or deed of trust lien. Such foreclosure sale shall not relieve such Lots from any Assessment Lien for Assessments thereafter becoming due.

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ARTICLE VI

GENERAL POWERS AND DUTIES OF THE BOARD OF DIRECTORS

6.01 Powers and Duties. The affairs of the Association shall be conducted by the Board. The Board shall be selected in accordance with the Association Documents. The Board, for the benefit of the Owners, shall provide, and shall pay for (if applicable), from Assessments, the following if and to the extent such have been or are hereafter provided by or contracted for by the Association or the Board as the Board determines in the Board's sole and exclusive discretion:

(a) Operation, care, maintenance, repair and preservation of the Common Properties and Easement Areas and the furnishing and upkeep of any desired personal property for use in the Common Properties and Easement Areas, including but not limited to:

(i) Carrying out a regular maintenance program for the Detention Facilities, including clean-up and infusion of chemicals as necessary to maintain the Detention Facilities in an attractive and aesthetically pleasing condition;

(ii) To pay for electricity for the operation of the water well and pumps in the Subdivision, including the pond fountain pumps and irrigation pumps, and pumps utilized to fill to and maintain the water level within the ponds and water detention sites within the Subdivision at an attractive and aesthetically pleasing level; and

(iii) The operation, maintenance and repair of all lighting systems and facilities installed in and providing lighting for any Common Properties within the Subdivision, including without limitation, the Detention Facilities, and the maintenance and replacement of all light bulbs used in any such lighting systems and facilities.

(b) Providing the Common Services;

(c) Any private trash and garbage collection service and security arrangements;

(d) Taxes, insurance and utilities, if any, which pertain to the Common Properties or are otherwise provided for herein which the Board may obtain in its sole discretion;

(e) The services of a Person or Persons to manage the Association or any separate portion thereof, to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Association or by a manager designated by the Board;

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(f) Legal, accounting and other professional services on behalf of the Association;

(g) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alteration, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of this Declaration or which in the Board's sole and exclusive opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of this Declaration; and

(h) The collection (as a part of the Regular Assessments) and payment of any assessments owed by an Owner or the Association under any other recorded deed restrictions, if any.

The Board shall have the following additional exclusive rights, powers and duties:

(i) To execute all declarations of ownership for tax assessment purposes with regard to any of the Common Properties owned by the Association;

(j) To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit;

(k) To perform any of the Board's duties under this Declaration by contracting with third parties, to enter into other contracts, to maintain one (1) or more bank accounts and, generally, to have all the powers necessary or incidental to the operation, functions and management of the Association;

(l) To protect or defend the Common Properties from loss or damage by suit or otherwise, to sue or defend in any court of law on behalf of the Association and to provide adequate reserves for repairs and replacements;

(m) To make reasonable rules and regulations for the operation and use of the Common Properties and the Common Services and to amend them from time to time;

(n) To own fee simple title, or an easement interest, in the Common Properties; and

(o) Commencing in the year following the date on which the first Lot is sold by a home builder to an Owner, to make available to each Owner within ninety (90) days after the end of the year an annual report of the Association;

(p) To adjust the amount, collection and use of any insurance proceeds;

(q) To enforce the provisions of this Declaration and any rules made hereunder and, in the sole and exclusive discretion of the Board, to enjoin and seek damages from any Owner for violation of any such provisions or rules;

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(r) To appoint members of the Architectural Control Committee as described in, and subject to the provisions of, Article VII hereof; and

(s) To perform such other duties and functions as are necessary to carry out the rights and obligations of the Board and the Association under this Declaration.

6.02 Insurance. The Association shall have the right and option to purchase, carry and maintain in force insurance covering any or all portions of the Common Properties, Easement Areas, any improvements thereon or appurtenances thereto and the Common Services for the interest of the Association and of all Members thereof, in such amounts and with such endorsements and coverage as shall be considered good sound insurance coverage for properties similar in construction, location and use to the Common Properties and Easement Areas and for services similar to the Common Services. Such insurance may include, but need not be limited to, the following:

(a) Insurance against loss or damage by fire and hazards covered by a standard extended coverage endorsement in an amount which shall be equal to the maximum insurable replacement value, excluding foundation and excavation costs as determined annually by the insurance carrier;

(b) Public liability and property damage insurance on a broad form basis;

(c) Fidelity bond for all officers and employees of the Association having control over the receipt and disbursement of funds; and

(d) Officers', directors' and Architectural Control Committee members' liability insurance.

The Association and the Members shall use the net insurance proceeds to repair and replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of insurance paid to the Association remaining (after satisfactory completion of repair and replacement) shall be retained by the Association as part of a general reserve fund for repair and replacement of the Common Properties. If the insurance proceeds are insufficient to repair or replace any such loss or damage, the Association may levy Special Purpose Assessment(s) or Special Member Assessment(s) (if applicable) to cover any such deficiency.

6.03 Affiliated Contracts. The Board, acting on behalf of the Association, shall have the full power and authority to contract with any Owner, including, without limitation, Declarant, for the performance of services which the Association is obligated or authorized to obtain, such contracts to be at competitive rates then prevailing for such services and upon such other terms and conditions, and for such consideration as the Board may deem advisable in the Board's sole and exclusive discretion and in the best interest of the Association provided that the level of service received is consistent with that available from third parties.

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6.04 Liability Limitations. Neither Declarant, the Board, the Architectural Control Committee or any member, director, officer or representative of Declarant, the Board or the Architectural Control Committee (a) shall be personally liable for the debts, obligations or liabilities of the Association, nor for any mistake of judgment, whether negligent or otherwise; or (b) shall have any personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association, and the Association, as a Common Expense of the Association, shall indemnify and hold Declarant, the Board, the Architectural Control Committee and such members, directors, officers and representatives harmless from any and all expenses, loss or liability to others on account of any such contract or commitment (to the extent not covered by insurance proceeds). In addition, each director and each officer of the Association and each member of the Architectural Control Committee shall be indemnified and held harmless by the Association, as a Common Expense of the Association, from any expense, loss or liability to others (to the extent not covered by insurance proceeds) by reasons of having served as such director, officer or Architectural Control Committee member and against all expenses, losses and liabilities, including, but not limited to, court costs and reasonable attorneys' fees, incurred by or imposed upon such director, officer or Architectural Control Committee member in connection with any proceeding to which such Person may be a party or have become involved by reason of being such director, officer or Architectural Control Committee member at the time any such expenses, losses or liabilities are incurred subject to any provisions regarding indemnity contained in the Association Documents, INCLUDING WITHOUT LIMITATION, ANY OF SUCH MATTERS CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF SUCH PARTIES; provided, however, this indemnity does cover liabilities resulting from such director's, officer's or Architectural Control Committee member's gross negligence or willful misconduct. Any right to indemnification provided herein shall not be exclusive of any other rights to which a director, officer or Architectural Control Committee member, or former director, officer or Architectural Control Committee member, may be entitled. The Association shall have the right to purchase and maintain, as a Common Expense, directors', officers', and Architectural Control Committee members', insurance on behalf of any Person who is or was a director or officer of the Association or an Architectural Control Committee member against any liability asserted against any such Person and incurred by any such Person in such capacity, or arising out of such Person's status as such.

ARTICLE VII

ARCHITECTURAL CONTROL COMMITTEE

7.01 Architectural Control Committee.

(a) Declarant shall appoint an initial Architectural Control Committee (herein so called) to consist of not fewer than three (3) persons. Declarant shall have the sole and exclusive right to appoint, remove and replace members of the Architectural Control Committee until such time as Declarant waives and releases such right by written instrument recorded in the Real Property Records of the county in which the Property is located. Notwithstanding any provision

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contained herein to the contrary, the provisions of the preceding sentence may not be amended without the prior written approval of Declarant. After Declarant has so waived and released its right to appoint members of the Architectural Control Committee, the Architectural Control Committee members shall be appointed, removed and replaced by the Board as provided herein. Members of the Architectural Control Committee shall hold their positions until death or resignation, or until removed or their successors are appointed by Declarant prior to such time as Declarant has waived and released its right to appoint members of the Architectural Control Committee as provided above, and thereafter, by the Board at a duly called meeting for such purpose.

(b) For administrative convenience, Declarant shall have the right, but not the obligation, at any time and from time to time, to assign to one (1) or more builders within the Subdivision the right to perform the functions of the Architectural Control Committee set forth in this Declaration in connection with, and for the limited scope of, the review of Plans for construction of new residences on Lots purchased by such builder or builders. In connection with their exercise of the duties and functioning as a review committee, such parties shall be bound by and shall have the same rights and restrictions as are applicable to the Architectural Control Committee as set forth in this Declaration.

7.02 Purpose of the Architectural Control Committee. A function of the Architectural Control Committee is to review and approve or disapprove Plans for improvements proposed to be constructed or modified on Lots and otherwise perform the duties set forth in this Declaration. NO IMPROVEMENTS SHALL BE ERECTED, CONSTRUCTED, PLACED, ALTERED, REMODELED, DEMOLISHED OR PERMITTED TO REMAIN ON A LOT UNTIL PLANS, IN SUCH FORM AND DETAIL AS THE ARCHITECTURAL CONTROL COMMITTEE MAY DEEM NECESSARY, SHALL HAVE BEEN SUBMITTED TO THE ARCHITECTURAL CONTROL COMMITTEE AND APPROVED BY IT IN WRITING. The vote of a majority of the members of the Architectural Control Committee shall be considered as the act of the Architectural Control Committee. The process of reviewing and approving Plans and specifications is one which of necessity requires that the Architectural Control Committee is called upon from time to time to make subjective judgments on items for which specific standards or guidelines are not expressly set forth in this Declaration. The Architectural Control Committee is given full power and authority to make any such subjective judgments and to interpret the intent and provisions of this Declaration in such manner and with such results as the Architectural Control Committee, in its sole and exclusive discretion, may deem appropriate, and in the absence of final adjudication by a court of competent jurisdiction that the Architectural Control Committee has abused its discretion, such action by the Architectural Control Committee shall be final and conclusive. Unless expressly stated otherwise herein, the Architectural Control Committee shall have the right to grant variances from the requirements of this Declaration as it, in its sole and exclusive judgment, deems appropriate. The Architectural Control Committee shall have the sole and exclusive discretion to determine whether Plans submitted to it for approval are acceptable, and the Architectural Control Committee or Declarant shall be entitled and empowered to enjoin or remove any construction undertaken

Affidavit

pursuant to plans that have not been approved in writing by the Architectural Control Committee.

7.03 Plans.

(a) The Architectural Control Committee shall have the right to disapprove any submitted Plans that are not in compliance with this Declaration, if they are incomplete or if the Architectural Control Committee determines that such Plans are not consistent with this Declaration. The Architectural Control Committee may base its approval or disapproval on, among other things:

(i) harmony of external design with improvements on other Lots;

(ii) relation of topography, grade and finish ground elevations to that of adjoining Lots and drainage functions;

(iii) screening of mechanical and other installations;

(iv) extent and quality of landscaped areas; and

(v) compliance with the purpose and general plan, intent and provisions of this Declaration.

(b) The Architectural Control Committee shall be available on a reasonable basis to meet with an Owner or such Owner's representatives to discuss and answer questions concerning proposed improvements and their compliance with this Declaration.

(c) An Owner desiring to construct or install any improvements on such Owner's Lot must submit Plans (herein so called) to the Architectural Control Committee, in duplicate, for such improvements that contain sufficient detail and information to show the following:

(i) the general plan for the residence showing exterior shape, elevations, height, exterior materials, window locations and roofing of all exterior surfaces;

(ii) cover matters specifically requiring Architectural Control Committee approval as provided in this Declaration; and

(iii) such other information as may be required by the Architectural Control Committee;

provided, however, that notwithstanding anything contained herein to the apparent contrary, once a specific floor plan or elevation has been submitted and approved by the Architectural Control Committee, an Owner may use the identical floor plan or elevation again without again submitting same for approval by the Architectural Control Committee.

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(d) Approval of the Plans shall be based upon a determination by the Architectural Control Committee as to whether or not in its judgment, such Plans adequately meet the requirements created by this Declaration. Approval of any Plans with regard to certain improvements shall not be deemed a waiver of the Architectural Control Committee's right, in its sole and exclusive discretion, to disapprove similar Plans, or any of the features or elements included therein, for any other improvements or to refrain from granting similar variances.

(e) If any submission of Plans is not complete or does not include all data required by this Declaration, the Architectural Control Committee, within ten (10) days after such submission, shall notify the Owner of such deficiencies, and such Plans shall not be considered to have been submitted until such deficiencies have been corrected. At such time as the Plans meet the approval of the Architectural Control Committee, one (1) set of Plans will be retained by the Architectural Control Committee and the other set of Plans will be marked "Approved" and returned to the Owner or such Owner's designated representative, accompanied by a statement of complete approval or approval based on certain conditions. If the Plans are found not to be in compliance with this Declaration, one (1) set of such Plans shall be returned marked "Disapproved", accompanied by a statement of the items found not to comply with this Declaration or not to be acceptable to the Architectural Control Committee. Any modification or change to the approved Plans must again be submitted to the Architectural Control Committee for its inspection, review and approval. Should the Architectural Control Committee fail to approve or disapprove any Plans, property presented by an Owner as provided above, within ten (10) days after submittal thereof to the Architectural Control Committee in a form and fully complete as required by the Architectural Control Committee, it shall be presumed that the Architectural Control Committee has approved such property submitted Plans, unless prior to the end of the ten (10) day period, the Architectural Control Committee has notified the Owner submitting such Plans in writing that an additional time period, not to exceed fifteen (15) days, is needed for further inspection and review, after which such additional period it shall be presumed that approval has been given absent specific disapproval in writing having been given by the Architectural Control Committee during such additional review period.

(f) An Owner may prepare detailed plans and specifications that do not vary from or modify the Plans that have been approved by the Architectural Control Committee. Improvements may be constructed or installed on a Lot only in conformance with such approved Plans. If work is not commenced within six (6) months from the date of Architectural Control Committee approval of the Plans, then the approval given by the Architectural Control Committee pursuant to this Article shall be deemed revoked by the Architectural Control Committee, unless the Architectural Control Committee extends in writing the time for commencing such work.

(g) Upon submission of a written narrative request for same, the Architectural Control Committee may, from time to time, in its sole and exclusive discretion, permit Owners to construct, erect or install improvements which are in variance from this Declaration. Each request for a variance submitted hereunder shall be reviewed separately and apart from other

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such requests. The grant of a variance to any Owner shall not constitute a waiver of the Architectural Control Committee's right to strictly enforce this Declaration against any other Owner or against the same Owner for any other matter. Each such written request must identify and set forth in narrative detail the specific restriction or standard from which a variance is sought and describe in complete detail the exact nature of the variance sought. Any grant of a variance by the Architectural Control Committee must be in writing and must identify in narrative detail both the standard from which a variance is being sought and the specific variance being granted. The failure of the Architectural Control Committee to act on a variance request within any particular period of time shall not constitute the granting or approval of any such variance request.

(h) The Architectural Control Committee may from time to time publish, promulgate and amend architectural standards' bulletins.

7.04 Inspections. The Architectural Control Committee, or its designees, shall have the right during reasonable business hours to enter upon and inspect any Lot or improvements then under construction to determine whether or not the Plans therefor have been approved by the Architectural Control Committee. If the Architectural Control Committee shall determine that such Plans have not been approved or that the Plans which have been so approved are not being substantially complied with, the Architectural Control Committee may, in its sole and exclusive discretion, give the Owner of such Lot written notice to such effect, and, thereafter, the Declarant or the Architectural Control Committee, on behalf of the Association, shall be entitled to enjoin further construction and to require the removal or correction of any work in place that does not comply with the approved Plans. If any improvements shall be altered or replaced on any Lot otherwise than in substantial conformity with the approved Plans therefor, such action shall be deemed to have been undertaken without requisite approval of the Architectural Control Committee and to be in violation of this Declaration; and the Declarant or the Architectural Control Committee, on behalf of the Association, shall be entitled to take action as permitted under this Declaration with respect thereto.

7.05 Interior Alterations. An Owner may make improvements and alterations within the interior of such Owner's residence without first obtaining Architectural Control Committee approval, provided such interior improvements and interior alterations do not change the exterior appearance of any improvements, including, without limitation, changes in window locations, window design or window materials.

7.06 Changes. No construction or installation of improvements on a lot that is inconsistent with, in addition to, or materially different from, any previously approved Plans shall be commenced or permitted until the Plans reflecting any and all such changes or additions have been submitted to, and approved by, the Architectural Control Committee in accordance with this Article; provided, however, no such approval is required for changes within the interior of any building that do not in any way change the exterior appearance.

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7.07 Limitation on Liability. Declarant, the Association, the Board (or any of its members) and the Architectural Control Committee (or any of its members), shall not, individually or in combination, be liable in damages (or otherwise) to any Owner for any act or occurrence, or any failure to act, relating to this Declaration, including any claims by any Owner regarding or arising out of any subjective decisions, mistakes in judgment, negligence or nonfeasance arising out of, or in connection with, the approval or disapproval or failure to approve or to disapprove any plans submitted, or for otherwise acting in good faith in such capacities. Declarant and the Architectural Control Committee (or any of its members) shall not, individually or in combination, be liable in damages (or otherwise) in connection with any construction, design, engineering or defect associated with any improvement (or otherwise) constructed on the property. APPROVAL OF PLANS BY THE ARCHITECTURAL CONTROL COMMITTEE DOES NOT CONSTITUTE ANY WARRANTY OR REPRESENTATION OF ANY KIND OR CHARACTER THAT SUCH PLANS COMPLY WITH GOVERNMENTAL REQUIREMENTS OR GOOD AND PRUDENT DESIGN, ENGINEERING AND CONSTRUCTION PRACTICES. IT IS THE SOLE AND EXCLUSIVE RESPONSIBILITY OF THE OWNER TO DETERMINE AND SEE THAT SUCH OWNER'S PLANS AND SPECIFICATIONS COMPLY WITH ALL SUCH REQUIREMENTS AND PRACTICES. The Architectural Control Committee shall have the right, but never the obligation, to perform the functions set forth in this Declaration.

ARTICLE VIII

ANNEXATION OF ADDITIONAL PROPERTY

8.01 Declarant's Right to Annex Adjacent Property. Declarant hereby reserves for itself and its affiliates and/or any of their respective successors and assigns the right to annex any or all such real property into the scheme of this declaration as provided in this Article VIII. Notwithstanding anything herein or otherwise to the contrary, Declarant an/or such affiliates, successors and/or assigns shall have the exclusive unilateral right, privilege and option (but never an obligation), from time to time and at any time during the period expiring twenty (20) years from the date this Declaration is recorded in the Real Property Records of Collin County, Texas, to annex, and subject to the provisions of this Declaration and the jurisdiction of the Association, any additional property located adjacent to or in the immediate vicinity of the Subdivision (collectively, the "Annexed Land"), by filing in the Real Property Records of Collin County, Texas, a Supplemental Declaration expressly annexing any such Annexed Land. Such Supplemental Declaration shall not require the vote of the Owners, the Members of the Association, or approval by the Board or other action of the Association or any other Person. Any such annexation shall be effective upon the filing of such Supplemental Declaration in the Real Property Records of Collin County, Texas. Declarant shall also have the unilateral right to transfer to any other Person Declarant's right, privilege and option to annex Annexed Land, provided that such transferee or assignee shall be the developer of at least a portion of the Annexed Land and shall be expressly designated by Declarant in writing to be the successor or assignee to all or any part of Declarant's rights hereunder.

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

(i) The name of the owner of the Annexed Land being added or annexed who shall be called the "Declarant" for purposes of that Supplemental Declaration and shall be entitled to exercise the rights of Declarant hereunder;

(ii) The legally sufficient perimeter (or recorded subdivision) description of the Annexed Land being added or annexed, separately describing (by reference to a plat or otherwise) all portions of the Annexed Land that are dedicated and/or conveyed to the public or any governmental or quasi-governmental authority for street right-of-way and/or utility facility purposes, those portions that are to comprise Lots for construction of single-family residences and related improvements, and those portions that comprise Common Properties (if any);

(iii) A mutual grant and reservation of rights and easements of the Owners in and to the existing and annexed Common Properties (if any);

(iv) That the Annexed Land is being annexed in accordance with and subject to the provisions of this Declaration, and that the Annexed Land being annexed shall be developed, held, used, sold and conveyed in accordance with, and subject to, the provisions of this Declaration as theretofore and thereafter amended; *provided however*, that if any Lots or portions thereof being so annexed are to be treated differently than any of the other Lots (whether such difference is applicable to other Lots included therein or to the Lots now subject to this Declaration), the Supplemental Declaration should specify the details of such differential treatment and a general statement of the rationale and reasons for the difference in treatment, and if applicable, any other special or unique covenants, conditions, restrictions, easements or other requirements as may be applicable to all or any of the Lots or other portions of Annexed Land being annexed;

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

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

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Each such "Supplemental Declaration" may contain such other provisions as the Declarant therein shall deem appropriate.

ARTICLE IX

SPECIAL PROVISIONS REGARDING THE RIGHTS AND REQUIREMENTS OF THE CITY

9.01 Obligation of the Association. The Association shall maintain the Common Properties in a condition not less than the minimum standards required by the City. The Association shall be responsible for enforcing the provisions of this Declaration prohibiting drainage from one Lot to another. The Association's costs of maintaining the Common Properties and enforcing the provisions of this Declaration will be collected from the Owners through Assessments as provided in Article V hereof.

9.02 Rights of the City. The Association shall not seek, by either act or omission, to abandon the Association's obligations as established by this Declaration to maintain the Common Properties or enforce the provisions of this Declaration. The Association may not be dissolved without the prior written consent of the City. The City may, in its sole discretion, and upon default of the Association's obligations to maintain Common properties as required herein which is not cured within thirty (30) days after written notice thereof from the City to the Association, assume the rights and authority of the Association to levy, collect, and enforce (including without limitation the right of foreclosure) the Association membership dues and assessments in order to maintain Common Properties. The City and its lawful agents, after due notice to the Association, shall be entitled: to remove any landscape systems, features or elements that cease to be maintained by the Association; to perform the responsibilities of the Association and its Board if the Association fails to do so in compliance with any provisions of this Declaration or of any applicable City codes or regulations; to assess the Association for all costs incurred by the City in performing said responsibilities if the Association fails to do so; and/or to avail itself of any other enforcement actions available to the City pursuant to state law, City codes or regulations. The Association shall indemnify and hold the City harmless from any and all costs, expenses, suits, demands, liabilities or damages including attorney's fees and costs of suit, incurred or resulting from the City's removal of any landscape systems, features or elements that cease to be maintained by the Association or from the City's performance of the aforementioned operation, maintenance or supervision responsibilities of the Association due to the Association's failure to perform said responsibilities.

9.03 Easement. In the event the City assumes the duty of performing the maintenance obligations of the Association as provided herein, then the City, its agents, representatives and employees, shall have the right of access, ingress and egress to and over the Common Properties for the purposes of maintaining, improving and preserving the same.

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9.04 Notice to Purchasers. Each builder of a residential dwelling on any Lot shall post notice in a prominent place in all model homes, sales offices and on all open space areas larger than 20,000 square feet stating that a property association has been established and membership is mandatory for all property owners. The notice shall state at a minimum that the builder shall provide any person upon their request the Association Documents and a five year projection of dues, income and Association expenses.

9.05 Maintenance Reserve Fund. Prior to the transfer of the control of the Association to the Lot Owners, the Declarant shall establish and provide a reserve fund equivalent to two month's dues based on full Association membership.

9.06 Association Activation. Concurrent with the transfer of the control of the Association to the Lot Owners, the Declarant shall transfer to the Association control over all utilities owned by the Declarant which are related to the Property and all amenities to be owned by the Association, if any. The Declarant shall also disclose to the Association the total cost to date related to the operation and maintenance of the Common Properties and amenities.

9.07 Amendment. Notwithstanding anything herein to the contrary, the provisions of Section 3.02 and this Article IX shall not be amended or deleted from this Declaration without the written consent of the City. Other provisions of this Declaration can be amended or deleted without the necessity of the consent of the City.

ARTICLE X

GENERAL PROVISIONS

10.01 Binding Effect and Duration. The covenants and restrictions of this Declaration shall run with and bind the Property, shall be binding on all Owners and shall inure to the benefit of and be enforceable by Declarant, the Association, the legal representatives thereof, and their successors and assigns, and shall be and remain in effect for a period of twenty-five (25) years from and after the date of the recording of this Declaration, after which time this Declaration shall automatically be extended for successive periods of ten (10) years each, unless after such twenty-five (25) years an instrument executed and duly acknowledged by Owners owning, in the aggregate, at least seventy-five percent (75.0%) of the Lots has been recorded in the Real Property Records of Collin County, Texas, abolishing this Declaration.

10.02 Interpretation. In all cases, the provisions set forth or provided for in this Declaration shall be construed together and given that interpretation or construction which, in the sole and exclusive opinion of the Board, will best effect the general plan of development as reflected in this Declaration. The Board shall have the right, power and authority to determine all questions arising under or in connection with this Declaration and to construe and interpret the provisions thereof, and any determination, construction or interpretation made by the Board, in the absence of an adjudication by a court of competent jurisdiction that any such action was an abuse of discretion, shall be binding on the Owners. The provisions of this Declaration shall be

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given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive. The effective date of this Declaration shall be the date of its filing for record in the office of the County Clerk of Collin County, Texas. The captions of each Article and Section hereof as to the contents of each Article and Section are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or adding to the particular Article or Section to which they refer. The singular wherever used herein shall be construed to mean the plural when applicable and vice versa, and the use herein of any gender shall mean any other gender when applicable. Any and all exhibits referred to herein and attached hereto are made a part hereof by reference. This Declaration shall be construed under, and in accordance with, the laws of the State of Texas.

10.03 No Warranty of Enforceability. While the Declarant has no reason to believe that any of the restrictive covenants or other terms or provisions contained in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants. Any Owner acquiring a Lot in the Development in reliance on one or more of such restrictive covenants, terms or provisions shall assume all risks of the validity or enforceability thereof and, by acquiring the Lot, agrees to hold Declarant, the Association and their legal counsel and other professional advisors harmless therefrom. The Declarant shall not be responsible for the acts or omissions of any individual, entity or other Owners.

10.04 Amendments. Except as otherwise provided in this Declaration, this Declaration, or any provisions hereof, may be terminated or amended as to any portion of the Property only by a document duly executed and acknowledged by Owners holding, in the aggregate, sixty-seven percent (67%) of the votes of all Members in Good Standing (both classes of Members) present at a duly called meeting at which a Regular Quorum is present. No such termination or amendment shall be effective until a written instrument setting forth the terms thereof has been executed by the Secretary (herein so called) of the Association confirming the vote of the Members adopting such termination or amendment as required above and recorded in the Real Property Records of Collin County, Texas. Notwithstanding the above, Declarant, without the joinder of any other party, shall have the sole and absolute right to make amendments to this Declaration, as determined by Declarant from time to time for so long as Declarant owns at least one (1) Lot, whether to change the provisions hereof, to provide for additional provisions, or to correct or clarify errors, omissions, mistakes or ambiguities contained herein.

10.05 Enforcement. Declarant, the Association and the Owners shall have the right, but not (except as provided in Article IX hereof) the obligation, to enforce the covenants and restrictions set out in this Declaration. Enforcement may be made by any proceedings at law or in equity against any Person violating or attempting to violate any part of this Declaration, as such may be amended or modified, to restrain or enjoin violations thereof, to recover damages or to seek such other relief available pursuant to applicable law. Damages shall not be deemed adequate compensation for any breach or violation of any provision of this Declaration, and Declarant, the Association and each Owner shall be entitled to relief by way of injunction, as well as any other remedy either at law or in equity. With respect to any litigation hereunder, the

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prevailing party shall be entitled to recover reasonable attorneys' fees and court costs from the non-prevailing party. The rights, powers and remedies provided in this Declaration shall be cumulative and not restrictive of any other remedies at law or in equity, and the exercise by a Person of any particular right, power or remedy shall not be deemed an election of remedies or to preclude such Person's resort to other rights, powers or remedies available to any such Person.

10.06 No Waiver or Obligation to Enforce. No delay or failure on the part of Declarant, the Association or any Owner to invoke any available right, power or remedy with respect to a breach of this Declaration shall be held to be a waiver by that party (or estop that party from asserting) any right, power or remedy available to such party upon the recurrence or continuance of said breach or the occurrence of a different breach. Neither Declarant, the Association or the Owners, shall be under any obligation to take any action to enforce the terms of this Declaration. The failure by Declarant, the Association or any Owner to enforce any provision of this Declaration shall in no event subject Declarant, the Association or any Owner to any claims, liability, cost or expense; it being the express intent of this Declaration to provide Declarant, the Association or any Owner with the right (such right to be exercised at its sole and absolute discretion), but not the obligation to enforce the terms of this Declaration for the benefit of any Owner(s) of any Lot(s) in the Development.

10.07 Liens/Validity and Severability. Violation of or failure to comply with this Declaration shall not affect the validity of any mortgage, lien or other similar security instrument which may then be existing on any Lot. Invalidation of any one (1) or more of the provisions of this Declaration, or any portions thereof, by a judgment or court order shall not affect any of the other provisions or covenants herein contained, which such other provisions and covenants shall remain in full force and effect.

10.08 Notices. Any notice required to be given to Declarant, the Association or any Owner under the provisions of this Declaration shall be deemed to have been properly delivered when actually delivered by hand-delivery or three (3) days after any such notice has been deposited in the United States Mail, postage prepaid, certified or registered mail, return receipt requested, addressed (a) for notice to an Owner to the address of the Owner as shown on the records of the Association at the time of such mailing, and (b) for notice to Declarant or the Association, c/o Scarborough Forest Ridge Development, L.P., 16380 Addison Road, Addison, Texas 75001, or at such other address specified by Declarant or the Association from time to time.

10.09 Mortgagees. No default by an Owner of a Lot under any provision of this Declaration shall affect any existing lien or mortgage on that Lot. A Mortgagee shall not be liable for Assessments made with respect to a Lot during any period in which its only interest in the Lot is that of a Mortgagee.

10.10 Approvals. No approval by Declarant, the Association or the Architectural Control Committee pursuant to the provisions hereof shall be effective unless in writing, except as otherwise expressly provided herein.

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10.11 Imposition of Violation Fines. In the event that any Person fails to cure (or fails to commence and proceed with diligence to complete the work necessary to cure) any violation of this Declaration within ten (10) days after receipt of written notice from the Board designating the particular violation, the Board shall have the power and authority to impose upon that Person a fine for any such violation (herein referred to as a "Violation Fine") not to exceed Five Hundred and No/100 Dollars ($500.00). There shall be no limit to the number or the aggregate amount of Violation Fines which may be levied against a Person for the same violation. The Violation Fines, together with interest at the Default Rate of Interest and any costs of collection, including, but not limited to, reasonable attorneys' fees, shall be part of any such Violation Fine. Violation Fines shall be Special Member Assessments.

10.12 Residential Construction Liability Act. Without waiving any rights under law or equity, all Owners acknowledge, covenant and agree that residential construction defect claims regarding any residence against the Declarant or any homebuilder in Texas are controlled by the Texas Residential Construction Liability Act (Tex. Prop. Code Section 27.001 *et seq.*, as amended) which preempts the Texas Deceptive Trade Practices Act (Tex. Bus. & Com. Code Section 17.41 *et seq.*, as amended) and any other law.

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EXECUTED as of the 10th day of July, 2013.

DECLARANT:

SCARBOROUGH FOREST RIDGE DEVELOPMENT, L.P., a Texas limited partnership

By: Scarborough Forest Ridge LLC, a Texas limited liability company, its general partner

By: _____
Name: Jack T. Tate
Title: Manager

STATE OF TEXAS '
'
COUNTY OF DALLAS '

BEFORE ME, the undersigned authority, on this day personally appeared Jack T. Tate, Manager of Scarborough Forest Ridge LLC, a Texas limited liability company, General Partner of SCARBOROUGH FOREST RIDGE DEVELOPMENT, L.P., a Texas limited partnership, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said limited liability company, on behalf of said limited partnership, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, on this 10th day of July, 2013.

BRUCE D. BROWNE
NOTARY PUBLIC STATE OF TEXAS
COMMISSION EXPIRES:
12-14-2013

_____
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

AFTER RECORDING, PLEASE RETURN TO:

Scarborough Forest Ridge Development, L.P.
16380 Addison Road
Addison, Texas 75001
Attn: Mr. Ryan Burkhardt

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LIENHOLDER'S CONSENT, JOINDER AND SUBORDINATION

The undersigned lienholder joins herein solely for the purpose of: (a) consenting to the execution and recordation of the foregoing Declaration of Covenants, Conditions and Restrictions (the "Declaration"); and (b) subordinating the liens held by it against the Property, including without limitation, the Deed of Trust and _____ recorded in Volume ___, Page ___ of the Real Property Records of Collin County, Texas, to the Declaration and to the covenants, conditions and restrictions imposed by the Declaration. dated October 3, 2012, filed October 9, 2012, recorded under Clerk's File No. 20121009000128 1160

SOUTHWEST BANK

By: _____
Name: Alec Barry
Title: President

STATE OF TEXAS '
'
COUNTY OF TARRANT '

This instrument was acknowledged before me on the 10 day of July, 2013, by Alec Barry, President of SOUTHWEST BANK, a _____, on behalf of said bank.

LILA L. CARTER
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 01-07-2017

_____
Notary Public in and for the State of Texas

My Commission Expires:

_____
Printed Name of Notary

Unofficial

EXHIBIT "A"

BEING, a tract of land situated in the John W. Kerby Survey, Abstract No. 14 in the City of Lucas, Colllin County, Texas, being out of a 12.968 acre tract, as described in Clerks File No. 95-0078930, a 15.0 acre tract, as described in Clerks File No. 20110228000213320, a 9.923 acre tract, as described in Clerks File No. 20060524000708880, a 8.1 acre tract, as described in Volume 1032, Page 736, 2.0 acre tract, as described in Volume 1122, Page 357 and a 1.0 acre tract, as described in Clerks File No. 20070912001273990, in the Deed Records of Collin County, Texas and being more particularly described as follows:

BEGINNING, at a ½ inch iron rod found at the northeast corner of Amherst Estates, an addition to the City of Lucas, as described in Volume 2006, Page 602, in the Plat Records of Collin County, Texas;

THENCE, South 89°36'58" West, along the north line of said Amherst Estates, for a distance of 296.09 feet, to a ½ inch iron rod found at the south east corner of Fairview Farms Fourth Section, an addition to Collin County, Texas, as described in Volume C, Page 123, in said Plat Records;

THENCE, North 00°36'49" East, departing the north line of said Amherst Estates and along the east line of said Fairview Farms Fourth Section, for a distance of 783.09 feet, to a ½ inch iron rod found at the southwest corner of Fairview Farms Third Section, an addition to Collin County, Texas, as described in Volume C, Page 125, in said Plat Records;

THENCE, South 89°28'08" East, departing the east line of said Fairview Farms Fourth Section and along the south line of said Fairview Farms Third Section, for a distance of 1740.23 feet, to a ½ inch iron found at the southeast corner of said Fairview Farms Third Section, also being in the west line of Thompson Springs Phase 2, an addition the Town of Fairview, as described in Volume P, Page 951, in said Plat Records;

THENCE, South 02°54'48" West, along the west line of said Thompson Springs Phase 2, for a distance of 497.24 feet, to a ½ inch iron rod set at the southwest corner of said Thompson Springs Phase 2 also being the northwest corner of The Enclave, an addition to the City of Lucas, as described in Volume N, Page 727, in said Plat Records;

THENCE, South 02°35'14" West, along the west line of said The Enclave, for a distance of 200.37 feet, to a ½ inch iron rod set at the northeast corner of said 2.0 acre tract;

THENCE, North 89°21'28" West, departing the west line of said The Enclave and with the north line of said 2.0 acre tract, for a distance of 429.52 feet, to a ½ inch iron rod set at the northwest corner of said 2.0 acre tract;

THENCE, South 00°25'22" East, along the west line of said 2.0 acre tract, for a distance of 229.45 feet, to a ½ inch iron rod set at the southwest corner of said 2.0 acre tract;

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THENCE, South 89°26'28" East, along the south line of said 2.0 acre tract, for a distance of 420.40 feet, to a ½ inch iron rod set in the west line of said The Enclave;

THENCE, South 00°43'43" East, along the west line of said The Enclave, for a distance of 203.80 feet, to a ½ inch iron rod set at the northeast corner of said 1.0 acre tract;

THENCE, South 01°26'02" East, continuing along said west line and along the east line of said 1.0 acre tract, for a distance of 102.18 feet, to a ½ inch iron set at the southeast corner of said 1.0 acre tract;

THENCE, North 89°28'01" West, departing said west line and along the south line of said 1.0 acre tract, for a distance of 423.72 feet, to a ½ inch iron rod set at the southwest corner of said 1.0 acre tract;

THENCE, North 00°15'06" West, along the west line of said 1.0 acre tract, for a distance of 99.93 feet, to a ½ inch iron rod set;

THENCE, North 89°45'59" West, departing said west line, for a distance of 423.73 feet, to a ½ inch iron rod set;

THENCE, South 00°00'20" West, for a distance of 343.41 feet, to a ½ inch iron rod set;

THENCE, North 89°41'02" West, for a distance of 129.21 feet, to a ½ inch iron rod set;

THENCE, North 00°06'28" East, for a distance of 111.81 feet, to a ½ inch iron rod set;

THENCE, North 89°56'24" West, for a distance of 296.85 feet, to a ½ inch iron rod set;

THENCE, South 00°01'59" East, for a distance of 110.49 feet, to a ½ inch iron rod set;

THENCE, North 89°41'02" West, for a distance of 141.22 feet, to a ½ inch iron rod set in the east line of said Amherst Estates;

THENCE, North 00°04'37" West, along the east line of said Amherst Estates, for a distance of 701.18 feet, to the POINT OF BEGINNING and containing 44.800 acres of land.

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Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
07/15/2013 03:14:54 PM
$180.00 DFOSTER
20130715000985820



