

Section 1.2 Definitions. The terms set forth below shall have the indicated meanings when used in this Declaration; other terms are defined elsewhere herein and shall have the meaning given to them in this Declaration.

“**ACC**” shall mean Architectural Control Committee. During the period of Declarant control, the Declarant shall have the sole right to appoint and remove members of the ACC who need not be members.

“**Assessments**” means the Maintenance Assessments and Special Assessments provided for in Article 6.

“**Association**” means the Carmel Place Estates East Homeowners Association, Inc., a Texas non-profit corporation, or such other homeowners’ association name selected and available at the time of formation and established as provided in this Declaration.

“**Association Documents**” means the Certificate of Formation (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. The Declarant and Board of Directors shall have the sole right and discretion to create, amend, and abolish rules and regulations of the Association which shall be accomplished by Resolution and / or majority vote of the Board of Directors or by Declarant acting as the sole authority during the period of Declarant control.

“**Board**” means the Board of Directors of the Association. During the period of Declarant control, the Declarant shall have the sole right to appoint and remove, with or without cause, the Board of Directors. Declarant shall have the right but, not the obligation, to limit the Board’s authority or responsibility during the period of Declarant control. Should the Declarant exercise this right, it shall prepare by Resolution the guidelines by which the Board shall operate during the period of Declarant control.

“**Builder**” means any homebuilder constructing the initial Residence upon a Lot in the normal course of conducting its business for profit.

“**City**” means the City of Colleyville, Texas.

“**Common Amenities**” means the following: (i) any community amenity center or facility constructed on the Property for the use and benefit of the Owners; (ii) any and all entry features (including, without limitation, entry gates and controlled access improvements), Subdivision signage and monuments, landscape areas and screening walls, and all landscape easements, other similar areas within the Subdivision whether or not shown on the Plat (as hereinafter defined), whether within or surrounding or along the boundaries of the Property, including, without limitation, the landscape features installed and screening walls constructed in the entry areas; (iii) any other property or improvements within or immediately surrounding the Subdivision for which the Association is or may hereafter become obligated to maintain, improve or preserve; (iv) any real and/or personal property, fixtures or improvements conveyed or dedicated to the Association for the common use and benefit of Owners within the

Subdivision, and/or to be maintained by the Association; and (v) any and all other fixtures, Structures or other improvements installed by Declarant or the Association within the Subdivision, and all equipment, accessories, utilities and machinery used in the operation or maintenance of any such Common Amenities, and which are not expressly made the responsibility of the Lot Owner pursuant to the provisions of this Declaration. From the time of installation forward, all Common Area grounds, Entry Ways, Common Elements and Amenities of any kind or type shall be maintained by the Association. The Association's maintenance responsibilities is not contingent upon the Declarant transferring the grounds, areas, or amenities to the Association which may be done by the Declarant at its sole discretion at any time up to and including the transition from Declarant to Homeowner Control or up to one hundred twenty (120) days thereafter. Transfer of Common Area grounds, Entry Ways, Common Elements and Amenities of any kind or type is an administrative task and does not require the permission or vote of the Board of Directors or Members. **The Declarant is not obligated to build or provide Common Amenities however; such Amenities may and often are provided for the benefit of the Association. The payment of Assessments is NOT contingent upon the building of or existence of Common Amenities at any time.**

"Common Area" means those portions of the Property depicted or described as such in or on the Plat (defined below) that do not constitute Lots (defined below), including, without limitation, Streets (defined below), roads or other rights-of-way which are not part of a Lot and/or dedicated to and maintained by the City or other governmental authority as a public right-of-way, and/or any real property and/or lot within the Subdivision comprising or on which the Common Amenities are located. ***The Declarant shall at all times have and retain the right, but without obligation whatsoever, to effect minor redesigns or reconfigurations of the Common Area located on such Declarant's portion of the Property and to execute any open space declarations applicable to such Common Area which may be permitted in order to reduce property taxes, and to take whatever steps as may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem and/or income taxes.*** All Common Area shall be maintained by the Association as more particularly described above.

"Community-Wide Standard" shall mean the standard of conduct, maintenance and appearance, including landscaping, generally prevailing throughout the Property or the minimum standards established pursuant to the Design Guidelines, Rules and Board resolutions, whichever is the highest standard. Declarant initially shall establish such standard. The Association, through its Board and ACC, shall ensure that the Community-Wide Standard established by the Declaration for the Property shall continue after the termination or expiration of the Class B membership. The Community-Wide Standard may contain objective elements, such as specific common area or elements, lawn or house maintenance requirements, and subjective elements, such as matters subject to the Board's or ACC's discretion. **The Community-Wide Standard may or may not be in writing and is subject to notice and violation in the event any Owner fails to uphold the Community-Wide Standard after notice of such standard has been delivered to Owner by way of courtesy or first notice sent via regular U.S. mail.** The Community-Wide Standard may evolve as development progresses and as the Property changes. The Community-Wide Standard shall not fall below the level established for the Property as of the date the Class B membership terminates or expires.

“Declarant” means CADG Carmel Place, LLC, and its successors or any assignee of Declarant to whom Declarant expressly assigns all of its rights and obligations as Declarant under this Declaration in accordance with Section 8.8 hereof.

“Design Guidelines” shall mean and refer to those particular standards, restrictions, guidelines, recommendations and specifications set forth on **Exhibit B** attached hereto and incorporated herein by reference, as may be supplemented, amended and/or modified from time to time, and which are applicable to any or all aspects of construction, placement, location, alteration, maintenance and design of any improvements within the Property, together with any interpretations thereof. **The Design Guidelines are an important part of the Declaration and often contain the larger portion of the rules and regulations with regard to construction and other requirements such as fencing, landscape, roofing, exterior materials, and more. Every Builder and Owner should familiarize themselves with the Design Guidelines.**

“Lot” means any of the individual platted building lots reflected, or to be reflected, on the Plat that are to be used for construction of a Residence (defined below) thereon as herein described. In the event any Common Area is conveyed to the Declarant or another third party to be used for construction of a Residence, then such conveyed property shall be included in the definition of a “Lot”.

“Managing Agent” means any Person who has been engaged and designated by the Board to manage the daily affairs and operations of the Association. The Declarant shall have the sole right to determine the Managing Agent during the period of Declarant control. **Any contract initiated by the Declarant during the period of Declarant control may have different or stricter terms and termination guidelines than other contracts. The Board of Directors shall not have the authority to terminate a contract initiated by the Declarant during the period of Declarant control except and unless willful misconduct or gross negligence is proven.**

“Owner” means any Person owning fee title to any Lot, but excluding any mortgagee or beneficiary under a deed of trust until such time as it acquires legal title to a Lot.

“Person” means any individual, corporation, limited liability company, partnership or other entity of any kind or type whatsoever.

“Phase” means a particular area of the Property designated by the Declarant for development. The Declarant may impose, as provided in Section 3.3(d), additional or different restrictions on each Phase within such Declarant’s portion of the Property. If the Declarant annexes additional property into the Property as provided in Sections 8.1 and/or 8.2, it may designate the area annexed as a particular Phase, and the Declarant may impose, as provided in Section 3.3(d), additional or different restrictions on such area.

“Plat” means (i) initially, the preliminary plat, and thereafter the final plat, for any Phase of the Property submitted to and approved by the City, or any other applicable governmental entity; (ii) after recordation thereof, the final Plat for any Phase of the Property as recorded in the Records of Tarrant County, Texas; and, (iii) any replat of, or amendment to, the foregoing made

by the Declarant in accordance with applicable requirements of the City or other applicable governmental authority. The term "Plat" shall also include the final recorded plat of any additional property annexed into the Property pursuant to Sections 8.1 and/or 8.2. ***No Owner may replat his Lot or combine Lots without the express written permission of the Declarant during the period of Declarant control and thereafter, the Architectural Control Committee (the "ACC"), or The Board of Directors.***

"Property" shall have the meaning ascribed to such terms as set forth in the recitals of this Declaration.

"Residence" means an attached residence residing upon a Lot in conformance with this Declaration.

"Special Assessments" means collectively, the Special Purpose Assessments and Special Member Assessments, as such terms are defined in Article 6 hereof.

"Street" means any paved road, which is located within a right-of-way of the Subdivision.

"Structure" means any structure (other than a Residence), fence, driveway, sidewalk, planting, landscaping, irrigation system, wall, tennis court, swimming pool, outbuilding, playground equipment, or other improvement of any kind or type constructed, installed, or otherwise brought onto a Lot. ***The Association will enforce, to the fullest extent of the law, any setback, building line, or other restriction or limitation listed on a Lot's survey, the recorded plat, or as may be set forth in a zoning ordinance if the requirements of the ordinance are stricter than those of the Lot's survey, the plat, or the restrictions set forth in this Declaration.***

"Subdivision" shall have the meaning ascribed to such terms as set forth in the recitals of this Declaration.

"Vehicle" means any vehicle of any kind or type whatsoever, including any automobile, truck, motorcycle, boat, mobile home, motor home, boat trailer, or other kind of trailer.

ARTICLE 2 **USE PROVISIONS**

Section 2.1 Permitted Uses.

(a) **Lots Limited to Residential Use.** Except as otherwise provided in this Declaration, Lots shall be used only for private residential purposes and activities reasonably related thereto. Additional uses for purposes such as schools, churches, or similar activities may not be permitted within the Property, without the prior written approval from the Association and the Declarant.

(a-1) **Leasing.** A CAP on all residences located within the Subdivision is herein enacted and all Owners. Not more than one (1) home within the subdivision may be rented or leased pursuant to the following: An Owner who rents or leases their residence are required to obtain the prior written consent of the Board or the ACC prior to executing a written lease agreement, signed by the tenant. A copy of said lease including the names of all occupants and contact information for the primary tenants must be provided to the Association prior to the tenant's possession of the residence. ***During the Declarant Control Period this section shall not be enforceable without the express written consent of the Declarant.***

The lease shall contain, at a minimum, the following:

- a. *Term of Lease.* Initial term of the lease shall not be less than one (1) year. No bed and breakfast, short-term rentals or VRBO's are allowed.
- b. *Entire Residence.* The property leased includes the entire residence. An Owner may rent or lease out a room within their home notwithstanding, the Owner must abide in the home and remain the primary resident.
- c. *Single Family.* Lease is restricted to single family. Owner shall provide to the Association or its Managing Agent the names and contact information for tenants.
- d. *Abide by Rules.* The Owner must make available to the tenant copies of the CCR's, Rules and Regulations and all amendments thereto. Tenant must agree to abide by all Association rules and must acknowledge that failure to do so may constitute a default under the lease terms and agreement. Owner must obtain a signed acknowledgment from the tenant to be provided by the Association that this section of the CCR's has been explained in detail. The Tenant shall not be allowed access to any secured areas of the Association's website or other official social media platforms. Owner shall not allow tenant to use their secure log in information to access any secured platform established for homeowner use only or owned and/or operated by the Association or its Managing Agent.
- e. *Assignment.* No assignment or sub leasing is allowed without the express written consent of the Board of Directors.
- f. *Insurance.* Tenant must carry renter's insurance.
- g. *Maintenance; Violation.* Owner shall be responsible at all times for his tenant and the maintenance and upkeep of the home and lot. Should the tenant violate a rule and a violation notice is sent, the Owner shall be responsible for ensuring the tenant complies with the Rules and the violation noted is immediately abated. Should a fine for non-compliance result, the Owner shall be responsible for payment to the Association for all fines or any monetary expense the Association may incur for the enforcement and abatement of a violation.
- h. In the event the Owner fails to take the necessary steps to address any inappropriate, unsafe, or unauthorized actions of the tenant, including, but not limited to, breach of any Association restriction, rule, or regulation, the Owner shall exercise its right as landlord. Should the Owner fail to exercise their rights as landlord, the Association may exercise said rights up to and including the eviction of the Tenant(s).

(b) **Common Area and Common Amenities Uses.** The Common Area designated as the open space and/or to be maintained by the Association on the Plat and any Common Amenities shall be used only for recreational and other similar purposes as approved by the Declarant or the Association. Notwithstanding, Lot 6X of Block A shall be open space/common area to be owned and maintained by the Association and any type of development on this Lot is prohibited. The Common Area consisting of landscaping, maintenance, wall maintenance easements, or similar areas shall be used for such purposes or similar purposes as approved by the applicable Declarant or the Association. The Common Area consisting of sanitary sewer easements, drainage easements, utility easements or similar areas shall be used for such purposes or similar purposes as approved by the applicable Declarant or the Association. During the Declarant Control Period, Declarant alone may determine what activities, if any, may take place on Common Area and/or Common Amenities and thereafter, the Board of Directors shall have the sole authority to determine the use and activities by which any Common Area and/or Common Amenities may be constructed, improved upon, or used.

(c) **Sales Offices and Similar Uses.** The Declarant or any Builder may maintain on its Property one or more signs, sales offices, or trailers on Lots for the purpose of facilitating sales of Lots and/or Residences on the Property. The Declarant or the ACC, may by written designation grant to Builder(s) constructing Residences on Lots within the Property the right to conduct their sales and marketing programs for the Property from any permanent or temporary sales buildings or trailers, and 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 and in accordance with any applicable governmental requirements.

Section 2.2 Prohibited Uses and Activities.

(a) **No Further Subdivision.** No Lot may be further subdivided without the written consent of the Declarant or the ACC; provided, however, this restriction shall not be applicable to Common Area conveyed to the Declarant by the Association. Lots may be combined for the purpose of constructing a single residence on more than one Lot only upon written approval of the Declarant or the ACC. *Without regard to any such permitted subdivision or combination, the Lots involved shall continue to be treated as single individual Lots hereunder for all other purposes, including voting in the Association and assessing and collecting Assessments.*

(b) **Parking and Vehicle Restrictions.** All Vehicles shall be parked, stored or placed in the garage or upon the driveway. On street parking is **discouraged** except for temporary parking of guests, invitees, vendors, delivery services, and service providers.

The Declarant, ACC, and Board of Directors shall, in their sole discretion, have the authority to determine what constitutes a violation of Parking and Vehicle Restrictions as set forth in this Section. ABSOLUTELY NO SEMI-TRUCKS OR TRAILERS ARE ALLOWED WITHIN CARMEL PLACE ESTATES EAST unless for pick up or delivery and for a very short time. Vehicles with advertisement shall be allowed **ONLY** in the garage or driveway and must be a vehicle that is regularly used for travel to and from work or connected directly with the Owners business or employment. Oversized work or company vehicles or trucks such as, but not limited to, tow trucks, utility trucks with lifts, mini busses, and other similar Vehicles as well as Vehicles with a tonnage in excess of one ton will not be allowed at any time. Owners should make provisions for offsite parking of such vehicles. No inoperative or unlicensed Vehicles may be parked or stored anywhere in the community except in a closed garage. The Association shall reserve the right to enforce towing as it is applicable per local city or county law any vehicle which after proper tagging and/or notification by the Association refuses to comply with requests per the guidelines as set forth in this Section of the Declaration. An Owner shall never block a driveway, mailbox, intersection or Common Area at any time. Every Owner shall endeavor to have guests, invitees, vendors, or service providers to park in front of their own home. Any vehicle towed shall be at the sole expense of the Owner. All work on Vehicles (other than routine maintenance) shall be performed only in an enclosed garage. The foregoing provisions shall not restrict the parking of trucks and other Vehicles as necessary in connection with construction of Residences or other permitted Structures on Lots. Any violation of the above restrictions shall subject the Owner of the Vehicle and/or the Owner of the property to an immediate fine for non-compliance of \$200.00 per occurrence which shall be billed to the Owner's account or billed to the violating Owner of the Vehicle.

(c) **Specific Use Restrictions.** No Lot or improvement shall be used for business, professional, commercial or manufacturing purposes of any kind. No activity, whether for profit or not, shall be conducted on the Property which is not related to single-family residential purposes. No noxious or offensive activity (as determined by the ACC) shall be undertaken on the Property, and nothing shall be done which is or may become a safety hazard, or an annoyance or nuisance to the neighborhood. Nothing in this subparagraph shall prohibit a Builder's temporary use of a Residence as a sales office until such Builder's last Residence on the Property is sold. Nothing in this subparagraph shall prohibit an Owner's use of a Residence for quiet, inoffensive activities such as tutoring or giving art or music lessons so long as such activities do not materially increase the number of cars parked on the street or interfere with adjoining homeowners' use and enjoyment of their Residences and yards.

(d) **Pet and Animal Restrictions.** Only regular household pets such as cats and dogs shall be permitted on the Property and then only for personal use and not for any business use such as breeding, kennel operations and the like. ***No other animals of any kind shall be permitted to be maintained upon the Property, including the following: cows, bees, hogs, pot bellied pigs, sheep, goats, poultry, snakes, rats, or skunks.*** No more than four (4) domesticated household pets are permitted in any Residence. Pets shall not be permitted to run free through the Property. Owners shall clean up after their pets and not allow them to relieve themselves on other Owners property or Common Area grounds. Pets shall be inoculated and shall be kept on leashes of not more than six (6) feet in length at all times when outside the confines of the Owners home or fenced yard. NO animal of any breed that shows signs of aggression or is of an

aggressive or vicious nature may be taken onto common areas or within areas where any amenity exists. *Animals that pose any kind of threat, are excessively noisy, or can be considered to be dangerous or a nuisance Owner shall, upon written notification from the Association, permanently remove the animal(s) from the Owners premises and from the community.* The Association will enforce rules against animals that violate any of the restrictions to the fullest extent possible including, but not limited to, enlisting the aid of animal control and local authorities to remove the animal and implementing code enforcement by the local county or city agencies, if applicable, and fines for non-compliance. If a report of an aggressive animal is received the Association will send one (1) seventy-two (72) hour notice advising the Owner the animal(s) must be permanently removed. In the event of an attack on a person or animal the Owner will be asked to immediately and permanently remove the animal(s) and the local authorities will be notified. Any violation of the above restrictions shall subject the Owner of the animal(s) to a fine for non-compliance up to \$1,000.00 per occurrence, in addition to any other enforcement enacted based upon the severity of the violation, which shall be billed to the Owner's account.

(e) **Outdoor Burning Restrictions.** Outdoor burning of trash, leaves, and other items is prohibited. This restriction shall not be construed as prohibiting outdoor cooking on barbecue grills in connection with use of a Residence.

(f) **Trash/Garbage Disposal.** Trash, garbage and other waste shall at all times be kept in clean, well maintained, sanitary containers for regular scheduled pickup for removal of such items. Trash, garbage or other waste shall not be dumped on the ground of any Lot or in any Common Area. **Containers for trash, garbage and other waste shall be screened from view in accordance with Section 3.4(e)(4) hereof at all times except such containers may be brought to the curbside or other designated pick-up area with respect to a Lot twenty-four (24) hours in advance of scheduled pick-up and such containers must be returned to the screened area within twenty-four (24) hours after the scheduled pick-up time. Should city ordinance permit, Owners may submit a request to install a cement pad to the side of the home to house garbage containers so long as the pad is screened in with wood fencing matching the fencing on the Lot and said fencing must either have a gate with decorative hardware of the opening must be to the back so as not to be visible. Live screening may be considered as a suitable screening notwithstanding, the live screening must be mature and tall enough to immediately block visibility of the containers from all sides.**

(g) **Occupancy.** Each Lot shall be improved with an attached Residence. No Person shall occupy any garage or other outbuilding as a dwelling unit at any time. No Structure of a temporary character, such as a trailer, basement, tent, shack, barn or other outbuilding, shall be used on any of the Property at any time as a dwelling house; provided, however, that any Builder may maintain and occupy model houses, sales offices and construction trailers during construction periods.

(h) **Projections from Structures.** Window air conditioning units attached to a Residence and other similar projections visible from any street or from the front of the home are prohibited. Any projection through the roof of any outbuilding on the Property shall require the prior written approval of the applicable Declarant or the ACC.

(i) **Private Water/Sewer Systems.** Each Residence shall be connected to the City water and sanitary sewer system, and no private water well or water, sanitary or storm sewer system is permitted within the Property unless constructed or caused to be constructed by the Declarant on the Declarant's Property. If the Declarant uses private drainage easements in areas that necessitate or contain a private sub-surface storm sewer drainage system, then such sewer lines are to be kept freely running and unobstructed at all times. If the lines become obstructed, all parties that benefit from their function shall be required to equally and promptly share in the cost of repair or replacement of the lines.

(j) **Changes in Grade.** Except for such changes as are reasonably necessary to facilitate construction of a Residence on a Lot, no Owner shall not change the grade of any Lot except in compliance with all applicable laws and the requirements of the grading plan. After the Declarant has developed the Lots on its portion of the Property, the general grading and slope of a Lot may not be altered, and no dams, berms, channels or swales may be constructed or excavated without the prior written approval of the Declarant (or the ACC), the City (if applicable) and other appropriate agencies having authority to grant such approval. *Notwithstanding anything to the contrary contained herein, the drainage plan of a Lot shall not be altered in a manner which is inconsistent with the Lot Grading Plan, unless such alteration is first approved by the City in writing. The Association or the ACC shall not be held liable for any alteration or impediment of drainage caused by any construction, modification or alteration, or improvement made by an Owner or a Contractor on an Owner's Lot whether or not it was approved by the ACC.*

(k) **Visible Activities - Outdoors.** Outdoor drying of clothes is prohibited. When not in use, lawn mowers, rakes, carts, and other yard equipment shall be stored away from view of adjoining Lots and Streets. Portable outdoor sports or play equipment including but not limited to bicycles, mini bikes, and motorized skateboards may not be left out when not in use. Items must be neatly and properly stored. **Basketball goals, whether permanent or portable, may not be used or installed without the express written permission of the ACC.** Portable basketball goals may not be weighted down with unsightly materials such as tires, sand bags, bricks, rocks, etc., and must be stored on its side close to the side wall of the home, in the garage or within the back yard when not in use. When requesting to install a permanent Basketball Goal the crank style goals which allow a goal pole to be cranked up and down is preferred. Basketball goals should not be positioned in the street or on the sidewalk and may not be placed between the sidewalk and street. No permanent basketball goals shall be affixed to the home notwithstanding, a goal affixed to the home may be allowed in the back portion of the home if the yard is fenced and the goal is not visible from any street or alleyway. Bar-be-que grills used in the front portion of the home must be put away when not use.

(l) **Structures and Storage.** No temporary or permanent dwelling, shop, trailer, mobile home or above-ground swimming pools of any kind or any structure or improvement of a temporary or permanent character shall be permitted on any Lot, except that a Builder or contractor may have temporary improvements (such as a sales office, parking lot and/or a construction trailer) on a Lot during construction of the Residence on that Lot. Upon approval of the ACC, an Owner may install and place a play structure in the fenced in area behind the Residence on a Lot notwithstanding, no structure, as a general rule, shall exceed more than two feet (2') over the top of any fence line. Except as otherwise expressly permitted in Section 3.7

hereof, no building material of any kind or character shall be placed or stored upon a Lot until the Owner thereof is ready to commence construction of improvements, and then such material shall be placed only within the property lines of the Lot upon which the improvements are to be erected during construction so long as construction progresses without undue delay. Unless approved in writing by the ACC or the Board, in the absence of the ACC, pursuant to this Declaration, no storage buildings shall be brought onto or constructed on a Lot. In any event, storage buildings permitted to be constructed or brought onto a Lot hereunder or by subsequent written approval by the ACC or Board must match or complement the materials and color of the Residence on the Lot to include a shingled roof matching the shingles on the main residence. Storage buildings may be permitted only with the prior written approval of the ACC or Board, in absence of the ACC, and each storage building shall not, as a general rule, exceed eight feet in height. The ACC or Board shall take into account the following when reviewing a request for any structure, (i) existing fence height, (ii) placement and visibility of the structure, (iii) surroundings, (iv) aesthetics or aesthetic harmony, and (v) any applicable governmental requirements pertaining to the height of Structure(s), shall be considered. Notwithstanding, the above does not constitute, in any way, the full extent of considerations the ACC may use or consider when reviewing a request. The ACC or Board may make a determination based solely on aesthetic reasons. Approvals may be contingent upon the location of the Owners Lot and may require screening as a condition of approval. All requests are considered on a case by case basis, each according to the facts of the particular situation.

(m) **Recreational Vehicles.** No boat, trailer, marine crafts, including jet skis and other similar water sport vehicles, hovercraft, aircraft, recreational vehicle, travel trailer, motor home, camper body or similar vehicle or equipment may be stored, parked or kept on any driveway, in the front yard or in the Street in front of a Lot for more than 48 hours nor more frequently than two times per month, nor shall any such vehicle or equipment be parked for storage in the side or rear yard of any Residence. 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.

(n) **Transportation of Hazardous Materials.** No vehicle of any size which transports inflammatory or explosive cargo may be kept on the Property at any time.

(o) **Drilling or Mining.** No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted on the surface of the Property. No oil wells, tanks, tunnels, mineral excavations or shafts shall be permitted upon or in any part of the surface of the Property. No derrick or other structure designed for use in quarrying or boring for oil, natural gas or other minerals shall be erected, maintained or permitted on the surface of the Property.

(p) **Utilities.** Each Residence situated on a Lot shall be connected to the public water and sanitary sewer lines. No privy, trailer sewage, cesspool or septic tank shall be placed or maintained upon or in any Lot. However, portable toilets will be allowed during building construction. The use of any propane, butane, LP Gas or other gas tank, bottle or cylinder of any type (except as reasonably required [not to exceed fifteen pounds] to operate portable gas grills or permanent gas grills which may be installed or used by an Owner to serve a Residence) 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 ACC, 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.

(q) Certain Exterior Lighting and Camera Use By Owners. Upon being given notice by the ACC that any exterior lighting is objectionable, as determined by the ACC 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 ACC. Use of cameras for security is becoming more prevalent in Homeowners Associations therefore, the Declarant and the Association desire to attempt to set some perimeters by which Owners must abide which shall include, but is not limited to, the following, (i) Cameras may not, at any time, be positioned to look directly into any neighboring Owner's windows, doorways, or any room or area where an Owner has a reasonable expectation of privacy, (ii) No more than four (4) security cameras may be installed. If more than four (4) cameras are necessary to provide security, Owner must obtain additional written permission from the ACC, (iii) security cameras may not encroach upon or film common areas or common amenities, (iv) security cameras shall be installed and secured in a manner that complies with all applicable city or township and state laws and regulations, if any, and per manufacturer's instructions, and (v) if an Owner moves or sells his home, the cameras MUST be removed unless written permission from the ACC or Board of Directors is obtained allowing the cameras to remain at which time the ACC or Board of Directors may have the right to set forth certain restrictions or perimeters by which the new Owner or tenant will be required to abide and which, at the discretion of the Board of Directors may be noted on a resale certificate for the purpose of ensuring full disclosure is made. Disputes between Owners regarding use of cameras shall be considered an Owner to Owner matters and the Association, Declarant, Board of Directors, the ACC, and any and all Agents and Assigns, shall be fully indemnified which shall include, but not be limited to, (i) indemnification against hurt, loss, or damage, (ii) exemption from incurred penalties or liabilities, (iii) protection from damage, injury, financial loss, or legal liability. Indemnification on behalf of the Association, Declarant, Board of Directors, the ACC, and any and all Agents and Assigns shall be assumed to be in effect to the highest extent in which indemnification and hold harmless securities on behalf of the Association, Declarant, Board of Directors, the ACC, and any and all Agents and Assigns may be reasonably exercised or expected.

(r) Drones and Unmanned Aircraft. Any Owner operating or using a drone or unmanned aircraft within the Property and related airspace must register such drone or unmanned aircraft with the Federal Aviation Administration ("FAA"), to the extent required under applicable FAA rules and regulations, and mark such drone or unmanned aircraft prominently with the serial number or registration number on the drone or unmanned aircraft for identification purposes. No drone or other unmanned aircraft may be flown over the homes of neighboring Lots with the intent to capture photos or footage of any portion of a home that may

reasonably be expected to be kept private such as, but not limited to, photographing or filming through windows, open doorways, inside open garages, etc. BY ACCEPTANCE OF TITLE TO ANY PORTION OF THE PROPERTY, EACH OWNER ACKNOWLEDGES THAT USE OF A DRONE OR UNMANNED AIRCRAFT TO TAKE IMAGES OF PRIVATE PROPERTY OR PERSONS WITHOUT CONSENT, MAY BE A VIOLATION OF TEXAS LAW AND A CLASS C MISDEMEANOR SUBJECT TO LEGAL ACTION AND FINES UP TO \$10,000. **IT IS YOUR RESPONSIBILITY TO KNOW AND COMPLY WITH ALL LAWS APPLICABLE TO YOUR DRONE AND/OR UNMANNED AIRCRAFT USE.**

Section 2.3 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, and other 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, REQUIREMENTS UNDER THE GOVERNMENTAL REQUIREMENTS MAY BE MORE OR LESS RESTRICTIVE THAN THE PROVISIONS OF THIS DECLARATION. IN THE EVENT A CONFLICT EXISTS BETWEEN ANY SUCH REQUIREMENTS UNDER THE 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 accordance with this Declaration as this Declaration may be amended or modified from time to time as herein provided.

ARTICLE 3
CONSTRUCTION PROVISIONS

Section 3.1 Plan Approval Required. No Residence or Structure whether permanent or temporary shall be constructed within the Property until the plans have been approved in writing by the ACC or the Declarant as provided in this Article 3.

Section 3.2 Establishment of the ACC.

(a) **Initial Appointment.** The ACC shall consist of three (3) members. The initial ACC members shall be those persons appointed by the Declarant during the period of Declarant control which need not be Members and may be any person or group. Thereafter, the Board of Directors shall have the sole right to appoint and remove the ACC which may not consist of less than three (3) Members.

(b) **Term and Subsequent Appointments.** The members of the ACC shall serve until they resign or are removed by the party appointing them to the ACC (which the appointing party may do at any time). Subsequent appointments to the ACC shall be made by the appointing Declarant until such time as the appointing Declarant either relinquishes such power by written notice to the Board, or no longer owns any Lot; thereafter, appointments to and removals from the ACC shall be made by the Board. Both ACC and Declarant, individually or jointly, may engage the services of a third party to review plans and specifications pursuant to this Article.

(c) **Compensation; Fee for Review.** No member of the ACC shall be entitled to compensation for its services; *provided that the ACC may charge a reasonable fee (no more than \$250 per submission) to cover its costs in reviewing any plans and inspecting a Lot and/or improvements constructed thereon, which fee shall be paid by an Owner to the Association or the Reviewing Party at the time of submission and/or resubmission of plans to the ACC for review and approval.* Notwithstanding the foregoing or anything to the contrary contained herein, Builders shall not be liable for any charges of the ACC under this Section 3.2(c) with respect to the review and approval of the ACC of plans for the **initial construction** of a home on a Lot by such Builder. Additions of pools or other structures not included as part of the **initial construction** shall be subject to fees at the ACC's discretion.

Section 3.3 Approval Process.

(a) **Submission of Plans.** Any party wishing to construct a Residence or any Structure on the Property shall submit at least one (1) copy of complete plans and specifications to the ACC for its approval prior to commencing construction. Such plans and specifications for **initial construction** shall include engineering information, landscaping description, and construction plans showing the location and elevations of the proposed Residence or Structure and the materials to be used in constructing the same, including items such as fencing, all in sufficient detail to enable the ACC to evaluate the proposed Structure or Residence. The ACC may request additional information, including samples of proposed materials to aid it in its decision process. After receipt of a complete set of plans and specifications, the ACC shall promptly review the same and notify the Person submitting whether it approves the plans or whether it requires changes thereto. Alternately, the ACC may disapprove a set of plans by so noting thereon and returning it to the Person submitting, accompanied by a statement of the reasons for disapproval. **No construction shall be commenced on any portion of the Property unless and until the plans for the Residence, Structure, or improvement in question have been approved in writing by the ACC or the Declarant. Failure to abide by this rule shall subject the Owner to a fine of not less than \$200.00 for every violation occurrence.**

(b) **Time for Review/Approval.** The ACC shall approve or disapprove all plans properly submitted to it for construction within forty-five (45) days after the date it receives a complete set of plans and specifications; therefore, if the ACC fails to specifically approve or disapprove of any plans within such forty-five (45) day period, then the ACC shall be deemed to have **DISAPPROVED** the plans submitted. Plans submitted from Builders for initial construction shall be reviewed within twenty (20) days or less when possible. **Review time for any application does not include time which elapses when additional information is requested to include requests for permits, samples, clarifications, or revisions of plans submitted.**

(c) **Review Standards.** The ACC, in reviewing and approving plans for construction of any Structure, Improvement, or Residences, shall use commercially reasonable efforts to promote and ensure a high level of taste, design quality, aesthetic harmony, and conformity throughout the Property, consistent with the standards established by this Declaration and the Design Guidelines. **Community Wide Standards, whether such standards are in writing or not, may be enlisted and used by the ACC when reviewing applications.** Declarant has the right, but not the obligation, to allow or issue variances on a case by case basis.

(d) **Design Guidelines/Building Standards.** The Declarant or the ACC may, but is not required from time to time, to establish specific guidelines and building standards in addition to or to modify and amend the Design Guidelines attached hereto as **Exhibit B** and incorporated herein by reference, to assist Persons in determining the type of Structures, Improvements, and Residences which may be constructed on the Property. Pursuant to Sections 8.1 and 8.2, the Declarant may annex additional property to become a part of the Property in accordance with Sections 8.1 and/or 8.2 hereof, and the Declarant may develop its portion of the Property in various Phases using the same or differing design guidelines. The Declarant may establish differing restrictions, guidelines and building standards for each such Phase of the Property, which may impose more restrictive or less onerous building standards with respect to a particular Phase. The ACC or the Declarant may amend or modify such guidelines or standards from time to time in its sole discretion. ***Such guidelines or standards shall supplement this Declaration and shall be general guides to permitted construction within the Declarant's Property, but shall not diminish the authority of the ACC and the Declarant to approve plans as otherwise herein provided.***

(e) **Failure to Obtain Approval.** The construction, repair, replacement, installation, improvement or placement of any Structure, Improvement of any type on a Lot or Residence without the prior written approval from the ACC shall constitute grounds for the imposition by the ACC or the Association of an automatic fine against the Owner of said Lot not to exceed \$200.00 per day violation occurrence commencing upon the date on which the unapproved construction, repair, replacement, installation or placement commenced and continuing until the earlier of the date on which such Owner has either (i) obtained ACC approval (or deemed approval) of such construction, repair, replacement, installation or placement of the offending Structure(s) or Improvement(s), or (ii) removed such offending Structures or Improvements and restored its Lot to substantially the same condition as existed prior to commencement of such construction, repair, replacement, installation or placement thereof. A fine levied under this Section shall be charged to the Owner's assessment account, payable upon demand and secured by the Assessment Lien created in Article 6.

(f) **Limitation of Liability.** No Declarant, and none of Declarant's officers, directors, partners, agents, employees, representatives, parent or subsidiaries, nor the Association, the Board, or the ACC, including any of its respective members, nor any of its agents or assigns shall be liable to any Person for any official act of the ACC in connection with submitted plans and specifications. Notwithstanding any approval by the Declarant or the ACC, neither the Declarant nor the ACC shall be responsible or liable to any Person with respect to any loss, liability, claim or expense which may arise by reason of such approval or the construction of a Residence or Structure related thereto. No Declarant, nor the Association, the Board nor the ACC or any Agent or Assign shall be responsible in any way for any defects in any plans or specifications submitted, reviewed or approved in accordance with the provisions of this Declaration, nor for any structural or other defects in any work done according to such plans or specifications. **No approval of any plans by either the ACC or the Declarant shall be construed to mean that the plans comply with any applicable law, building code, or governmental regulation, it being the responsibility of the Person submitting any plans to assure compliance with all applicable laws.** Conversely, the issuance of a building permit or any approval from any governmental authority shall not, under any circumstance, constitute any evidence that construction of a Residence, Structure or Improvement complies with the terms and conditions contained in this Declaration or the Design Guidelines. No Declarant or members of the ACC shall have liability for decisions made by them regarding the approval or disapproval of plans, so long as the decisions are made in good faith and are not discriminatory, arbitrary, or capricious.

Section 3.4 Specific Construction Provisions.

(a) **Setbacks.** All Residences and other Structures shall be constructed in conformity with the setback requirements of the City and the setbacks and/or building lines reflected on the Plat.

(b) **Residence Size and Type.** The minimum square footage of enclosed air-conditioned area of each Residence (exclusive of all porches, garages or breezeways) shall be the greater of (i) 1,800 square feet or (ii) the minimum square footage required by the City for each Residence. Each Residence shall be of new construction on a Lot and no mobile homes or manufactured housing shall be permitted on the Property except as authorized by the Declarant on a temporary basis in connection with construction or sales activities on the Declarant's Property.

(c) **Garage Requirements.** Each Residence shall have at least a two (2) car attached or detached garage constructed as a part thereof, in compliance with the minimum applicable requirements established by the City. Each garage must match or complement the materials and color of the Residence on the Lot. Decorative light to medium wood garage doors is the only pre-approved materials allowed for garage doors. Any other material must have the prior written permission of the ACC. Each single-family Residence erected on any Lot shall provide off-street parking space (inclusive of garage space) for a minimum of two (2) automobiles. **USE OF REAR, SIDE ENTRY, OR J-SWING GARAGES ARE CONTINGENT UPON WRITTEN APPROVAL OF THE DECLARANT OR THE ACC.** No setback, building line, drainage or utility easement, or presumed drainage avenue existing between homes shall be breached without

the express written consent of the city and/or the Declarant or ACC. **If the restrictions of this Declaration or the ACC or interpretation of the meaning of restrictions as they pertain to garages are of a higher standard than that of the city, the restrictions of this Declaration or the ACC shall prevail.** NO garage or driveway may be installed in a way that will alter, impede, or inhibit the availability of proper drainage flow between Lots. Violation of this restriction shall result in an immediate fine of not less than \$500.00 and subsequent daily fines of \$25.00 per day until the violation is satisfactorily abated. No garage shall be modified or converted for use as living space or any use other than as a garage, except with regard to model homes or sales offices operated by Builders in the Subdivision for which the garage may be modified or converted to living space or for other uses during periods in which such Residence(s) are being operated as a model home or sales office of a Builder.

(d) **Drive/Walkway Requirements.** All driveways and sidewalks per this Declaration are considered as structures and shall conform to applicable City and other governmental specifications and regulations and the restrictions as set forth in this Declaration or as may be established or required by the Declarant or the ACC. The higher or stricter standard shall prevail as to placement and construction of driveways and are contingent upon the restrictions for garages as noted in Section 3.4(c) above. Each Lot must be accessible to an adjoining Street by a concrete driveway unless other materials are approved in writing by the ACC. No widening or staining of driveway or sidewalk is allowed without the express written consent of the Declarant or the ACC. If required by the City, concrete sidewalks shall be installed on each Lot by the Builder constructing the initial Residence on any Lot and in conformance with the requirements of the City. Builders shall not be considered to have completed construction until all sidewalks per city requirements are installed.

(e) **Ancillary Structure Provisions.** All ancillary Structures (as described below) shall conform to the requirements of this Section:

(1) **Antennas, Aerials and Satellite Dishes.**

(A) Any satellite dish less than one meter in diameter shall be deemed pre-approved so long as the dish is installed as follows, *(i) on the rear of the home along the roof line, (ii) on either side of the home along the roof line and so long as the dish is located at least five feet (5') back from the front façade of the home on either side of the home.* Satellite dishes are NOT allowed on the front of the home. Roof mounted satellite dishes are allowed ONLY if mounting on the roof is the only means by which the Owner can obtain maximum reception. Upon written request, the ACC shall have the right to require written proof from the satellite installation company that mounting the satellite on the roof is the only way to ensure maximum reception. Ground mounted satellite dishes must be installed in the back of the Lot or inside a fenced in portion of the Lot so as not to be visible from any street or from ground level of any adjacent Lot or Common Area. Screening with landscaping integrating the ground mounted dish into the surrounding landscape is preferred.

(B) Any broadcast television antennas and any other antennas and aerials shall be located inside the attic of the Residence constructed on the Lot.

(C) With respect to any antenna or satellite dish covered by Section 47 C.F.R. Part I, Subpart S, Section 1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time, the provisions of Section 3.4(e)(1)(A) and 3.4(e)(1)(B) shall be applicable only to the extent that the requirements hereof do not (A) preclude reception of an acceptable quality signal, (B) unreasonably delay or prevent installation, maintenance and use of the antenna or satellite dish, or (C) unreasonably increase the cost of installation, maintenance and use of the antenna or satellite dish.

(2) **Fences and Walls.** All fences constructed within the Subdivision shall comply with the Design Guidelines attached hereto as **Exhibit B** and shall in any event be of a design approved by the ACC. No fence shall exceed eight feet (8') in height. Any transition between intersecting fences of differing heights shall occur over a slope a distance of two feet (2') from the point of intersection. **No fence shall be constructed on a Lot nearer than five feet (5') from the front corner of the Residence on such Lot without the express written consent of the Declarant or the ACC.** No fences or walls shall be constructed on any lot, other than by the Builder or Declarant, unless approved in writing by the Declarant, the ACC or the Board in the absence of the ACC. *Fencing along the entire eastern property boundary is required to be board-on-board cedar, eight feet (8') in height with a cedar CAP. Poles shall be galvanized metal and boxed with a cedar enclosure. Fence staining shall be consistent for all of the Lots along the eastern property boundary, only Seal-Rite Medium Brown or a comparable color and manufacturer approved in writing by the ACC shall be allowed along the eastern property border.*

(3) **Outbuildings.** Outbuildings must be approved by the ACC consistent with Section 2.2(1) herein.

(4) **Trash Containers.** All trash containers belonging to a specific residence shall be screened from view from Streets, except during the period commencing 24 hours prior to scheduled pick-up and ending 24 hours after scheduled pick-up as permitted under Section 2.2(f) hereof. Concrete pads at the side of the home with screening to block visibility of the containers may be allowed upon written consent of the Declarant or the ACC.

(5) **Hedges.** Hedges shall be maintained at a height that is no higher than twenty-four inches (24") above the height of fences and walls on a Lot. Each owner shall keep and maintain hedges on its Lots in a manner that preserves the structural integrity of the fence and/or wall, and ensures same is not compromised, and in a manner to prevent encroachment of such hedge onto any adjacent Lot. Hedges growing on or against fences considered shared fencing constructed along the sides and in most cases, the back portion or Lots shall be the sole responsibility of the Owners of those Lots sharing said fencing to maintain. Complaints or disputes which may arise over shared fencing shall be settled between the Owners and shall not be deemed as an Association matter unless or until the Declarant or the Board of Directors deems its involvement to be necessary or until a court of law issues a mandate requiring the Association to intervene. *In this regard, the Association or the ACC shall have the right, but not the obligation, to enforce rules and restrictions of the Association only when it is deemed in the best interest of the*

Association to do so. Fencing and hedges facing a street, common area, or open space are excluded from the above exclusions and shall be fully enforced by the Association or the ACC as to compliance with the rules and restrictions set forth in this Section.

No hedge shall be maintained in a manner that obstructs any sidewalk or the visibility of intersections of Streets. Any hedge that obstructs a sidewalk or intersection, draws bees or other insects thereby becoming a nuisance or safety hazard to other Owners or passersby may be trimmed back or cut down by the Association without notice to the Owner or liability to the Association or any person or persons contracted to perform the work. Costs of work performed may be billed to the Owner's account and shall be due upon submission of a statement of charges mailed or otherwise provided to the Owner such as hand delivering or posting of the statement to the door of the Residence.

(6) **Retaining Walls.** No retaining walls shall be constructed on any lot, other than by the Builder or Declarant, unless approved in writing by the ACC or the Board in the absence of the ACC.

(7) **Mailboxes.** Mailboxes shall be of a design as set forth on **Exhibit C** attached hereto and incorporated herein by reference, or other design approved in writing by the ACC or Declarant, and be designed and constructed in accordance with any applicable guidelines and/or requirements of the City and/or United States Postal Service. If cluster mailboxes are used in this subdivision and there is damage sustained which results in the repair or replacement of the cluster box unit the Association shall attempt to identify the person or entity responsible and shall make every effort to obtain the full cost of repair or replacement from that entity or individual notwithstanding, should the Association not be able to identify the person or entity responsible, the costs of repairs or replacement of a cluster mailbox shall be borne as an individual assessment in equal portion by each Owner to whom the cluster mailbox serves as the receptacle for the receipt of U.S. mail or packages.

(8) **Recreational Facilities.** A swimming pool and/or other recreational facilities may be constructed within any Lot provided the plans are approved by the ACC prior to commencement of construction to ensure compliance with the requirements contained in the Design Guidelines with respect to location, screening, and proper setbacks. **Above ground pools except for small kiddie pools are prohibited.** All pool service equipment shall be either screened with shrubbery or fenced and located in (A) a side yard between the front and rear boundaries of the Residence, or (B) in the rear yard, or (C) otherwise concealed in a location not visible from any Street, Common Area or adjacent Lot. Pool equipment must be of a type built or designed for minimal noise disturbance.

(9) **Signage.** No sign or signs of any kind or character shall be displayed to the Streets or otherwise to the public view on any Lot or Common Area, except for the Declarant's signs or Builders' signs approved by the Declarant for such Declarant's Property, and except that:

(A) Any Builder, during the applicable initial construction and sales period, may utilize two (2) professionally fabricated signs (of not more than six [6] square feet in size) per Lot for advertising and sales purposes, and two (2) professionally fabricated signs (of not more than thirty-two [32] square feet in size) in the Property advertising a model home or advertising the Subdivision, provided that such signs shall first have been approved in writing by the ACC;

(B) A professionally fabricated "for sale" or "for rent" or "for lease" sign (of not more than six [6] 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 ACC. No window signs, homemade signs allowed;

(C) Development related signs owned or erected by Declarant (or any builder with Declarant's prior written consent) shall be permitted;

(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;

(E) Each Owner may display flags on or at a Residence in conformity with the Design Guidelines attached hereto as **Exhibit B**, and in a manner otherwise consistent with the covenants, conditions and restrictions contained in this Declaration or upon written approval of the ACC;

(F) Each Residence may display up to two (2) spirit signs or other signs in support of athletic events and/or teams during the applicable sport season which are not otherwise consistent with the covenants, conditions and restrictions contained in this Declaration; and

(G) Each Residence may display seasonal decorations (including lights, lawn ornamentation, flags and banners) for a duration of no longer than six (6) weeks during the applicable season and provided that such decoration is in any event consistent with the covenants, conditions and restrictions contained in this Declaration. Decorations may NOT in any way be of a style or design that may be considered lude or offensive; and

(H) One (1) sign for each candidate and/or ballot item on advertising such political candidate(s) or ballot item(s) for an election shall be permitted in accordance with Section 202.009 of the Texas Property Code, provided that:

(i) such signs may not be displayed (A) prior to the date which is ninety (90) days before the date of the election to which the sign relates, and (B) after the date which is ten (10) days after that election date;

(ii) such signs must be ground-mounted; and

(iii) such signs shall in no event (A) contain roofing material, siding, paving materials, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative component, (B) be attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing Structure or object, (C) include the

painting of architectural surfaces, (D) threaten the public health or safety, (E) be larger than four feet (4') by six feet (6'), (F) violate a law, (G) contain language, graphics, or any display that would be offensive to the ordinary person, or (H) be accompanied by music or other sounds or by streamers or is otherwise distracting to motorists.

All signs must be professionally produced and manufactured. *Each Owner, whether home is occupied by Owner or Tenants, hereby grants permission to the ACC (or its duly authorized agents) to enter upon a Lot or any part of the Property and remove any sign, billboard or advertising structure that does not comply with the above requirements and, in doing so, the ACC (or its duly authorized agents) shall not be subject to any liability to any Person whatsoever for trespass, conversion, or any claim for damages in connection with such removal.* The ACC's cost to remove any sign shall be added to the Owner's assessment account, be payable upon demand and secured by the Assessment Lien created in Article 6.

(10) **Construction Materials.** All construction materials shall conform to the following provisions:

(1) **Exterior Materials.** The exterior walls (excluding doors and windows), below the first-floor ceiling plate, of each Residence constructed or placed on a Lot shall have the minimum City required coverage but not less than one-hundred percent (100%) brick or brick veneer, or stone or cast stone, stucco or other masonry material as approved by the ACC on the front façade of a residence (excluding openings) and shall otherwise be in compliance with the Design Guidelines attached hereto as **Exhibit B**. All chimney and fireplace flues shall be enclosed and finished and portions located above the roof structure and roofing materials shall be finished as required by the Design Guidelines or applicable ordinances of the City, provided that in any event such exterior portions of the chimney shall be finished with an approved exterior grade siding material; exposed pre-fabricated metal flue piping is prohibited. 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 ACC.

No materials other than the following may be used in the exterior construction of a Residence and/or other Structures constructed on a Lot (excluding roofing materials, window frames and exterior fixtures): brick, brick veneer, stone, stone veneer, wood, hardboard, stucco and/or masonry siding. All wood, hardboard or stucco used on the exterior of a Residence must be painted or stained in a color compatible with the exterior design and materials used in the exterior construction of such Residence, and as approved by the ACC.

(2) **Materials.** Minimum 5:12 roof pitch, roofing materials shall be architectural grade composition shingles, cement fiber shingles, slate, metal, clay tile, or concrete tile, be thirty (30) year warranty shingle or equivalent is required, with a minimum weight of 220 pounds per square foot (100 square feet). The color of shingles shall be subject to ACC approval. Generally accepted colors shall be weathered brown, light to medium brown tones or light to medium gray colors. Other roofing colors or material shall not be used without the prior express written approval of the ACC. All roofing materials must be fireproof and conform to City requirements, and are subject to approval of the ACC. Roof materials shall in any event be in compliance with the Design Guidelines attached hereto as **Exhibit B.** Dormers above roof structure and roofing materials may be finished with the exterior material used on that wall or if applicable, an approved exterior grade siding material.

(3) **Garage Doors.** All garage doors shall have sectional garage doors made of decorative wood as approved in writing by the ACC. No other material shall be used in the installation of a garage door without the express prior written consent of the ACC.

Section 3.5 Height Restrictions. All Residences and other Structures shall conform to the height restrictions of the City.

Section 3.6 Roof Restrictions. All Residences shall have a minimum roof pitch of 5:12 slope, unless otherwise approved in writing by the Architectural Control Committee. The roof pitches of any permanent Structure(s) to be constructed and/or installed on any Lots shall be subject to the Architectural Control Committee's prior written approval. Lower roof pitches may be allowed for different areas such as over porches, garages, or areas of the Residence that would not otherwise support a roof pitch with a 5-in-12 slope.

Section 3.7 Construction Period and Process. All construction activities, temporary Structures, storage of materials and equipment, construction-related parking and temporary security fences shall be confined entirely on such Lot or, if applicable, (a) such other portion of the Property designated by Declarant for such use or (b) such other Lots owned by a Builder which may be used as staging, parking or storage areas with related temporary Structures and fencing thereon for purposes of such Builder's initial construction of homes on Lots owned by it. 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 of any Residence (including

the initial Residence thereon) (a) shall be continued with due diligence and good faith until completion, and (b) shall be completed within twelve (12) months after commencement thereof. Construction of any other Structure shall be completed within the time periods specified in the plan approval process. All areas under construction shall be maintained in a clean, safe condition, and debris, trash, and rubble shall be stored in appropriate containers and promptly removed from the Property.

Section 3.8 Landscaping. Weather permitting, landscaping of a Lot must be completed within thirty (30) days after (a) the date on which any Residence on a Lot is ninety-five percent (95%) complete, with respect to the initial construction of a Residence on a Lot, or (b) the date on which an Owner commenced installation and/or construction of such landscaping improvements with respect to landscaping improvements and work on Lots with existing Residences. In any event, all landscaping requirements for Residences as set forth in the Design Guidelines attached as **Exhibit B** to this Declaration, and as such Design Guidelines may be amended from time to time by the Board, the ACC or the Association pursuant to the terms hereunder, shall be satisfied prior to occupancy of a Residence on a Lot, provided that in any event (i) all front and side yards of a Lot shall comply with Section 1.1 of the Design Guidelines, (ii) all yard areas and required landscape shall be irrigated by a fully automated irrigation system with drip irrigation installed in the front yard planter beds and front yard trees, (iii) each Lot shall include at least eight (8) trees with a caliper of six inches (6") or greater (measured at breast height) within the front yard of each of the Lots and landscaping that otherwise complies with any requirements of the City or other applicable governmental authorities and the Design Guidelines promulgated by the Board, the ACC or the Association hereunder (collectively, the "**Minimum Landscaping Requirements**"). With respect to each and every fence installed at or near the side Lot line of any corner Lot running parallel to a Street, the Lot Owner shall be obligated to maintain all grass areas between the fence and the Street, as applicable (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). Line of sight shall never be impeded by fencing or landscape of any kind.

Section 3.9 Retaining Walls. Retaining walls may be installed to achieve even grades for pools, driveways or Residence foundations or to prevent storm water drainage to flow onto other Lots as required by Section 2.2(j) hereof. Such retaining walls must be constructed of such materials and height, and in a manner and location, approved in writing by the ACC and the City, if applicable. All retaining walls visible from any Street in front of a Lot, and, for corner Lots, from the adjacent side Street, shall be finished with landscape quality rock or stone. Any retaining walls built by Declarant or its affiliates on Common Area to be maintained by the Association shall be conveyed to and maintained by the Association as Common Areas and/or Common Amenities. Any retaining walls located within a Lot shall be maintained and repaired by the Owner of the Lot on which such retaining wall is located. In the event that a retaining wall is located on a shared property line between two Lots, the Owner of the high-side Lot shall be responsible for the maintenance and repair of such retaining wall.

Section 3.10 Right to Waive or Modify Specific Instruction Provisions. The ACC shall have the right, in its discretion, to grant reasonable waivers of the construction provisions set forth in this Declaration, and any such waiver shall not entitle any other Person to a similar waiver and shall only be granted with respect to portions of the Property for which such ACC is responsible in accordance with the terms of this Declaration.

Section 3.11 Declarant Rights. So long as the Declarant owns any Lot, such Declarant may exercise any of the rights of the ACC appointed by such Declarant under this Article 3 and Declarant may veto, supersede any decision or action of such ACC and/or issue variances at the Declarant's sole discretion. Any variance issued by the Declarant cannot be revoked by the ACC or the Board and may not be construed by any Owner as setting a precedence.

Section 3.12 Repairs, Replacements and Modifications. The provisions of this Article 3 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.

ARTICLE 4
MAINTENANCE PROVISIONS

Section 4.1 Owner's Obligation to Maintain. Each Owner shall maintain its Lot and the Residence and other Structures thereon in a **clean, first class condition at all times**. Each Owner shall keep all landscaping and sprinkler system on such Owner's Lot in a neat, orderly and well-maintained condition and shall keep the driveway and sidewalk on or in front of such Owner's Lot in good condition and repair. Each Owner shall regularly mow and edge grass on its Lot so that at all times such Owner's Lot contains no weeds, grass or unsightly growth exceeding two to four inches (2 - 4") in height. Each Owner shall maintain the exterior of its Residences and Structures in good condition and shall make such repairs and replacements as necessary to maintain good order and the aesthetic harmony of the Property. An Owner may, without prior approval needed, repaint the trim on the home and/or around windows and doors as long as the color of paint used is the same as the existing color. Any change or variation in color or modification of existing improvements shall require the prior written permission of the ACC. Fences shall be kept in good repair; any broken or missing pickets must be replaced. Fallen panels must be replaced or up righted and leans must be corrected. Fences must be kept in good appearance making sure that fence is re-stained whenever necessary to maintain a favorable aesthetic appearance. An Owner may, without prior approval needed, re-stain the fence periodically as long as the stain color is the same as the existing color. Any variation or change in stain color shall require the prior written permission of the ACC. Replacement of all or any portion of a fence shall require the prior written approval of the ACC. No Owner shall have only a portion of a fence erected or installed. Owners are hereby put on notice that the Association or the ACC shall exercise its rights under this Declaration including, but not limited to, rights to initiate self-help anytime an Owner fails to maintain his or her Lot and Residence in a clean, first class condition.

Section 4.2 Damaged Improvements. If any Residence or Structure is damaged in any way, the Owner shall immediately repair such damage.

Section 4.3 Declarant/Association Right to Perform. If any Owner fails to maintain the condition of its Lot, the landscaping thereon, including the prompt removal of rotting or deceased trees and shrubs, or the Residence or other Structures thereon as contemplated by this Article 4 and fails to take action to correct such defect within five (5) days after the Declarant or the Association has furnished written notice thereof to such Owner, then the Owner of such Lot hereby grants permission to such Declarant or Association (or its duly authorized agents) to enter upon such Lot and perform those duties which the Owner failed to perform without liability whatsoever to such Owner or any Person for trespass, conversion, or any claim for damages. The cost of performing such duties shall be added to the Owner's assessment account and shall bear interest at the maximum rate of interest permitted to be charged under applicable law, and shall be payable upon demand and secured by the Assessment Lien provided for in Article 6.

In the event of emergencies or circumstances reasonably considered to be a health or safety hazard to other Owners or Occupants or to the Association or its property shall not require notice as described above and the Declarant, the ACC, and/or the Board of Directors may take immediate action to abate any situation which in the opinion of the Declarant, the ACC, or the Board of Directors is considered an emergency or constitutes a health or safety hazard of any type.

Section 4.4 Easement Maintenance.

(a) **Generally.** Each Owner grants to the Association, the Board, and the Declarant the right to access, repair, and maintain all facilities and improvements within any wall, entry, fence, landscape, or other similar easement as recorded on any Plat.

(b) **Drainage Easement.** By acquisition of a Lot, each Owner hereby grants, creates and conveys unto the Association, the other adjacent Owners and the Declarant (prior to the establishment of the Association, and thereafter, the Association) a perpetual non-exclusive easement (the "**Drainage Easement**") over (i) all drainage easements within such Owner's lot and shown on the Plat and (ii) an area five feet (5') on both sides of the shared property line of each Lot within the Property for the purpose of (a) access, ingress, egress, as is reasonably necessary to maintain, repair and/or restore the grading and/or drainage improvements serving the Lots and/or the Property, and (b) permitting runoff and/or storm water to drain from other adjacent Lots over, through, under and across the Owner's Lot(s) to the extent such drainage does not adversely affect any Residence; provided, however, in no event shall Declarant and/or the Association be liable to maintain, repair or restore any grading or drainage on or serving any Lot. 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. Notwithstanding any of the foregoing rights of the Association or the Declarant, each Owner hereby agrees to maintain the Drainage Easement area at such Owner's sole cost and expense. If any structures or other obstructions are constructed, created or placed by any Owner within the Drainage Easement area without the prior written consent of the Association and/or the Declarant, the Declarant or the Association shall have the right to remove such structure or obstruction at the sole cost of such Owner. **No construction or filling, without the written approval of the City of Colleyville shall be allowed within a drainage easement, and then only after detailed engineering plans and studies show that no flooding will result, that no obstruction to the natural flow of water will result, and subject to all Owners of the property affected by such construction becoming a party to the request. Where construction is permitted, all finished floor elevations shall be a minimum of two feet above the 100-year flood elevation. The maintenance of all drainage and utility easements located on private property are the responsibility of the property Owner.**

- (c) **Utility Easement.** Any public utility, including the City of Colleyville, shall have the right to move and keep moved all or part of any building, fences, shrubs, other growths or improvements which in any way endanger or interfere with the construction, maintenance, or efficiency of its respective systems on any of the easements shown on the plat; and any public utility, including the City of Colleyville, shall have the right at all times of ingress and egress to and from and upon said easements for the purpose of construction, reconstruction, inspection, patrolling, maintaining and adding to or removing all or part of its respective systems without the necessity at any time of procuring the permission of anyone.

ARTICLE 5

OWNERS' ASSOCIATION

Section 5.1 Establishment. The Association has heretofore been or will hereafter be created as a Texas non-profit corporation. Each Owner of a Lot shall be a member of the Association and such membership is appurtenant to and shall not be separated from ownership of a Lot. Upon the transfer of a Lot, the new Owner shall automatically become a member of the Association subject to this Declaration, its Bylaws, Articles, and any Rules and Regulations. The term of existence of the Association and other matters pertaining to its operation are set forth in its Certificate of Formation and the By-Laws. The Association is established to enforce this Declaration and the Covenants, to promote the interests of the Owners as residents of the Property, and to enhance the value of the Lots as part of a harmonious, high quality, residential subdivision.

Section 5.2 Membership; Voting Power

(a) **Generally; Classes of Members.** 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. The Association shall have two classes of voting membership as follows:

(i) **Class A.** The Class A Member shall be all Owners other than the Declarant and shall be entitled to one vote for each Lot owned. If more than one person owns an interest in a Lot, they shall combine their interests in such a way as they see fit, but there shall be no fractional votes, and no more than one vote with respect to any Lot.

(ii) **Class B.** The Class B Member shall be the Declarant, who shall be entitled to fifteen (15) votes for each Lot owned by such Declarant. Subject to the conditions set forth in the remainder of this paragraph, the Class B membership applicable to the Declarant's Property shall be converted to Class A membership upon the earlier of (i) the Declarant no longer owns any Lots or any portion of land, or (ii) ten (10) years from this

filing of this Declaration, or (iii) the recording in the Records of Tarrant County, Texas, of a notice signed by the Declarant terminating its Class B membership. In determining the number of Lots owned by the Declarant for the purpose of Class B membership status hereunder, the total number of Lots covered by this Declaration, including all Lots annexed thereto in accordance with Sections 8.1 and/or 8.2 herein shall be considered. In the event the Class B membership has previously lapsed as provided in (i) above, but annexation of additional property restores the ratio of Lots owned by the Declarant to the number required for Class B membership status, such Class B membership shall be reinstated until it expires pursuant to the terms hereof. Exhibit C, Declarant's Representations and Reservations, may include information on the Class B and/or Declarant Control Period. In the event of a discrepancy, the term providing Declarant with the longer Class B and/or period of Declarant control shall be determined to be the ruling term by which the Association, its Board of Directors, and its Members shall abide with respect to the Class B Period and/or Declarant Control Period.

(b) Members 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:

- (i) 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;
- (ii) Does not have a Notice of Unpaid Assessments filed by the Association against the Lot owned by such Owner,
- (iii) Has not received any notice of a violation of this Declaration or any notice of violation of any design guidelines promulgated by the ACC, which violation is continuing and has not been cured by such Member in violation; and
- (iv) 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 5.2(b)(i) 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 to 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 until such time as Member in Good Standing status is attained and so declared by the Board. Notwithstanding the foregoing or anything to the contrary contained herein, for as long as required under the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 *et seq.*), nothing contained in this Section 5.2(b) shall prohibit a Member (whether or not such Member is a Member in Good Standing) from voting at any meeting of the Members to elect directors of the Board or on matters that affect such Member's rights or responsibilities with respect to the Lot owned by it.

(c) **Board of Directors Election.** The Board shall be elected as provided in the Association Documents. The Board shall act by majority vote as provided in the Association Documents.

(d) **Specific Powers of Board.** Without limiting the authority granted to a board of directors under the Texas Business Organizations Code, the Board shall have the following specific powers on behalf of the Association. **During the period of Declarant control, the Board's authority and/or responsibilities may be limited by the Declarant.**

- (1) to enforce the provisions of this Declaration;
- (2) to enter into contracts;
- (3) to retain third parties, as necessary, to assist the Board in carrying on the Association's activities, including engineers, accountants, lawyers, architects, land planners, professional management, and other consultants;
- (4) to take such action as necessary to maintain the Common Area and Common Amenities in good order and condition;
- (5) to acquire property, services and materials to carry out its duties;
- (6) to purchase insurance covering potential liability for use of the Common Area and/or Common Amenities and for other risks;
- (7) to borrow money for Association purposes;
- (8) to initiate and defend litigation, arbitration and other similar proceedings;
- (9) to promulgate reasonable rules and regulations for access to and use of Common Area and/or Common Amenities as well as a policy establishing a schedule and procedures by which the Board may assess fines against Owners for violations of the Covenants or the Design Guidelines;
- (10) to establish and collect reasonable fees for the use of any Common Amenities within or on the Common Area; and
- (11) to establish and collect a reasonable fee for copying and furnishing copies of the Association's governing documents and furnishing a Resale Certificate (as hereinafter defined) as and to the extent required by law. This function and the authority to collect and receive such fees may be delegated or assigned by the Board to the Association's Managing Agent.

Section 5.3 Officers. The Association will have such officers as are set forth in the Association Documents.

Section 5.4 Quorum, Notice and Voting Requirements.

(a) **Generally.** 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 forty-five (45) 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 and in the Association Documents from time to time, any action may be taken by written consent of the Members in lieu of formal meetings.

(b) **Special Quorum.** The quorum (a "**Special Quorum**") required for any action referred to in Section 6.3(b) (maximum increase in Maintenance Assessments) hereof or Section 6.4(a) (Special Purpose Assessments) hereof:

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 forty percent (40%) 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 (1st) 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 (1st) meeting.

(c) **Regular Quorum.** The quorum (a "**Regular Quorum**") required for any action other than the action referred to in Section 5.4(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 forty percent (40%) 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 (1st) meeting. Further, if the reduced required Regular 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 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) **Consent without a Meeting.** As an alternative to the procedure set forth in this Section, any action may be taken without a meeting upon obtaining the assent given in writing and signed by Members in Good Standing who hold more than (i) forty percent (40%) 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 5.4(b) hereof, or (ii) twenty percent (20%) 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 5.4(c) hereof.

(e) **Controlling Provisions.** 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. In the event a conflict exists between any requirement in of this Section 5.4 and the requirements of any Association Documents, the terms of this Section 5.4 shall prevail.

Section 5.5 Dissolution. So long as the Declarant owns record title to any portion of the Property, the Association shall not be dissolved. Once the Declarant is divested of all ownership interest in the Property, the Association may be dissolved upon the written consent of Owners owning at least sixty-seven percent (67%) of the Lots, provided that (a) the assets of the Association shall be donated to a nonprofit organization selected by a majority of the Board and with purposes similar to the Association, and (b) such nonprofit organization must assume in writing the obligation to maintain the donated assets in accordance with the terms of this Declaration.

ARTICLE 6 **ASSESSMENTS**

Section 6.1 Power to Establish Assessments. The Association is empowered to establish and collect Assessments as provided in this Article 6 for the purpose of obtaining funds to maintain the Common Area and/or Common Amenities, perform its other duties, and otherwise preserve and further the operation of the Property as a first-class, quality residential subdivision. The purposes for which Assessments may be used include, without limitation, maintaining, operating, managing, repairing, replacing or improving the Common Area, Common Amenities or any improvements thereon; mowing grass and maintaining grades and signs; paying legal fees and expenses incurred in enforcing this Declaration; paying expenses incurred in collecting and administering assessments; paying insurance premiums for liability and fidelity coverage for the ACC, the Board and the Association; and satisfying any indemnity obligation under the Association Documents.

The Board may reject partial payments and demand payment in full of all amounts due and owing the Association. The Board is specifically authorized to establish a policy governing how payments are to be applied.

Section 6.2 Commencement of Assessments.

(a) **Owner other than the Declarant.** Unless otherwise provided by separate agreement by and between the Declarant and any Person, the Assessments shall commence, as to each Lot located in the Declarant's Property, upon conveyance of the Lot by the Declarant to any Person that is not an affiliate of the Declarant.

(b) **Declarant.** The Declarant shall not be liable for Assessments for any Lots that it owns. The Declarant may, but shall have no obligation to, subsidize the Association from time to time. In the event the Declarant decides to subsidize the Association and any shortfall in the operating budget of the Association is due in part to the failure of the Association to collect delinquent Assessments, then the Association shall immediately and vigorously pursue collection of such delinquent Assessments through foreclosure, if necessary, and shall reimburse the Declarant the amounts, if any, so collected.

Section 6.3 Regular Annual Maintenance Assessments.

(a) **Annual Budget.** For each calendar year or a part thereof during the term of this Declaration, the Board shall establish an estimated budget of the expenses to be incurred by the Association for the forthcoming year in performing its duties (collectively, the "**Common Expenses**"). Based upon such budget, the Association shall then assess each Lot an annual fee (the "**Maintenance Assessment**") which shall be paid by each Owner in advance as follows: semi-annually on the first day of each January and July, unless the Board determines a different schedule. The Association shall notify each Owner of the Maintenance Assessment for the ensuing year by December 15 of the preceding year, but failure to give such notice shall not relieve any Owner from its obligation to pay Maintenance Assessments. Any Maintenance Assessment not paid within thirty (30) days of the date due shall be delinquent and may at the

sole discretion at any time and from time to time, bear interest at the Default Interest Rate (as defined below) as provided in Section 6.5(f). As to any partial year, Maintenance Assessments on any Lot shall be appropriately prorated. Until and unless otherwise determined by the Board, the annual Maintenance Assessment shall be Two Thousand, Five Hundred and NO/100 Dollars (\$2,500) per Lot per year.

(b) **Limits on Maintenance Assessments.** In addition to the right to increase Maintenance Assessments as set forth in Section 6.3(a) above, the Board may increase the Maintenance Assessment annually to meet the anticipated needs of the appropriate budget, but the Maintenance Assessment may not be increased in any year by an amount in excess of fifty percent (50%) above the previous year's Maintenance Assessment, unless such increase is approved by a majority vote of those members of the Association present at a meeting, in person or by proxy, where a Special Quorum exists. Notwithstanding the foregoing, in the event that the

Board determines that due to unusual circumstances the maximum annual Maintenance Assessment even as increased by fifty percent (50.0%) 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 Maintenance Assessment by the amount necessary to provide sufficient funds to cover the Common Expenses without the approval of the Members as provided herein; provided, however, the Board shall only be allowed to make one (1) such increase per calendar year without obtaining approval of a Special Quorum of the Members as provided in this Section 6.3(b).

- (c) **Uniform Assessments.** Maintenance Assessments for all Lots shall be uniform.

Section 6.4 Special Assessments.

(a) **Special Purpose Assessments.** The Association may impose special assessments ("**Special Purpose Assessments**") to make capital improvements to the Common Area and/or Common Amenities, to satisfy its indemnity obligations under the Association Documents, or for any purpose which serves the Association including, but not limited to, the Association's ability to meet budgeted or unbudgeted expenses whether seen or unforeseen, and other similar purposes. Any Special Purpose Assessment proposed by the Association in excess of the then current assessment rate must be approved by a majority vote of those members of the Association present at a meeting, in person or by proxy, at which a Special Quorum exists. At least fifteen (15) days prior to any meeting of the Association called to consider any Special Assessment, the Board shall notify each Owner thereof by written notice specifying the total amount of the Special Purpose Assessment required, the amount thereof imposed on each Lot (which shall be uniform), the purpose for such Special Purpose Assessment, and the time and method of payment thereof. The time for paying any Special Purpose Assessment (which may be in installments) shall be as specified in the approved proposal.

(b) **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 or such charge is to be levied to some, but less than all Owners for the purpose of abating a violation or fulfilling a mandate the Owner or Owners thereof failed to perform:

(i) Paying the cost of any damage or loss requiring maintenance, repairs or replacement of Common Amenities, 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;

(ii) Paying the maintenance costs, construction delay damages and fines imposed for violations of this Declaration, the Design Guidelines or any other rules and/or regulations promulgated thereby or other amounts chargeable to any Owner as otherwise set forth herein; and/or

(iii) Paying costs and expenses incurred by the ACC in connection with its review of a Member's plans and related inspections permitted pursuant to Section 3.2(c) hereof.

Section 6.5 Liability for and Enforcement of Assessments.

(a) **Personal Liability.** Each Owner shall be personally liable for all Assessments imposed against the Owner's Lot during the time it owns a Lot.

(b) **Reservation, Subordination, and Enforcement of Assessment Lien.** Declarant hereby reserves for the benefit of itself and the Association, a continuing contractual lien (the "**Assessment Lien**") against each Lot located on such Declarant's portion of the Property to secure payment of (1) the Assessments imposed hereunder and (2) payment of any amounts expended by such Declarant or the Association in performing a defaulting Owner's obligations as provided for in Section 4.3. THE OBLIGATION TO PAY ASSESSMENTS IN THE MANNER PROVIDED FOR IN THIS ARTICLE, TOGETHER WITH INTEREST FROM SUCH DUE DATE AT THE DEFAULT INTEREST RATE SET FORTH IN SECTION 6.5(f) HEREOF, THE CHARGES MADE AS AUTHORIZED IN SECTION 6.5(e) HEREOF, ALL VIOLATION FINES AND THE COSTS OF COLLECTION, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES, IS SECURED BY A CONTINUING CONTRACTUAL ASSESSMENT LIEN AND CHARGE ON THE LOT COVERED BY SUCH ASSESSMENT, WHICH SHALL BIND SUCH LOT AND THE OWNERS THEREOF AND THEIR HEIRS, SUCCESSORS, DEVISEES, PERSONAL REPRESENTATIVES AND ASSIGNEES. The continuing contractual Assessment Lien shall attach to the Lots as of the date of the recording of this Declaration in the Official Public Records of Tarrant County, Texas, and such Assessment Lien shall be superior to all other liens except as otherwise provided in this Section 6.5(b). Each Owner, by accepting conveyance of a Lot, shall be deemed to have agreed to pay the Assessments herein provided for and to the reservation of the Assessment Lien. The Assessment Lien shall be subordinate only to the liens of any valid first lien mortgage or deed of trust encumbering a particular Lot. Sale or transfer of any Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to a first mortgage or deed of trust foreclosure (whether by exercise of power of sale or otherwise) or any proceeding in lieu thereof, shall only extinguish the Assessment Lien as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability and the Assessment Lien for any Assessments thereafter becoming due. The Assessment Lien may be non-judicially foreclosed by power of sale in accordance with the provisions of Section 51.002 of the Texas Property Code (or any successor provision) or may be enforced judicially. Each Owner, by accepting conveyance of a Lot, expressly grants the Association a power of sale in connection with the foreclosure of the Assessment Lien. The Board is empowered to appoint a trustee, who may be a member of the Board, to exercise the powers of the Association to non-judicially foreclose the Assessments Lien in the manner provided for in Section 51.002 of the Texas Property Code (or any successor statute). The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

The rights and remedies set forth in this Section 6.5(b) are subject to the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 *et seq.*).

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

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

(e) **Late Charges and Collection Fees.** If any Assessment or any part thereof remains unpaid after thirty (30) calendar days from and after the due date established by the Board, a late charge shall be assessed against the non-paying Owner for each month or any part thereof, that any portion of any Assessment remains unpaid. Should any Assessment be payable in installments, the Association is authorized to accelerate the entire Assessment and demand immediate payment thereof. The late charge shall be in the amount of Twenty-five and No/100 Dollars (\$25.00) per month and is payable to the Association. The Association's Managing Agent shall be entitled to charge an Owner monthly collection fees to compensate Managing Agent for its administrative costs and efforts to collect and process the late payment of Assessments. Such charges may include, but shall not be limited to, submitting late statements, processing and handling of certified and return receipt mail, demand letters, setup, processing, and monitoring of payment plans and other administrative costs and efforts performed by the Agent. A service charge in the amount of not less than twenty-five and No/100 Dollars (\$25.00) or the amount charged by the bank if greater, shall be charged for each check that is returned because of insufficient funds or any other reason. The amount of late charges and service charges may be adjusted, from time to time, by the Board consistent with any changes in the administrative costs to collect unpaid Assessments or the Association's bank charges. All late

charges, collection fees, service charges and attorneys' fees assessed or incurred due to late payment of Assessments shall be charged to an Owner's Assessment account which shall be part of the delinquent Assessment and shall be payable and secured in the same manner as herein provided with regard to Assessments. The Association shall use all applicable collection avenues available based on applicable statute and law.

(f) **Interest on Past Due Amounts.** All Assessments past due more than thirty (30) days, unpaid fines and other amounts owed to the Association by any Owner which are not paid when due shall bear interest from the date due until paid at the rate of eighteen percent (18%) per annum, but not in excess of the maximum rate allowed by applicable law (the "**Default Interest Rate**"). Interest charges shall be at the sole discretion of the Board.

(g) **Suspension of Voting Rights.** To the extent permitted under applicable law, no Owner who is delinquent in paying its Assessments shall have the right to vote as a member of the Association while such delinquency continues; an Owner may cure a delinquency at a meeting to regain the right to vote by paying all outstanding amounts (including interest, fines, and penalties) by cashier's or certified check or other good funds acceptable to the Board.

(h) **Suspension of Right to Use Common Area and/or Common Amenities.** In addition to the other powers herein granted, the Board may suspend the right of an Owner to use any of the Common Area and/or Common Amenities during the time that such Owner is delinquent in paying any Assessment.

(i) **Working Capital/Capital Improvement.** Upon sale of record title to a Lot by any Owner other than the Declarant or a Builder, a contribution of \$1,000 shall be made by or on behalf of such Owner to the "**Working Capital Fund**" (herein so called) of the Association. This amount is not refundable, shall be in addition to, not in lieu of, the Maintenance Assessment levied on the Lot and shall not be considered an advance payment of any portion thereof. This amount shall be deposited into escrow and disbursed therefrom to the Association or to the applicable Declarant if the Association is not yet established and shall be used for any cost, expense, or need of the Association pursuant to the terms of this Section. Such amount shall be reviewed yearly and may be increased; however, the increase is restricted to 25% over the previous year. If a cluster mailbox is required by the U.S. Postal Service for this subdivision, the following shall apply. Each builder shall contribute an additional capitalization fee of \$250.00 for the purpose of establishing a mailbox reserve fund. This fund shall be used for the installation of the pad and cluster boxes throughout the subdivision as well as the maintenance and upkeep of the boxes excluding damage resulting in the replacement of a cluster box. After initial construction, costs associated with the replacement of a cluster mailbox shall be borne by the Owners to whom the cluster mailbox serves as the receptacle for the receipt of U.S. mail or packages. **Capital improvement or Reserve Funds may be established by the Board of Directors after the Declarant Control Period. During the Declarant Control Period the Declarant nor the Board of Directors shall be required to establish or maintain a Capital Improvement or Reserve Fund.**

(j) **Transfer Fees and Fees for Issuance of Resale Certificates.** The Board may, at its sole discretion, enter into a contract with a Managing Agent to oversee the daily operation and management of the Association. The Managing Agent may, and probably will, have fees, which will be charged to an Owner for the transfer of a significant estate or fee simple title to a Lot and the issuance of a "**Resale Certificate**" (herein so called). The Association or its agent shall not be required to issue a Resale Certificate until payment for the cost thereof has been received by the Association or its agent. Transfer fees and fees for the issuance of a Resale Certificate shall in no event exceed the greater of (i) two-thirds (2/3rds) of the current annual rate of Maintenance Assessment applicable at the time of the transfer/sale for each home being conveyed and are not refundable and may not be regarded as a prepayment of or credit against regular or special assessments, and are in addition to the contribution to the Capital Reserve/Improvement Fund in Section 6.5(i) above. This Section does not obligate the Board or any third party to levy such fees. In no event shall the Board of Directors be able to amend this Section in any manner that would eliminate or hinder the Managing Agent's right to fees.

ARTICLE 7 **COMMON AREA AND COMMON AMENITIES**

Section 7.1

(a) **Right to Use Common Area.** Each Owner, the members of that Owner's immediate family, and the Owner's guests (provided guests are accompanied by an Owner) shall have the right to use the Common Area and/or Common Amenities for its intended purposes as herein provided. The Declarant and the Association shall have the right to enter on and use the Common Area and/or Common Amenities at all times to exercise their rights or (in the case of the Association) perform its duties hereunder.

(b) **Access Easement Rights.** Each Owner, the members of that owner's immediate family, and the Owner's visitors, invitees, licensees, lessees, tenants, subtenants, and/or guests, are hereby granted an easement for vehicular and pedestrian ingress to, egress from, and access between such Owner's Lot and the public rights-of-way adjacent to the Subdivision over the Streets located within the Subdivision.

Section 7.2 Common Amenities. Common Amenities, if any, to be located in the Common Area shall be determined by the Declarant. The Declarant and the Board may promulgate reasonable rules and regulations for use of these Common Amenities. Declarant is NOT obligated to construct or provide common amenities of any type of kind. **EACH OWNER, BY RECORDATION OF A DEED TO ANY LOT IN THE SUBDIVISION, FOR ITSELF AND ITS AGENTS, INVITEES, GUESTS, LICENSEES AND/OR TENANTS, AND EACH OF THEIR RESPECTIVE AFFILIATES, HEIRS, SUCCESSORS AND ASSIGNS, WAIVES ITS RIGHT TO RECOVER FROM AND RELEASES AND FOREVER DISCHARGES THE ASSOCIATION, DECLARANT AND ANY BUILDER, AND EACH OF THEIR RESPECTIVE REPRESENTATIVES, OFFICERS, DIRECTORS,**

MEMBERS, EMPLOYEES, AGENTS, AFFILIATES, HEIRS, SUCCESSORS AND ASSIGNS, FROM ANY AND ALL CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES, PENALTIES, FINES, LIENS, JUDGMENTS, COSTS OR EXPENSES (INCLUDING WITHOUT LIMITATION ATTORNEY FEES AND DISBURSEMENTS) WHATSOEVER (COLLECTIVELY "CLAIMS") WHETHER AT LAW OR IN EQUITY, WHETHER KNOWN OR UNKNOWN AT THE TIME OF THIS DECLARATION OR RECORDATION OF A DEED CONVEYING ANY LOT IN THE SUBDIVISION, WHICH OWNER HAS OR MAY HAVE IN THE FUTURE, ARISING OUT OF THE FAILURE TO MAINTAIN CONTROLLED ACCESS TO THE SUBDIVISION BY THE ACCESS GATES, INCLUDING, WITHOUT LIMITATION, ALL CLAIMS IN TORT OR CONTRACT AND ANY CLAIM FOR INDEMNIFICATION OR CONTRIBUTION ARISING UNDER ANY FEDERAL, STATE OR LOCAL STATUTE, RULE OR REGULATION (INCLUDING ANY SUBSEQUENT AMENDMENT OR ADDITION THERETO AND JUDICIAL INTERPRETATIONS THEREOF). EACH OWNER, FOR ITSELF AND ITS AGENTS, INVITEES, GUESTS, LICENSEES AND/OR TENANTS, AND EACH OF THEIR RESPECTIVE AFFILIATES, HEIRS, SUCCESSORS AND ASSIGNS UPON ACQUIRING A LOT IN THE SUBDIVISION, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED THE ASSOCIATION, DECLARANT AND ANY BUILDER, AND EACH OF THEIR RESPECTIVE REPRESENTATIVES, OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AGENTS, AFFILIATES, HEIRS, SUCCESSORS AND ASSIGNS, FROM AND AGAINST ANY AND ALL MATTERS ARISING OUT OF THE FAILURE TO MAINTAIN CONTROLLED ACCESS TO THE SUBDIVISION BY THE ACCESS GATES.

Section 7.4 Maintenance of Common Area, Common Amenities. The Association shall be solely responsible for all maintenance, repair, replacement, and improvement of the Common Area and Common Amenities, regardless of whether the ownership of said Common Area or Common Amenities have been dedicated or deeded to the Association or not. The Association shall utilize the Assessments for such purposes as herein provided or levy Special Assessments to cover such costs. The Declarant shall have no responsibility for maintenance, repair, replacement, or improvement of the Common Area or any Common Amenities after initial construction.

Section 7.5 Risk of Loss - Use of Common Area, Common Amenities Each Owner shall be individually responsible and assume all risk of loss associated with its use of the Common Area and/or Common Amenities, and use by its family members and guests. Neither the Association nor the Declarant shall have any liability to any Owner or their family members or guests, or to any other Person, arising out of or in connection with the use, in any manner whatsoever, of the Common Area, Common Amenities or any improvements comprising a part thereof from time to time.

Section 7.6 Conveyance of Common Area to Association. The Declarant shall convey to the Association the Common Area (which conveyance shall include the Common Amenities located thereon) located in Property, free and clear of any liens, claims or encumbrances, not later than one hundred twenty (120) days after the Declarant no longer owns a Lot in the Property.

ARTICLE 8

SPECIFIC DECLARANT RIGHTS

Section 8.1 Declarant's Right to Annex Adjacent Property. Declarant hereby reserves for itself and its affiliates and/or any of their respective successors and assigns the right to annex any real property located adjacent to or in the vicinity of the Property owned or subsequently acquired by Declarant (the "**Property Subject to Annexation**") into the scheme of this Declaration as provided in this Article 8. Notwithstanding anything herein or otherwise to the contrary, Declarant and/or such affiliates, successors and/or assigns shall have the exclusive unilateral right, privilege and option (but never an obligation), from time to time, for as long as Declarant owns any portion of the Property or Property Subject to Annexation, to annex (a) all or any portion of the Property Subject to Annexation owned by Declarant, and (b) subject to the provisions of this Declaration and the jurisdiction of the Association, any additional property located adjacent to or in the immediate vicinity of the Subdivision (collectively, the "**Annexed Land**"), by filing in the Official Public Records of Tarrant 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 Official Public Records of Tarrant 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.

Section 8.2 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) A legally sufficient description of the Annexed Land being added or annexed;
- (ii) That the Annexed Land is being annexed in accordance with and subject to the provisions of this Declaration, and that the Annexed Land being annexed shall be developed, held, used, sold and conveyed in accordance with, and subject to, the provisions of this Declaration as theretofore and thereafter amended; provided, however, that if any Lots or portions thereof being so annexed are to be treated differently than any of the other Lots (whether such difference is applicable to other Lots included therein or to the Lots now subject to this Declaration), the Supplemental Declaration should specify the details of such differential treatment

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

- (iii) That all of the provisions of this Declaration, as amended, shall apply to the Annexed Land being added or annexed with the same force and effect as if said Annexed Land were originally included in this Declaration as part of the Initial Property, with the total number of Lots increased accordingly;
- (iv) That an Assessment Lien is therein created and reserved in favor of the Association to secure collection of the Assessments as provided in this Declaration, and as provided for, authorized or contemplated in the Supplemental Declaration, and setting forth the first year Maintenance Assessments and the amount of any other then applicable Assessments (if any) for the Lots within the Annexed Land being made subject to this Declaration, and
- (v) Such other provisions as the Declarant therein shall deem appropriate.

Section 8.3 Amendment. The provisions of this Article 8 may not be amended without the express written consent of Declarant (and Declarant's successors and assigns in accordance with the terms hereof).

Section 8.4 No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any member to annex any property to this Declaration and no owner of the property excluded from this Declaration shall have any right to have such property annexed thereto.

Section 8.5 Effect of Annexation on Class B Membership. In determining the number of Lots owned by the Declarant for the purpose of Class B membership status according to Section 5.2 hereof, the total number of Lots covered by this Declaration and located in such Declarant's portion of the Property, including all Lots acquired by the Declarant and annexed thereto, shall be considered. If Class B membership has previously lapsed but annexation of additional property restores the ratio of Lots owned by the Declarant to the number required by Class B membership, such Class B membership shall be reinstated until it expires pursuant to the terms of Section 5.2.

Section 8.6 Specific Declarant Rights to Amend Declaration. For so long as the Declarant owns any portion of the Property or the Property Subject to Annexation for development and/or sale, the Declarant, without joinder of the Board, the Association, or the other Owners, may unilaterally amend this Declaration without the joinder or vote of any other party for any reason and if such amendment is deemed necessary or desirable, in the Declarant's sole judgment for any purpose, including, without limitation, (i) to bring any provisions of this Declaration into compliance with any applicable governmental statute, rule, regulation or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots;

(iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to purchase, insure, or guarantee mortgage loans on the Lots; (iv) to satisfy the requirements of any local, state or federal governmental agency; or (v) to correct or clarify errors, omissions, mistakes or ambiguities contained herein or for any other reason deemed necessary and/or appropriate by the Declarant. No amendment pursuant to this paragraph, however, shall adversely affect the title to any Lot unless the Owner affected thereby shall consent in writing.

Section 8.7 Easement/Access Right. The Declarant reserves a general easement over all Streets, roads, rights of way, utility, maintenance, landscaping, wall and other easements in the Property and over the balance of the Common Area as reasonably necessary for access for the purpose of finishing development of the Property as a subdivision and as otherwise reasonably necessary to affect each Declarant's rights hereunder. Such easements and rights shall expire at such time as the Declarant no longer owns a Lot.

Section 8.8 Assignment of Declarant Rights. The Declarant may assign its rights to a successor Declarant hereunder by execution of a written document, recorded in the Official Public Records of Tarrant County, Texas, expressly and specifically stating that such Declarant has assigned its rights as such to a designated assignee and declaring such assignee to be a new "Declarant" hereunder. No Person purchasing or otherwise acquiring one (1) or more Lots shall be considered "Declarant" hereunder, unless Declarant makes an express and specific assignment referenced in and accordance with the terms of the immediately preceding sentence.

Section 8.9 Declarant's Right to Install Improvements in Setback and Other Areas. The Declarant, in connection with development of the Property and construction of homes thereon, reserves the right, but shall have no obligation, to install or construct walls, fences, irrigation systems and other improvements in the setback areas (being the area on, along and/or between the boundary line of a Lot and the building or setback lines applicable to such Lot). If the Declarant exercises such right in a setback area, then such wall, fence, irrigation system, or other improvement shall be the property of the Owner(s) of the Lot(s) adjacent to such improvements or upon which such improvements are located, and such Owner(s) shall maintain and repair any such improvement unless the applicable Declarant or the Association, by and through the Board, shall advise the Owner(s) in writing of its intent to assume such maintenance and repair obligations. If the Declarant exercises such above-described right in the non-setback areas, then such wall, fence, irrigation system, or other improvement shall be the property of the Association. So long as it owns any Lot, the Declarant shall have the right, but not the obligation, to maintain and repair any such non-setback area improvements located on such Declarant's portion of the Property; otherwise, the Association shall assume the maintenance and repair or it may abandon such improvements at its discretion. If the City requires the maintenance, repair, or removal of any such non-setback area improvements, the Association shall assume such responsibility at its expense. If the Association so abandons such non-setback area improvements or is properly dissolved, then the Owner(s) of the Lot(s) adjacent to such improvements or on which such improvements are located shall assume maintenance and repair at its expense.

Section 8.10 Replatting or Modification of Plat. From time to time, the Declarant reserves the right to replat its Property or to amend or modify the Plat in order to assure harmonious and orderly development of the Property as herein provided. The Declarant may exercise such rights so long as it owns any Lot and no joinder of any other Owner shall be required to give effect to such rights, each Owner consenting to the Declarant's execution of any replat on such Owner's behalf. However, any such replatting or amendment of the Plat shall be with the purpose of efficiently and economically developing the Property for the purposes herein provided or for compliance with any applicable governmental regulation. The Declarant's rights under this Section 8.10 shall expire at such time as the Declarant no longer owns a Lot.

Section 8.11 Limitation of Declarants' Liability. The Declarant shall not be responsible or liable for any deficit in the Association's funds. The Declarant may, but is under no obligation to, subsidize any liabilities incurred by the Association, and the Declarant may, but is not obligated to, lend funds to the Association to enable it to defray its expenses, provided the terms of such loans are on reasonable market conditions at the time.

Section 8.12 Termination of the Declarant's Responsibilities. In consideration of the Declarant's deficit funding of the Association, if any, upon the occurrence of any of the following events: (i) conversion of the Declarant's Class B membership status to Class A membership status; (ii) completion of any facilities in the Common Area by the Declarant; or (iii) assignment of the Declarant's rights hereunder pursuant to Section 8.8, then and in such event the Declarant shall be fully released, relieved and forever discharged from any further duty or obligation to the Association or any of its members as the Declarant by reason of the terms and conditions of this Declaration including any amendments thereof or supplements thereto, save and except the duties and obligations, if any, of the Declarant as a Class A member by reason of the Declarant's continued ownership of one or more Lots, but not otherwise. Further, and without regard to whether or not the Declarant has been released from obligations and duties to the Association, so long as the Declarant holds record title to at least one (1) Lot and holds same for sale in the ordinary course of business, neither the Association nor its Board, nor any member of the Association shall take any action that will impair or adversely affect the rights of the Declarant or cause the Declarant to suffer any financial, legal or other detriment, including but not limited to, any direct or indirect interference with the sale of Lots. In the event there is a breach of this Section, it is acknowledged that any monetary award which may be available would be an insufficient remedy and therefore, in addition to all other remedies, the Declarant shall be entitled to injunctive relief restraining the Association, its Board or any member of the Association from further breach of this Section.

ARTICLE 9

MISCELLANEOUS PROVISIONS

Section 9.1 Term and Renewal. These Covenants shall commence on the date hereof and shall continue in effect for a period of thirty (30) years. Thereafter these Covenants shall automatically renew for subsequent periods of (10) years each unless Owners owning at least seventy percent (70%) of the Lots elect to terminate these Covenants by written instrument recorded in the Records of TARRANT County, Texas.

Section 9.2 Enforcement. The terms, provisions and conditions of this Declaration and the Design Guidelines shall be enforceable by the Declarant, the ACC, the Association, and each Owner. The Board and/or the ACC shall have the power and authority to impose reasonable fines (which shall not exceed \$1,000.00 for each separate violation) for violation of this Declaration, the Design Guidelines or any rule or regulation of the Association, which shall constitute a lien upon the Lot of the violating Owner as provided in the Declaration, and to suspend the Owner's right to vote or any Person's right to use of the Common Area and/or Common Amenities. Each day the violation continues to exist shall constitute a separate violation. If any occupant, guest, or invitee of a Lot violates the Declaration, the Design Guidelines or a rule or regulation of the Association and a fine is imposed, the fine shall be assessed against such Owner, who shall pay the fine upon notice from the Association. 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. Declarant, the Association and the Owners, shall not 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 Subdivision.

Section 9.3 General Easement for Encroachments, Access, Maintenance and Utilities.

Each Owner grants to the Association, the Board, the Declarant and the other Owners a general easement as reasonably necessary for the maintenance of any minor encroachments of Common Area and/or Common Amenities over adjoining Lots and for access to and from each Owner's Lot through driveways, rights of way and easements as reflected on the Plat for the purpose of giving effect to the provisions of these Covenants.

Section 9.4 Amendment of Declaration. These Covenants may be amended by the Declarant as provided in Section 8.6. In addition, the Declaration may be amended at any time and in any respect with the affirmative vote or written consent, or any combination thereof, of Members (both classes taken together) representing sixty-seven percent (67%) of the total Class A Member votes and Class B Member votes in the Association; provided, however, that no such amendment shall be effective unless joined in by the Declarant until such time as Declarant no longer owns any portion of the Property or Property Subject to Annexation.

Section 9.5 City Provisions. All construction within the Property shall also comply with all applicable City ordinances and regulations. If any ordinance or regulation imposed by the City imposes more demanding, extensive or restrictive requirements than those set forth in this Declaration, or the Plat, such requirements shall govern. No ordinance or regulations adopted by the City shall lessen the requirements set forth in these Covenants or the Recorded Plat of the Association.

Section 9.6 Management of the Association. In the event that the Board elects to contract with a Managing Agent to perform any duties of the Board in accordance with Section 5.2 hereof, the Board shall record or cause to be recorded in each county in which the Subdivision is located a management certificate, signed and acknowledged by an officer or the Managing Agent of the Association in accordance with the requirements of Section 209.004 of the Texas Property Code. An amended management certificate shall be recorded no later than the 30th day after the date on which the Association has notice of a change in any information pertaining to the Managing Agent applicable to the Association. Notwithstanding the foregoing or anything to the contrary contained herein, in no event shall the Declarant, the Association and/or their respective officers, directors, employees, and/or agents, or the Board be subject to liability to any Person for a delay in recording or failure to record a management certificate except as otherwise provided by law.

Section 9.7 Notices. Any notice required to be given to any Owner under the terms of this Declaration shall be deemed to have been properly delivered when deposited with the United States Postal Service, postage prepaid, properly addressed to the addressee. Each Owner's address for purposes of notice hereunder shall be deemed to be the Residence located on its Lot. The Association shall adopt an E-mail registration policy which it shall use to the fullest extent allowed by State Law for the purpose of noticing an Owner, Announcements, and other uses as deemed necessary and appropriate.

Section 9.8 Liability Limitations; Indemnification. No Declarant, Member, director, officer or representative of the Association or the Board or the ACC shall be personally liable for the debts, obligations or liabilities of the Association. The directors and officers of the Association shall not be liable for any mistake of judgment, whether negligent or otherwise, except for their own individual willful misfeasance or malfeasance, misconduct, bad faith, intentional wrongful acts or as otherwise expressly provided in the Association Documents. Declarant and directors, officers and ACC members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association, and **THE ASSOCIATION, AS A COMMON EXPENSE OF THE ASSOCIATION, SHALL INDEMNIFY AND HOLD HARMLESS DECLARANT, DIRECTORS, OFFICERS AND MEMBERS OF THE ACC 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 ACC 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 ACC 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 ACC 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 ACC MEMBER AT THE TIME ANY SUCH EXPENSES, LOSSES OR LIABILITIES ARE**

INCURRED SUBJECT TO ANY PROVISIONS REGARDING INDEMNITY CONTAINED IN THE ASSOCIATION DOCUMENTS, EXCEPT IN CASES WHEREIN THE EXPENSES, LOSSES AND LIABILITIES ARISE FROM A PROCEEDING IN WHICH SUCH DIRECTOR, OFFICER OR ACC MEMBER IS ADJUDICATED GUILTY OF WILLFUL MISFEASANCE OR MALFEASANCE, MISCONDUCT OR BAD FAITH IN THE PERFORMANCE OF SUCH PERSON'S DUTIES OR INTENTIONAL WRONGFUL ACTS OR ANY ACT EXPRESSLY SPECIFIED IN THE ASSOCIATION DOCUMENTS AS AN ACT FOR WHICH ANY LIMITATION OF LIABILITY SET FORTH IN THE ASSOCIATION DOCUMENTS IS NOT APPLICABLE; PROVIDED, HOWEVER, THIS INDEMNITY DOES COVER LIABILITIES RESULTING FROM SUCH DIRECTOR'S, OFFICER'S OR ACC MEMBER'S NEGLIGENCE. Any right to indemnification provided herein shall not be exclusive of any other rights to which a director, officer or ACC member, or former director, officer or ACC member, may be entitled. The Association shall have the right to purchase and maintain, as a Common Expense, directors', officers', and ACC members', insurance on behalf of any Person who is or was a director or officer of the Association or the ACC 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.

Section 9.9 Severability. If any of the terms hereof shall be declared invalid by a court of competent jurisdiction, such invalidity shall not affect the other provisions of these Covenants, which shall be in full force and effect.

Section 9.10 Acceptance by Owners of Rights and Obligations. By the recording of a deed or other conveyance transferring all or part of an interest in a Lot subject to this Declaration, the person or entity to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all the provisions of the Declaration, the Design Guidelines, the Association Documents, including any rules or regulations adopted or promulgated by the Association, whether or not mention thereof is made in said deed. *It is the responsibility of the Owner to review the governing documents of the Association and become familiar with the restrictions, rules and regulations thereof. An Owner's failure to educate him or herself of the governing provisions of the Association shall in no way nor at any time constitute a right or expectation by the Owner that any exception or exclusion from the restrictions, rules, and regulations of the Association be offered or extended.*

Section 9.11 Notice and Hearing. (a) Prior to the imposition of any fine for a violation of this Declaration or the levying of any Special Member Assessment on an Owner, the Association will give at least one (1) notice of not less than five (5) days to the Owner in compliance with Section 209.006 of the Texas Property Code (the "Property Code"), as the same may be hereafter amended. Such notice shall be as follows:

(i) First Notice may be delivered by regular U.S. mail however, thereafter, any Notice which includes "Notice of Fine Warning" or "Notice of Fine Levied" will be delivered by certified and regular U.S. mail.

(ii) The notice must describe the violation or property damage that is the basis for the fine for such violation, and state any amount due the Association from the Owner.

(iii) The notice must inform the Owner that the Owner is entitled to a reasonable time to cure the violation and avoid the Violation Fine and that the Owner may request a hearing under this Section 9.11 and Section 209.007 of the Property Code on or before the 30th day after the Owner receives the notice.

(b) In compliance with Section 209.007 of the Property Code, if the Owner submits a written request for a hearing, the Association shall hold a hearing not later than the thirtieth (30th) day after the date the Board receives the Owner's request, and shall notify the Owner of the date, time and place of the hearing not later than the tenth (10th) day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. If the hearing is to be held before a committee appointed by the Board, the notice described in Section 9.11(a) hereof shall state that the Owner has the right to appeal the committee's decision to the Board by written notice to the Board.

Section 9.12 Arbitration of Disputes Involving the Declarant.

(a) **Arbitration.** ANY AND ALL DISPUTES ARISING HEREUNDER BETWEEN AN OWNER AND A DECLARANT, SHALL BE SUBMITTED TO BINDING ARBITRATION AND NOT TO A COURT FOR DETERMINATION. ARBITRATION SHALL COMMENCE AFTER WRITTEN NOTICE IS GIVEN FROM EITHER PARTY TO THE OTHER, SUCH ARBITRATION SHALL BE ACCOMPLISHED EXPEDITIOUSLY IN TARRANT COUNTY AND SHALL BE CONDUCTED IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA"). THE ARBITRATION SHALL BE CONDUCTED BY THREE (3) ARBITRATORS, ONE OF WHOM SHALL BE APPOINTED BY THE OWNER AND ONE OF WHOM SHALL BE APPOINTED BY THE DECLARANT. THE THIRD ARBITRATOR SHALL BE APPOINTED BY THE FIRST TWO ARBITRATORS. THE ARBITRATORS SHALL BE SELECTED FROM A LIST OF ARBITRATORS SUBMITTED BY THE AAA. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. ARBITRATION SHALL NOT COMMENCE UNTIL THE PARTY REQUESTING IT HAS DEPOSITED ONE THOUSAND FIVE HUNDRED AND NO/100 U. S. DOLLARS (\$1,500.00) WITH THE ARBITRATORS AS A RETAINER FOR THE ARBITRATORS' FEES AND COSTS. THE PARTY REQUESTING ARBITRATION SHALL ADVANCE SUCH SUMS AS ARE REQUIRED FROM TIME TO TIME BY THE ARBITRATORS TO PAY THE ARBITRATORS' FEES AND COSTS, UNTIL THE PREVAILING PARTY IS DETERMINED OR THE PARTIES HAVE AGREED IN WRITING TO AN ALTERNATE ALLOCATION OF FEES AND COSTS. EACH PARTY SHALL PAY ITS OWN LEGAL FEES AND COSTS AND ANY OTHER FEES INCURRED IN CONNECTION WITH AN ARBITRATION PROCEEDING WHICH ARISES OUT OF OR RELATES IN ANY WAY TO THIS DECLARATION PROVIDED, HOWEVER, THAT THE ARBITRATION PANEL SHALL AWARD THE ARBITRATORS' FEES AND COSTS TO THE PREVAILING PARTY IN ITS ARBITRATION JUDGMENT.

(b) Notwithstanding the Declarant's and Owner's intent to submit any controversy or claim arising out of or relating to this Declaration to arbitration, in the event that a court of competent jurisdiction shall determine or a relevant law shall provide that a particular dispute is not subject to the arbitration provisions in this Section 9.12, then the parties agree to the following provisions: EACH OWNER ACKNOWLEDGES THAT THIS DECLARATION IS A SOPHISTICATED LEGAL DOCUMENT. ACCORDINGLY, JUSTICE WILL BEST BE SERVED IF ISSUES REGARDING THIS DECLARATION ARE HEARD BY A JUDGE IN A COURT PROCEEDING, AND NOT A JURY. EACH OWNER AGREES THAT ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION, WITH RESPECT TO ANY ACTION, PROCEEDING, CLAIM, COUNTERCLAIM, OR CROSSCLAIM, WHETHER IN CONTRACT AND/OR IN TORT (REGARDLESS IF THE TORT ACTION IS PRESENTLY RECOGNIZED OR NOT), BASED ON, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS DECLARATION, ANY COURSE OF CONDUCT, COURSE OF DEALING, VERBAL OR WRITTEN STATEMENT, VALIDATION, PROTECTION, ENFORCEMENT ACTION OR OMISSION OF ANY PARTY SHALL BE HEARD BY A JUDGE IN A COURT PROCEEDING AND NOT A JURY.

9.13 Liens/Validity and Severability; Mortgagees. 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. 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.

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Executed to be effective this 17 day of June, 2019.

CADG Carmel Place, LLC,
a Texas limited liability company

By: 2M Strategic Investments,
a Texas limited liability company
Its Sole Managing Member

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

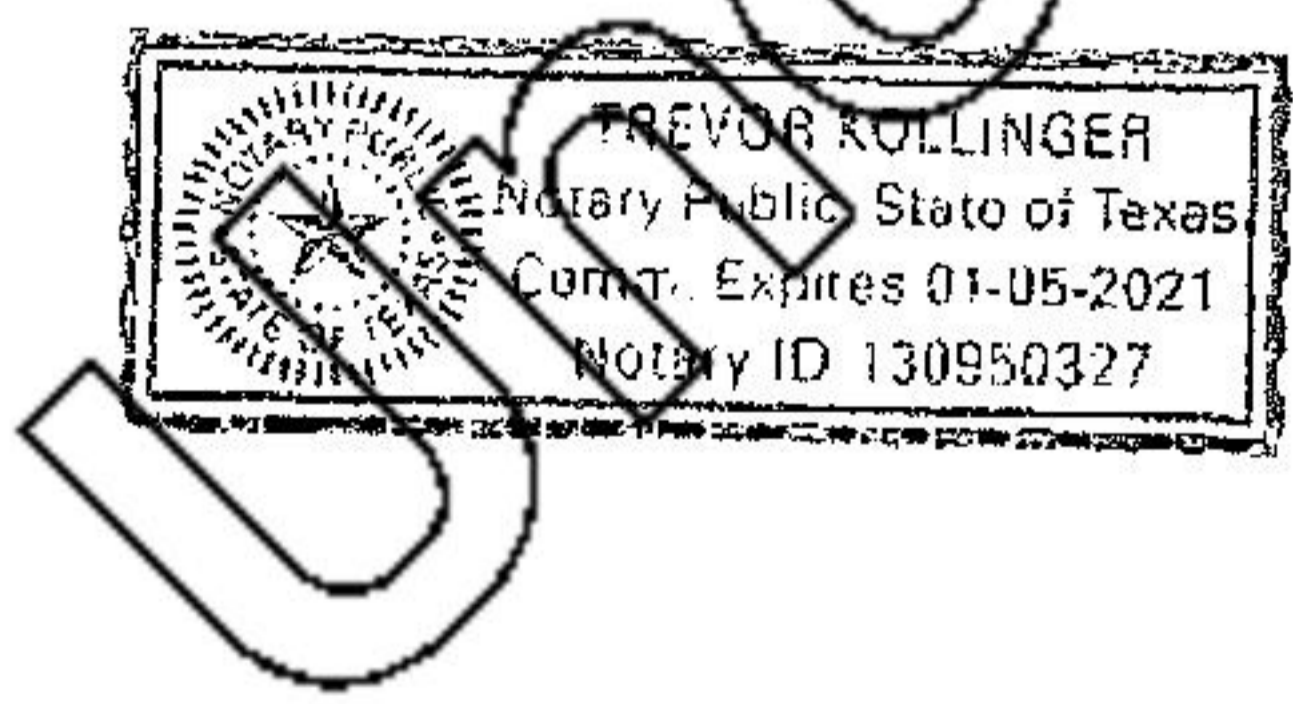
By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: [Signature]
Name: Mehrdad Moayedi
Its: Manager

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 17 day of June, 2019 by Mehrdad Moayedi, Manager of 2M Ventures, LLC, as Manager of MMM Ventures, LLC, as Manager of 2M Strategic Investments, LLC, as Sole Managing Member of CADG Carmel Place, LLC, a Texas limited liability company on behalf of said company.

[Signature]
Notary Public, State of Texas



**EXHIBIT A
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CARMEL PLACE ESTATES EAST HOMEOWNERS ASSOCIATION, INC.
AN ADDITION TO THE CITY OF COLLEYVILLE, TARRANT COUNTY, TEXAS**

LEGAL DESCRIPTION AND/OR DEPICTION OF THE PROPERTY

Being all of Lots 1 thru five and Lot 6X, Block A of Carmel Place Estates East, an addition to the City of Colleyville, Tarrant County, Texas; and as shown by metes and bounds below:

STATE OF TEXAS
COUNTY OF TARRANT

OWNER'S DEDICATION AND CERTIFICATE

WHEREAS CADG Carmel Place, LLC, acting by and through the undersigned agent thereof, is the owners Being a tract of land out of the George W. Teeter Survey, Abstract No. 1543 and situated in the City of Colleyville, Tarrant County, Texas, and surveyed by Miller Surveying, Inc. of Hurst, Texas in November 2017, said tract being a portion of the same tract of land described in the deed to Robert Gene Hubbard et ux, Peggy Hubbard recorded in Volume 4069, Page 406 in the Deed Records of Tarrant County, Texas and being more particularly described by metes and bounds as follows:

Beginning at a 5/8 inch steel rod found in the southerly right-of-way line of Glade Road (Co. Rd. 3036), said rod being in the northerly boundary line of "Tract No. 1" of said Hubbard Deed and also being the most northerly northwest corner of Lot 1, Block 1, Greener Acres, an addition to the City of Colleyville, Texas according to the plat thereof recorded in Cabinet A, Slide 4936 of the Plat Records of said County;

Thence South 00 degrees 14 minutes 15 seconds East with the westerly boundary line of said Lot 1 a distance of 553.09 feet to a 1/2 inch "MILLER 5665" capped steel rod set for an inner corner thereof;

Thence South 89 degrees 25 minutes 35 seconds West continuing with said westerly boundary line a distance of 58.10 feet to a 1/2 inch steel rod found for an outer point thereof;

Thence South 00 degrees 12 minutes 14 seconds West continuing with said westerly boundary line a distance of 415.82 feet to a 1/2 inch steel rod found for the southwest corner of said Lot 1, said rod being in the northerly boundary line of Block 1, The Lakes of Somerset, an addition to the City of Colleyville, Texas according to the plat thereof recorded in Cabinet A, Slide 312 of said plat records;

Thence North 89 degrees 46 minutes 39 seconds West with said northerly boundary line a distance of 151.92 feet to a point in a fence post found in the easterly boundary line of Carmel Place Estates, an addition to the City of Colleyville, Texas according to the plat thereof recorded as Instrument No. D217142798 of the Official Public Records of said County;

Thence North 01 degrees 25 minutes 38 seconds West with said easterly boundary line a distance of 958.78 feet to a cross in concrete set for the northwest corner of said Tract 1, said cross being in said southerly right-of-way line;

Thence North 89 degrees 53 minutes 34 seconds East with the northerly boundary line of said Tract 1 and with said southerly right-of-way line a distance of 233.33 feet to the point of beginning and containing 4.2963 acres of land, more or less.

**EXHIBIT B
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CARMEL PLACE ESTATES EAST HOMEOWNERS ASSOCIATION, INC.,
AN ADDITION TO THE CITY OF COLLEYVILLE, TARRANT COUNTY, TEXAS**

DESIGN GUIDELINES

PART ONE: LANDSCAPING, FENCES AND EXTERIOR ELEMENTS

SECTION 1.1 LANDSCAPING:

Upon completion of each Residence, the following landscape elements shall be installed prior to occupancy of the Residence:

- 1.1.1 Sod: Each dwelling shall have full sod installed for the entire front and a minimum of ten (10) feet back from the front wall face for each side yard, or to the side yard fence, whichever is greater. Underground irrigation systems are required for all sod areas.
- 1.1.2 Trees: Eight (8) trees with a minimum caliper of six inches (6"), measured at breast height from grade is required for the front yard of each Lot. Should a Street Tree Guideline for the City exist, each Builder and Owner shall be required to comply with applicable Street Tree Guidelines per the City ordinance. Drip irrigation must be provided. Each Owner shall be responsible for maintenance and preservation of trees located on their property and shall promptly replace dead trees within thirty (30) days if favorable weather prevails or ninety (90) days of loss occurrence if unfavorable weather exists.
- 1.1.3 Shrubbery and Planting Beds: Each Dwelling shall have a minimum of twenty (20) three (3) gallon shrubs planted in a mulched planting bed; the planting bed shall have edging materials to separate the sod and bed mulch areas and suitable drip irrigation. The Owner shall be responsible for the maintenance and preservation of the shrubs and planting bed, and shall promptly replace dead plants within thirty (30) days if favorable weather prevails or ninety (90) days of loss occurrence if unfavorable weather exists.

SECTION 1.2 FENCES: Minimum height for all fences shall be six feet (6') and maximum height of all fences shall be eight feet (8').

- 1.2.1 Fencing along the entire eastern property boundary is required to be board-on-board cedar, eight feet (8') in height with a cedar CAP. Poles shall be galvanized metal and boxed with a cedar enclosure. Fence staining shall be consistent for all of the Lots along the eastern property boundary, only Seal-Rite brand in Medium

Brown or a comparable color and manufacturer approved in writing by the ACC shall be allowed along the eastern property border.

1.2.2 Major Thoroughfares and Corner Lots: All fencing on corner lots and backing up to streets and major thoroughfares (excluding any fencing as outlined in 1.2.1 above) will be considered major thoroughfare fencing. Fencing, which shall be of cedar, board on board with a top cap and running board, and with metal posts installed on the inside so as not to be visible from any street. All such fencing facing major thoroughfare shall be stained and preserved as follows. Other colors must be approved in advance in writing by the ACC:

Manufacturer:	Sherwin Williams
Color:	Banyan Brown – Apply per product installation
Manufacturer:	Standard Paint
Color:	Sable Brown – Apply per product installation
Manufacturer:	Seal-Rite
Color:	Medium Brown

1.2.3 Standard Side and Rear Yard Fences – Interior Lots: For all interior lots, fence and wall construction shall have metal posts and consist of cedar or better board-to-board construction with running board and steel posts. All portions of the fence that are visible from any street shall be stained with one of the colors specified above.

1.2.4 Screening Fences: All lots located with a rear lot line adjacent to the 15' alley and adjacent to the Subdivision and as shown on the Plat shall have an eight foot (8') high masonry screening wall along such rear lot line (being the same as the northern boundary line of the Subdivision property). All lots located with a rear lot line along the western boundary line of the Subdivision property shall have a masonry screening wall along such rear lot line.

1.2.5 Wrought Iron or Tubular Steel Fencing: Declarant, during the Declarant Control Period, and thereafter, the ACC shall, at their sole discretion, have the right to determine if any Lot backing or siding a greenbelt, open area, or park within the Development shall be required to use wrought iron or tubular steel fencing which shall be a minimum of 48-inches in height and of a standard design. If a city ordinance exists requiring this type of fencing, the city ordinance shall prevail.

It is the Builder's responsibility to know what type of fencing is required by city ordinance and to submit plans to the ACC for installation of the required type of fencing per the city ordinance and/or these guidelines, the higher standard prevailing.

Failure of and Builder or Owner to install the proper fencing may result in a request for removal at the Builder's or Owner's expense and installation of an approved fencing.

SECTION 1.3 MAIL BOXES:

- 1.3.1 Mailboxes for Lots shall be cluster mailboxes of a design approved the United States Postal Service and/or the Declarant. Mailboxes shall be located as and where required by the United States Postal Service or as otherwise approved by the Declarant and thereafter, the Architectural Control Committee. Each Owner is responsible for obtaining keys from the Builder or sales agent at purchase of the home. The Association may, but has no obligation to, make routine maintenance or repairs to any damages sustained by cluster mailboxes or to replace old and worn cluster box units. Any such repair or replacement shall be levied as a uniform, Special Group Assessment against each Owner for whom the cluster mailbox unit services.

SECTION 1.4 FLAGS AND FLAGPOLES

- 1.4.1 The only flags which may be displayed are: (i) the flag of the United States of America; (ii) the flag of the State of Texas; and (iii) an official or replica flag of any branch of the United States armed forces. No other types of flags, pennants, banners, kits or similar types of displays are permitted on a Lot if the display is visible from a street or Common Area.
- 1.4.2 The flag of the United States must be displayed in accordance with 4 U.S.C. Sections 5-10.
- 1.4.3 The flag of the State of Texas must be displayed in accordance with Chapter 3100 of the Texas Government Code.
- 1.4.4 NO freestanding flagpole shall be allowed. Flagpole must be attached to a Residence and shall be constructed of permanent, long-lasting materials. The materials used for the flagpole shall be harmonious with the Residence, and must have a silver finish with a gold or silver ball at the top. The flagpole must not exceed three (3) inches in diameter. Flags and flagpoles must be kept in good repair at all times.
- 1.4.5 A displayed flag, and the flagpole on which it is flown, shall be maintained in good condition at all times. Any flag that is deteriorated must be replaced or removed. Any flagpole that is structurally unsafe or deteriorated shall be repaired, replaced, or removed.

- 1.4.6 Only one flagpole will be allowed per Residence/ Lot. A flagpole attached to the Residence may not exceed 4 feet in length.
- 1.4.7 Any flag flown or displayed on a flagpole attached to the Residence may be no larger than 3'x5'.
- 1.4.8 All flagpoles must be equipped to minimize halyard noise. The preferred method is through the use of an internal halyard system. Alternatively, swivel snap hooks must be covered or "Quiet Halyard" Flag snaps installed. Neighbor complaints of noisy halyards are a basis to have flagpole removed until Owner resolves the noise complaint.
- 1.4.9 The illumination of a flag is allowed so long as it does not create a disturbance to other residents in the community. Solar powered light fixtures are preferred as opposed to ground mounted light fixtures. Compliance with all municipal requirements for electrical ground mounted installations must be certified by Owner. Flag illumination may not shine into another Residence. Neighbor complaints regarding flag illumination are a basis to prohibit further illumination until Owner resolves complaint.
- 1.4.10 Flagpoles shall not be installed in Common Area or property maintained by the Association.
- 1.4.11 All flagpole installations must receive prior written approval from the ACC.

SECTION 1.5 GUTTERING, RAIN BARRELS OR RAINWATER HARVESTING SYTEMS

- 1.5.1 All Residences shall be fully guttered. This requirement applies regardless of whether rain barrels or rain water harvesting systems are installed on the Lot.
- 1.5.2 Rain barrels or rain water harvesting systems and related system components (collectively, "**Rain Barrels**") may only be installed after receiving the written approval of the ACC.
- 1.5.3 Rain barrels may not be installed upon or within the Common Areas.
- 1.5.4 Under no circumstances shall rain barrels be installed or located in or on any area within a Lot that is in-between the front of the Owner's Residence and an adjoining or adjacent street.
- 1.5.5 The rain barrel must be of color that is consistent with the color scheme of the Owner's Residence and may not contain or display any language or other content that is not typically displayed on such rain barrels as manufactured.

- 1.5.6 Rain barrels may be located in the side-yard or back-yard of Lot so long as such rain barrel(s) may not be seen from a street, another Lot or any Common Area of the Subdivision.
- 1.5.7 In the event the installation of Rain Barrels in the side-yard or back-yard of an owner's property in compliance with paragraph e above is impossible, the Reviewing Body may impose limitations or further requirements regarding the size, number and screening of Rain Barrels with the objective of screening the Rain Barrels from public view to the greatest extent possible. The owner must have sufficient area on their Lot to accommodate the Rain Barrels.
- 1.5.8 Rain Barrels must be properly maintained at all times or removed by the owner.
- 1.5.9 Rain Barrels must be enclosed or covered.
- 1.5.10 Rain Barrels which are not properly maintained, become unsightly or could serve as a breeding pool for mosquitoes must be removed by the owner from the Lot.

SECTION 1.6 CERTAIN RELIGIOUS DISPLAYS

- 1.6.1 By statute, an Owner is allowed to display or affix on the entry to the Owner's Residence one or more religious items, the display of which is motivated by the Owner's or occupant's sincere religious belief. Such display is limited according to the provisions contained herein.
- 1.6.2 If displaying or affixing of a religious item on the entry to the Owner's or occupant's Residence violates any of the following covenants, the Association may remove the item displayed:
 - (1) threatens the public health or safety;
 - (2) violates a law;
 - (3) contains language, graphics, or any display that is patently offensive to a passerby;
 - (4) is permanently installed in a location other than the entry door or door frame or extends past the outer edge of the door frame of the Owner's or occupant's Residence; or
 - (5) individually or in combination with each other religious item displayed or affixed on the entry door or door frame has a total size of greater than 25 square inches
- 1.6.3 No owner or resident is authorized to use a material or color for an entry door or door frame of the Owner's or occupant's Residence or make an alteration to the entry door or door frame that is not authorized by the Declaration or otherwise expressly approved by the ACC.

PART TWO: DWELLING UNITS

SECTION 2.1 ROOFS

2.1.1 Roof Pitch: All Roof Pitches shall have a minimum of 5-in-12 slopes or as approved in writing by the ACC and shall have a minimum thirty (30) year rated warranty shingle or equivalent is required, with a minimum weight of 220 pounds per square foot (100 square feet). The color of shingles shall be subject to ACC approval. Generally accepted colors shall be weathered brown or light to medium brown tones or light to medium gray colors.

2.1.2 Roofing Materials: Minimum 5:12 roof pitch required. Roofing materials shall be architectural grade composition shingles, cement fiber shingles, slate, metal, clay tile, or concrete tile, be thirty (30) year warranty shingle or equivalent is required, with a minimum weight of 220 pounds per square foot (100 square feet). Color schemes for roofs should be a weathered brown or similar light to medium browns and grays. **Other roofing materials and colors shall not be used without prior written approval from the ACC.**

2.1.3 Dormers & Above Roof Chimneys: Dormers and chimney chases, above roof structure and roofing materials, may be finished in brick, stucco, stone or as approved by the ACC. All fireplace flues shall be enclosed and finished; exposed pre-fabricated metal flue piping is prohibited.

SECTION 2.2 CERTAIN ROOFING MATERIALS

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

2.2.2 Roofing Shingles allowed under these Guidelines shall:

- (1) resemble the shingles used or otherwise authorized for use in Subdivision;
- (2) be more durable than and are of equal or superior quality to the shingles used or otherwise authorized for use in Subdivision; and
- (3) match the aesthetics of the property surrounding the property of the owner requesting permission to install the Roofing Shingles.

2.2.3 The Owner requesting permission to install the Roofing Shingles will be solely responsible for accrediting, certifying and demonstrating to the ACC that the proposed installation is in full compliance with paragraphs a and b above.

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

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

SECTION 2.3 SOLAR PANELS – Prior written approval of the ACC is required.

- 2.3.1 Solar energy devices, including any related equipment or system components (collectively, "**Solar Panels**") may only be installed after receiving the written approval of the ACC.
- 2.3.2 Solar Panels may not be installed upon or within Common Areas or any area which is maintained by the Association.
- 2.3.3 Solar Panels may only be installed on designated locations on the roof of a Residence, on any structure allowed under any Subdivision or Association dedicatory instrument, or within any fenced rear-yard or fenced-in patio of an Owner's Lot, but only as allowed by the ACC. **Solar Panels may not be installed on the front elevation of the Residence.**
- 2.3.4 If located on the roof of a Residence, Solar Panels shall:
- (1) not extend higher than or beyond the roofline;
 - (2) conform to the slope of the roof;
 - (3) have a top edge that is parallel to the roofline; and
 - (4) have a frame, support bracket, or wiring that is black or painted to match the color of the roof tiles or shingles of the roof. Piping must be painted to match the surface to which it is attached, i.e. the soffit and wall. Panels must blend with the color of the roof to the greatest extent possible.
- 2.3.5 If located in the fenced rear-yard or patio, Solar Panels shall not be taller than the fence line or visible from any adjacent Lot, Common Area or street.
- 2.3.6 The ACC may deny a request for the installation of Solar Panels if it determines that the placement of the Solar Panels, as proposed by the Owner, will create an interference with the use and enjoyment of any adjacent Lot or Common Area.
- 2.3.7 Owners are hereby placed on notice that the installation of Solar Panels may void or adversely affect roof warranties. Any installation of Solar Panels which voids material warranties is not permitted and will be cause for the Solar Panels to be removed by the Owner.
- 2.3.8 Solar Panels must be properly maintained at all times or removed by the Owner.
- 2.3.9 Solar Panels which become non-functioning or inoperable must be removed by the Owner.

SECTION 2.4 EXTERIOR WALLS

2.4.1 Exterior Wall Materials: Exterior walls shall be 100% masonry. The exterior walls (excluding doors and windows), of each Residence constructed or placed on a Lot shall have the minimum City required coverage but not less than the required minimum coverage as set forth below:

2.4.1.1 Front Walls: Front wall surfaces for all elevations shall be one-hundred percent (100%) masonry. Siding may only be used for hidden or concealed wall surfaces not directly visible from the Lot front property line. The use of siding shall be strictly limited and must have the prior written approval of the ACC. The Residences constructed are to be 100% masonry consisting of brick, brick veneer, stone, cast stone, or stucco. Other masonry materials such as, but not limited to, Cementous Hardie board and/or Cementous shake siding shall require the approval of the Declarant or the ACC prior to use on the front, sides, or rear of the residence.

2.4.1.2 Side and Rear Walls: Side and rear wall surfaces for all elevations shall be one-hundred percent (100%) masonry. Siding may only be used for hidden or concealed wall surfaces not directly visible from the street or adjoining Lot.

2.4.1.3 Chimneys: Chimney wall structures that are a direct extension of an exterior wall shall match the requirement of said wall.

2.4.1.4 Required masonry percentages shall be calculated excluding exterior wall areas built on top of a roof

SECTION 2.5 ELEVATION AND BRICK USAGE

2.5.1 Exterior Material Area Calculations: All dwelling submittals for the construction of Residences submitted to the ACC for review and approval shall calculate the percentage coverage for each material as follows:

Same Plan with Same Elevation: The repeat of the same floor plan with the same elevation design shall be governed by the following provisions:

2.5.1.1 Same Side of Street: When dwelling units, using the same floor plan and same elevation, are constructed on the same side of the street, they shall be separated by a minimum of two (2) lots. A one (1) lot separation will be permitted when a street intersection occurs, the street right-of-way serves as a lot equivalent.

2.5.1.2 Opposite Side of Street: When dwelling units, using the same floor plan and same elevation, are constructed on opposite sides of the street, they shall not be constructed directly or diagonally across from each other.

2.5.2 Repeat Brick Usage and Exterior Material Area Calculations: All Dwelling submittals shall calculate the percentage coverage for each material as follows:

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

2.5.2.2 Opposite Side of Street: There are no restrictions for the use of brick color, mortar color, and sand color for dwelling units on opposing sides of the street.

2.5.2.3 Exterior Material Area Calculations: All Dwelling submittals shall calculate the percentage coverage for each material as shown.

2.5.2.4 Calculation Method: Calculations for material coverage percentages shall include all exposed areas of the wall surface, excluding window and door openings.

2.5.2.5 Calculation Format: Calculations shall indicate the area coverage for front, sides and rear wall.

[End of Exhibit B, Design Guidelines]

**EXHIBIT C
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CARMEL PLACE ESTATES EAST HOMEOWNERS ASSOCIATION, INC.,
AN ADDITION TO THE CITY OF COLLEYVILLE, TARRANT COUNTY, TEXAS**

DECLARANT REPRESENTATIONS & RESERVATIONS

C. 1 . GENERAL PROVISIONS.

C.1.1. Introduction. Declarant intends the Declaration to be perpetual and understands that provisions pertaining to the initial development, construction, marketing, and control of the Property will become obsolete when Declarant's role is complete. As a courtesy to future users of the Declaration, who may be frustrated by then-obsolete terms, Declarant is compiling the Declarant-related provisions in this Exhibit.

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

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

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

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

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

- (1) fifty (50) years from date this Declaration is recorded; or
- (2) the date title to the Lots and all other portions of the Property has been conveyed to Owners other than Builders or Declarant.

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

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

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

C.2.2. Weighted Votes. During the Declarant Control Period, the vote appurtenant to each Lot owned by Declarant is weighted fifteen (15) times that of the vote appurtenant to a Lot owned by another Owner. In other words, during the Declarant Control Period, Declarant may cast the equivalent of fifteen (15) votes for each Lot owned by Declarant on any issue before the Association. On termination of the Declarant Control Period and thereafter, the vote appurtenant to Declarant's Lots is weighted uniformly with all other votes.

C.2.3. Budget Funding. During the Declarant Control Period only, Declarant may, but is under no obligation, to fund the difference between the Association's operating expenses and the Regular Assessments received from Owners other than Declarant and may, but is under no obligation, to provide any additional funds necessary to pay actual cash outlays of the Association for common operating expenses, excluding non-recurring expenses, major damages or repairs, reserves, and any capital improvements desired by the Association that is not associated with the initial construction or development. **Declarant is under no obligation to provide, build, or install amenities or improvements of any kind.** At the Declarant's sole discretion, funds provided for the purpose of offsetting a deficit may be treated as a loan. On termination of the Declarant Control Period, Declarant shall have the right to claim repayment of any funds loaned to the Association or in the event the Class B Period has expired and Declarant still owns lots, the Declarant shall have the right to claim any outstanding loan amount owed to Declarant as a credit against assessments owed.

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

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

C.2.6. Commencement of Assessments. During the initial development of the Property, Declarant may elect to postpone the Association's initial levy of Regular Assessments until a certain number of Lots are sold. During the Declarant Control Period, Declarant will determine when the Association first levies Regular Assessments against the Lots. Prior to the first levy, Declarant will be responsible for all operating expenses of the Association.

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

C.2.8. Budget Control. During the Declarant Control Period, the right of Owners to veto Budget, Budget Amendments, Assessments, Assessment increases or Special Assessments is not effective and may not be exercised.

C.2.9. Organizational Meeting. Within one-hundred twenty (120) days after the end of the Declarant Control Period, or sooner at the Declarant's option, Declarant will call an organizational meeting of the Members of the Association for the purpose of electing, by vote of the Owners, directors to the Board. Written notice of the organizational meeting must be given to an Owner of each Lot at least ten (10) days but not more than forty-five (45) days before the meeting. For the organizational meeting, Owners of ten percent (10%) of the Lots constitute a quorum. The directors elected at the organizational meeting will serve as the Board until the next annual meeting of the Association or a special meeting of the Association called for the purpose of electing directors, at which time the staggering of terms will begin. At this transition meeting, the Declarant will transfer control over of all utilities related to the Common Areas owned by the Association and Declarant will provide information to the Association, if not already done so, relating to the operation and maintenance of the Common Areas and Areas of Common Responsibility.

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

C.3.1. Changes in Development Plan. Declarant may modify the initial development plan to respond to perceived or actual changes and opportunities in the marketplace. Subject to approval by (1) a governmental entity, if applicable, and (2) the Owner of the land or Lots to which the change would directly apply (if other than Declarant), Declarant may (a) change the sizes, dimensions, and configurations of Lots and Streets; (b) change the minimum Single-Family Residence size; (c) change the building setback requirements; and (d) eliminate or modify any other feature of the Property.

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

C.3.3. Architectural Control. **During the Declarant Period, Declarant has the absolute right to serve as the Architectural Reviewer. After the Declarant Period if Builder(s) still own lots upon which they need to construct a home, the Declarant and/or his appointed Architectural Control Committee shall continue to review and approve all plans for new construction. AT NO TIME and in no way shall the Board or a Board appointed Architectural Control Committee interfere or involve itself with the review and approval process for Builders and new construction on Lots including the construction of structures such as pools and other such requests as long as it is requested during the time the main residence is still under construction. The Declarants and his appointed Architectural Control panel shall have no further right to approve applications on a Lot under construction after 60-days of the date a certificate of occupancy has been issued.**

Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights to (1) an ACC appointed by the Board, or (2) a committee comprised of architects, engineers, or other persons who may or may not be Members of the Association. Any such delegation is at all times subject to the unilateral rights of Declarant (1) to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (2) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason. Declarant also has the unilateral right to exercise architectural control over vacant Lots in the Property.

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

- c. To create Lots, easements, and Common Areas within the Property.
- d. To modify the designation of the Area of Common Responsibility.
- e. To subdivide, combine, or reconfigure Lots.
- f. To convert Lots into Common Areas and Common Areas back to Lots.
- g. To modify the construction and use restrictions of this Declaration.
- h. To merge the Association with another property owners' association.

- i. To comply with the requirements of an underwriting lender.
- j. To resolve conflicts, clarify ambiguities, and to correct misstatements, errors, or omissions in the Documents.
- k. To enable any reputable title insurance company to issue title insurance coverage on the Lots.
- l. To enable an institutional or governmental lender to make or purchase mortgage loans on the Lots.
- m. To change the name or entity of Declarant.
- n. To change the name of the addition in which the Property is located.
- o. To change the name of the Association.
- p. For any other purpose, provided the amendment has no material adverse effect on any right of any Owner.

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

C.3.6. Easement to Inspect & Right to Correct. During the Development Period, Declarant reserves for itself the right, but not the duty, to inspect, monitor, test, redesign, correct, and relocate any structure, improvement or condition that may exist on any portion of the Property, including the Lots, and a perpetual nonexclusive easement of access throughout the Property to the extent reasonably necessary to exercise this right. Declarant will promptly repair, at its sole expense, any damage resulting from the exercise of this right. By way of illustration but not limitation, relocation of a screening wall located on a Lot may be warranted by a change of circumstance, imprecise siting of the original wall, or desire to comply more fully with public codes and ordinances. This Section may not be construed to create a duty for Declarant or the Association.

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

Declarant reserves an easement and right to maintain, relocate, replace, or remove the same from time to time within the Property. Declarant also reserves the right to sponsor marketing events —such as open houses, MLS tours, and broker's parties — at the Property to

promote the sale of Lots. During the Development Period, Declarant also reserves (1) the right to permit Builders to place signs and promotional materials on the Property and (2) the right to exempt Builders from the sign restriction in this Declaration.

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

C.3.9. Access. During the Development Period, Declarant has an easement and right of ingress and egress in and through the Property for purposes of constructing, maintaining, managing, and marketing the Property and the Property Subject to Annexation (as hereinafter defined), and for discharging Declarant's obligations under this Declaration. Declarant also has the right to provide a reasonable means of access for the home buying public through any existing or future gate that restricts vehicular access to the Property in connection with the active marketing of Lots and homes by Declarant or Builders, including the right to require that the gate be kept open during certain hours and/or on certain days. This provision may not be construed as an obligation or intent to gate the Property.

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

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

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

C.4. COMMON AREAS. Declarant will convey title to the Common Areas, including any and all facilities, structures, improvements and systems of the Common Areas owned by Declarant, to the Association by one or more deeds — with or without warranty. Any initial Common Area improvements will be installed, constructed, or authorized by

Declarant, the cost of which is not a Common Expense of the Association. At the time of conveyance to the Association, the Common Areas will be free to encumbrance except for the property taxes accruing for the year of conveyance the terms of this Declaration and matters reflected on the Plat. Declarant's conveyance of title is a ministerial task that does not require and is not subject to acceptance by the Association or the Owners. The transfer of control of the Association at the end of the Declarant Control Period is not a transfer of Common Areas requiring inspection, evaluation, acceptance, or approval of Common Area improvements by the Owners.

C.5. WORKING CAPITAL FUND. Declarant is not required to establish, fund or supplement a working capital fund or any reserve. Monies collected as a working capital fund or Acquisition Assessment may be held in the operating account of the Association or an unrestricted reserve and shall be used in aiding the Association to meet its expenses. Declarant may require the use of funds in a working capital or acquisition assessment prior to providing any subsidy or loan to the Association. Working Capital Fund Contributions or Acquisition Assessments, if established is subject to the following conditions;

a. The amount of the contribution to this fund will be as set forth in the Declaration and as amended from time to time, and will be collected on the closing of the sale of the Lot to any Owner other than Declarant, a Successor Declarant, Declarant-affiliate or a Builder.

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

c. Contributions to the fund are not advance payments of Regular Assessments, Special Assessments, or Acquisition Assessments and are not refundable to the contributor by the Association or by Declarant. This may not be construed to prevent a selling Owner from negotiating reimbursement of the contribution from a purchaser.

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

C.6. SUCCESSOR DECLARANT. Declarant may designate one or more Successor Declarants' (herein so called) for specified designated purposes and/or for specified portions of the Property, or for all purposes and all of the Property. To be effective, the designation must be in writing, signed and acknowledged by Declarant and Successor Declarant, and recorded in the Real Property Records of Tarrant County, Texas. Declarant (or Successor Declarant) may subject the designation of Successor Declarant to limitations and reservations. Unless the designation of Successor Declarant provides otherwise, a Successor Declarant has the rights of Declarant under this Section and may designate further Successor Declarants.

C.7. Declarant's Right to Annex Adjacent Property. Declarant hereby reserves for itself and its affiliates and/or any of their respective successors and assigns the right to annex any real property in the vicinity of the Property (the "Property Subject to Annexation") into the scheme of this Declaration

as provided in this Declaration. Notwithstanding anything herein or otherwise to the contrary, Declarant and/or such affiliates, successors and/or assigns, subject to annexation of same into the real property subject to the Declaration, shall have the exclusive unilateral right, privilege and option (but never an obligation), from time to time, for as long as Declarant owns any portion of the Property or Property Subject to Annexation, to annex (a) all or any portion of the Property Subject to Annexation owned by Declarant, and (b) subject to the provisions of this Declaration and the jurisdiction of the

Association, any additional property located adjacent to or in the immediate vicinity of the Property (collectively, the "Annexed Land"), by filing in the Official Public Records of Tarrant County, Texas, a Supplemental Declaration expressly annexing any such Annexed Land. Such Supplemental Declaration shall not require the vote of the Owners, the Members of the Association, or approval by the Board or other action of the Association or any other Person, subject to the prior annexation of such Annexed Land into the real property subject to the Declaration. Any such annexation shall be effective upon the filing of such Supplemental Declaration in the Official Public Records of Tarrant County, Texas (with consent of Owner(s) of the Annexed Land, if not Declarant). Declarant shall also have the unilateral right to transfer to any successor Declarant, Declarant's right, privilege and option to annex Annexed Land, provided that such successor Declarant shall be the developer of at least a portion of the Annexed Land and shall be expressly designated by Declarant in writing to be the successor or assignee to all or any part of Declarant's rights hereunder.

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

- (i) A legally sufficient description of the Annexed Land being added or annexed, which Annexed Land must as a condition precedent to such annexation be included in the real property subject to the Declaration;
- (ii) That the Annexed Land is being annexed in accordance with and subject to the provisions of this Declaration, and that the Annexed Land being annexed shall be developed, held, used, sold and conveyed in accordance with, and subject to, the provisions of this Declaration as theretofore and thereafter amended; provided, however, that *if* any Lots or portions thereof being so annexed are to be treated differently than any of the other Lots (whether such difference is applicable to other Lots included therein or to the Lots now subject to this Declaration), the Supplemental Declaration should specify the details of such differential treatment and a general statement of the rationale and reasons for the difference in treatment, and if applicable, any other special or unique covenants, conditions, restrictions, easements or other requirements as may be applicable to all or any of the Lots or other portions of Annexed Land being annexed;
- (iii) That all of the provisions of this Declaration, as amended, shall apply to the Annexed Land being added or annexed with the same force and effect as if said Annexed Land were originally included in this Declaration as part of the Initial Property, with the total number of Lots increased accordingly;

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

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

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

C.7.4. Effect of Annexation on Class B Membership. In determining the number of Lots owned by the Declarant for the purpose of Class B Membership status the total number of Lots covered by this Declaration and located in such Declarant's portion of the Property, including all Lots acquired by the Declarant and annexed thereto, shall be considered. If Class B Membership has previously lapsed but annexation of additional property restores the ratio of Lots owned by the Declarant to the number required by Class B Membership, such Class B Membership shall be reinstated until it expires pursuant to the terms of the Declaration.

[End of Exhibit C]

**EXHIBIT D
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CARMEL PLACE ESTATES EAST HOMEOWNERS ASSOCIATION, INC.,
AN ADDITION TO THE CITY OF COLLEYVILLE, TARRANT COUNTY, TEXAS**

CERTIFICATE OF FORMATION, ARTICLES -AND-
CONSENT IN LIEU OF ORGANIZATIONAL MEETING

Unofficial Copy

Form 202

Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
FAX: 512/463-5709



Filed in the Office of the
Secretary of State of Texas
Filing #: 803328065 05/25/2019
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Filing Fee: \$25

**Certificate of Formation
Nonprofit Corporation**

Article 1 - Corporate Name

The filing entity formed is a nonprofit corporation. The name of the entity is :

Carmel Place Estates East Homeowners Association, Inc.

Article 2 - Registered Agent and Registered Office

A. The initial registered agent is an organization (cannot be corporation named above) by the name of:
Essex Association Management, L.P.

OR

B. The initial registered agent is an individual resident of the state whose name is set forth below:

C. The business address of the registered agent and the registered office address is:

Street Address:

1512 Crescent Drive, Suite 112 Carrollton TX 75006

Consent of Registered Agent

A. A copy of the consent of registered agent is attached.

OR

B. The consent of the registered agent is maintained by the entity.

Article 3 - Management

A. Management of the affairs of the corporation is to be vested solely in the members of the corporation.

OR

B. Management of the affairs of the corporation is to be vested in its board of directors. The number of directors, which must be a minimum of three, that constitutes the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting or until their successors are elected and qualified are set forth below.

Director 1: **Mehrdad Moayed** Title: **Director**

Address: **1512 Crescent Drive Suite 112 Carrollton TX, USA 75006**

Director 2: **Dustin Warren** Title: **Director**

Address: **1512 Crescent Drive Suite 112 Carrollton TX, USA 75006**

Director 3: **Brock Babb** Title: **Director**

Address: **1512 Crescent Drive Suite 112 Carrollton TX, USA 75006**

Article 4 - Organization Structure

A. The corporation will have members.

or

B. The corporation will not have members.

Article 5 - Purpose

The corporation is organized for the following purpose or purposes:

Homeowners Association

Supplemental Provisions / Information

[The attached addendum, if any, is incorporated herein by reference.]

Effectiveness of Filing

A. This document becomes effective when the document is filed by the secretary of state.

OR

B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of its signing. The delayed effective date is:

Organizer

The name and address of the organizer are set forth below.

Mehrdad Moayed **1800 Valley View Lane, Suite 300, Farmers Branch, TX 75234**

Execution

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

Mehrdad Moayed

Signature of organizer.

FILING OFFICE COPY

Unofficial Copy

**CARMEL PLACE ESTATES EAST
HOMEOWNERS ASSOCIATION, INC.**

**UNANIMOUS CONSENT IN LIEU OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS**

The undersigned, being all of the Directors of the Board of Directors of Carmel Place Estates East Homeowners Association, Inc. a Texas non-profit corporation (the "Association"), do hereby waive notice of the time, place and purpose of a special meeting of the Board of Directors of the Association, and do hereby adopt, ratify and approve the following resolutions and each and every action effected thereby, and this Consent shall have the same force and effect as a vote by the undersigned at a properly called special meeting of the Board of Directors of the Association.

WHEREAS, the Association was established and is governed by certain documents and agreements, including, without limitation, its Bylaws and Covenants, Conditions, and Restrictions ("CCR's") of the Association; and

WHEREAS, the Association was formed for certain purposes as more specifically, set forth in the Bylaws and other governing documents of the Association, which purposes include, without limitation, exercising all of the powers and privileges and to perform all of the duties and obligations of the Association as may be set forth therein; and

WHEREAS, the Bylaws authorizes the Board of Directors of the Association to exercise certain powers of the Association for the benefit of its members, including, without limitation exercise of powers as may be necessary to operate and manage the Association; and

WHEREAS, the ACT provides that an Action of the Board may be taken without a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a number of Directors sufficient to take such action if all Directors were present and voted on such action; and

WHEREAS, the full desires of the Board of Directors and the intentions of the Board of the Association is to establish and ratify by way of Organizational Meeting the setting of officers of the Board which shall be ratified as set forth in this Document. The intention of this Resolution is to clarify for full disclosure the election and/or appointment of Board officers.

**CARMEL PLACE ESTATES EAST
HOMEOWNERS ASSOCIATION, INC.**

NOW THEREFORE BE IT RESOLVED, that effective the 25th day May, 2019 the Board of Directors of the Association hereby consents to, adopt, ratify, and approve the following resolution and each and every action effected thereby. The Board of Directors has consented to this resolution in good faith and each of the undersigned reasonably believes the resolution contained herein to be in the best interest of the Association, and consistent with the intended operation and management of the Association as set forth in its governing documents.

RESOLVED, that the duly elected and/or appointed Officers shall be as follows:

- Mehrdad Moayedi, President
- Brock Babb, Vice President
- Dustin Warren, Secretary/Treasurer

RESOLVED, that the Authorized Officers of the Association are hereby authorized, empowered and directed, jointly and severally, to (a) sign, execute, certify to, verify, acknowledge, deliver, accept, file and record any and all documents, instruments and agreements, and (b) take, or cause to be taken, any and all such actions, in the name and on behalf of the Association, as in the judgment of the Authorized Officer so acting shall be necessary, desirable, or appropriate in order to effect the purposes of the foregoing resolutions (the taking of any such action by any Authorized Officer to be conclusive evidence that the foregoing standard has been met).


RESOLVED, that any and all actions taken by the Association, the Board of Directors, or any of the officers of the Association for and on behalf of the Association, prior to the adoption of these resolutions which are within the scope and intent of these resolutions are hereby ratified, approved and adopted as the acts of the Association, as applicable, in all respects.


RESOLVED FURTHER, that these resolutions are to be interpreted in the broadest possible manner so as to authorize, approve and facilitate the consummation of the transactions contemplated hereby and the execution, delivery and performance of any and all documents, instruments and agreements in connection therewith.

[Signature page follows this page]

CARMEL PLACE ESTATES EAST
HOMEOWNERS ASSOCIATION, INC.

IN WITNESS WHEREOF, the undersigned has executed these resolutions to be effective as of date referenced above (but not necessarily executed on) the date set forth above.


Mehrdad Moayed, President


Brock Babb, Vice President


Dustin Warren, Secretary/Treasurer

BEING ALL OF THE DIRECTORS OF THE BOARD OF DIRECTORS OF THE ASSOCIATION

Unofficial Copy