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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR NORTH SKY

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR NORTH SKY

This Declaration of Covenants, Conditions and Restrictions for North Sky (this "**Declaration**") is made this 16th day of November, 2023 (the "**Effective Date**"), by CCD-North Sky LLC, a Texas limited liability company ("**Declarant**").

RECITALS

Declarant owns certain real property located in Collin County, Texas, including that real property more particularly described on Exhibit A attached hereto.

Declarant desires to establish a uniform plan of development for a master planned community known as North Sky (the "**Community**"), which Community consists of the Property (as defined below), Additional Property (as defined below), and any other property that may be owned or acquired by Declarant or a Declarant Affiliate in the vicinity of the Property, and to establish procedures for the development, improvement, administration, maintenance and preservation of the Property, pursuant to the provisions of this Declaration.

NOW, THEREFORE, Declarant hereby declares that the Property is and will be held, used, occupied, improved, encumbered, leased, sold and conveyed subject to the covenants, conditions, restrictions, easements and other terms of this Declaration. This Declaration will run with the title to the Property and be binding on all parties having any right, title or interest in all or any portion of the Property, and each of their respective heirs, personal representatives, successors, transferees and assigns, and will inure to the benefit of each owner of any portion of the Property.

ARTICLE 1
DEFINITIONS

1.1 Definitions. Unless the context clearly specifies otherwise, the following capitalized terms and phrases used in this Declaration shall have the following meanings:

"**Additional Property**" means real property that may be annexed to the Property and subjected to this Declaration by Declarant pursuant to Section 10.2.

"**ACC**" or "**Architectural Control Committee**" is defined in Section 7.3(c).

"**Assessment(s)**" means Regular Annual Assessments, Special Assessments, Individual Assessments, Service Area Assessments and other assessments payable to the Association under the Governance Documents.

"**Association**" means North Sky Homeowners Association, Inc., a Texas non-profit corporation. This Declaration is binding upon the Association, its successors and assigns.

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

"**Bound Parties**" is defined in Section 12.5(a).

"**Budget**" is defined in Section 5.3.

"**Builder**" means any Person that acquires a Lot for the purpose of constructing a Home for sale to consumers in the ordinary course of business for such Person.

"**Bylaws**" means the Bylaws, as amended, of the Association.

"**Causes of Action**" is defined in Section 4.1(c).

"**Certificate of Formation**" means the Certificate of Formation establishing the Association as a Texas nonprofit corporation, as amended.

"City" means the City of Celina, Texas.

"**Claim**" is defined in Section 12.5(b).

"**Claimant**" is defined in Section 12.6(a).

"**Common Area**" is defined in Section 2.3.

"**Common Expenses**" means the expenses that the Association incurs, or expects to incur, in connection with the ownership, maintenance and operation of the Common Maintenance Areas, operation of the Association and otherwise for the general benefit of Owners, including operating reserves and reserves for repair and replacement of capital items within the Common Maintenance Areas as the Board deems necessary or appropriate.

"**Common Maintenance Area**" means the Common Area and all other properties and facilities for which the Association has maintenance responsibility under the Governance Documents or for which the Association agrees to assume maintenance responsibility. The initial Common Maintenance Area is described in Section 9.3.

"**Community**" is defined in the recitals.

"**Community Enhancement Fee**" is defined in Section 5.8(c).

"**Community Manual**" means the manual for the Community to be initially adopted by the Declarant and recorded in the Records, as may be amended and supplemented from time to time in accordance with the procedures for the amendment of Governance Documents set forth in Section 15.2. The Community Manual may include the Bylaws, Rules, Design Guidelines and any other Governance Documents.

"**Community Wide Standard**" means the standard that is the highest of (a) the standard of use, conduct, architecture, landscaping or aesthetic matters generally prevailing in the Community, and (b) the minimum standards described in this Declaration, the Design Guidelines, the Rules and any Board resolutions. The Community Wide Standard may contain objective or subjective elements

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and may evolve as development progresses and as the Community matures. The Community Wide Standard shall be determined by the Board.

"**Covenant to Share Costs**" is defined in Section 9.6.

"**Declarant**" means CCD-North Sky LLC, a Texas limited liability company, and its successors and assigns pursuant to Section 15.5.

"**Declarant Affiliate**" means any Person that controls, is controlled by or is under common control with Declarant, and any Person that is a member of Declarant.

"**Declaration**" means this Declaration of Covenants, Conditions and Restrictions of North Sky, as it may be amended, supplemented and restated from time to time.

"**Design Guidelines**" means the standards for design, development, landscaping, and aesthetics for exterior items placed on any Lot adopted by the Association.

"**Development Agreement**" means that certain development agreement by and between the City and Pilatus Investments L.L.C. recorded in the Records as Document No. 20210311000485810, as assigned by Pilatus Investments, L.L.C. to Declarant, and as amended by that certain First Amendment o Development Agreement between the City and Declarant dated May 15, 2022, as may be further amended from time to time.

"**Development Period**" means the period of time beginning on the date when this Declaration has been recorded in the Records, and ending fifty (50) years thereafter, unless earlier terminated by a Recorded instrument executed by the Declarant. The Development Period is the period of time in which Declarant reserves the right to facilitate the development, construction, and marketing of the Property and the Community, and/or the right to direct the size, shape and composition of the Property and the Community. The Development Period is for a term of years and does not require that Declarant own any portion of the Property or the Community.

"District" is a public improvement district known as North Sky Public Improvement District created by the City.

"**Effective Date**" is defined in the introductory paragraph to this Declaration.

"**Governance Documents**" means all documents that have a legal and binding effect on all Owners and occupants of the Property, as well as on anyone that may now or in the future have an interest in any portion of the Property.

"**Home**" means a residential dwelling.

"**Improvement**" is defined in Section 7.2.

"**Individual Assessments**" is defined in Section 5.7.

"**Lot**" is defined in Section 2.2.

"**Management Agent**" is defined in Section 4.1(g).

"**Member**" means each Person that holds membership privileges in the Association. Each Owner is a Member by virtue of ownership of a Lot.

"**Mortgage**" means a deed of trust on a Lot securing payment of indebtedness.

"**Mortgagee**" or "**Mortgagees**" means the beneficiary of any deed of trust or Mortgage.

"**Notice**" is defined in Section 12.6(a).

"**Ordinance**" means City of Celina Ordinance 2020-95 adopted on October 13, 2020.

"**Other Properties**" is defined in Section 2.4.

"**Owner**" means the record owner, whether one or more Persons, of fee simple title to any Lot. "**Owner**" does not include holders of title merely as security for the performance of an obligation (such as a Mortgagee).

"**Party Structure**" is defined in Section 8.4(a).

"**Person**" or "**Persons**" means an individual, corporation, partnership, limited liability company, trust or other legal entity.

"**Property**" means that certain real property described in **Exhibit "A"**, attached hereto and incorporated herein by reference, subject to such additions thereto and deletions therefrom as may be made pursuant to Section 10.2, Section 10.3, and Section 10.4 of this Declaration.

"**Records**" means the Official Public Records of Collin County, Texas.

"**Regular Annual Assessments**" is defined in Section 5.3.

"**Respondent**" is defined in Section 12.6(a).

"**Resale Certificate**" is defined in Section 6.19.

"**Reviewer**" is defined in Section 7.3(a).

"**Rules**" means the rules and regulations of the Association adopted by the Declarant and as may be amended and/or supplemented in accordance with Section 6.24 of this Declaration.

"**Service Area**" means a group of Lots designated as a separate service area pursuant to this Declaration for purpose of receiving benefits or services from the Association that are not provided to all Lots. A Service Area may be comprised of more than one housing type or structure and may include noncontiguous Lots. A Lot may be assigned to more than one Service Area.

"**Service Area Assessments**" means assessments levied against the Lots in a particular Service Area to fund Service Area Expenses, as described in Section 5.4.

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"**Service Area Expenses**" means the actual and estimated expenses that the Association incurs or expects to incur for the benefit of Owners within a particular Service Area, which may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may be authorized pursuant to this Declaration.

"**Special Assessments**" is defined in Section 5.5.

"**Supplement**" is defined in Section 10.2.

"**TBOC**" means the Texas Business Organizations Code, and any successor statute, as amended and supplemented from time to time.

"**Working Capital Fee**" is defined in Section 5.8(a).

ARTICLE 2
DESCRIPTION OF THE PROPERTY AND PROPERTY DESIGNATIONS

2.1 Introduction. The Property is comprised of Lots and Common Area intended for the exclusive use, benefit and enjoyment of the Owners and other residents. This Article 2 will describe the various designations to be used for the Property, features of the Property and the scope and applicability of the Governance Documents.

2.2 Lots. A "**Lot**" is a portion of the Property designated or that will be designated, as a separately identified lot or parcel of land in any recorded plat, which Lot may be independently owned and conveyed and is zoned or otherwise intended or designated for development, use, and occupancy as a Home. The term "**Lot**" does not include Common Area for purposes of this Declaration, even if Common Area is described as a separate lot on a recorded subdivision plat and was originally intended for construction of a Home, or any property dedicated to the public or the District. The term Lot refers to the land as well as to any Home on the Lot. A portion of the Property intended for development as one or more Lots shall be treated as a single Lot until a subdivision plat is recorded in the Records dividing such Property into more than one Lot. The creation and combination of Lots is governed by Section 6.5.

2.3 Common Area. "**Common Area**" is any and all portions of the Property (including any improvements thereon and related personal property and fixtures) that the Association owns or will own, or otherwise holds possessory or use rights, for the common use and enjoyment of some or all of the Members including, without limitation, any amenities, the private streets, major creeks or tributaries, throroughfare screening, and landscaping. Declarant may establish and convey Common Areas to the Association as provided in Article 9.

2.4 Other Properties. In addition to the property designations set forth above, the Community may include portions of the Property dedicated to the public or the District and property owned or controlled by other districts or another governmental or quasi-governmental entity (collectively "**Other Properties**"). Unless otherwise provided in this Declaration or any Supplement, any Other Properties shall be subject to the provisions of this Declaration, except to the extent that the applicability of such provisions is specifically limited to Lots; however, Other Properties shall not be subject to Assessment by the Association for Common Expenses and the owners of Other

Properties shall have no membership or voting rights in the Association by virtue of ownership of such Other Properties.

2.5 The District. The Community is located within the District, a special taxing district created to finance the construction of certain infrastructure improvements through the issuance of bonds payable in whole or in part from assessments equivalent to property taxes. The District's taxes and assessments are separate and in addition to the Assessments and any other taxes and assessments authorized by law.

2.6 Scope and Applicability of the Governance Documents; Compliance. The Community has been established and is administered pursuant to the Governance Documents, which have a legal and binding effect on all Owners and occupants of property within the Property. All Owners and occupants of Homes, as well as their tenants, guests and invitees, are required to comply with the Governance Documents. All Owners shall be held accountable and liable for their own actions and the actions of their tenants, guests and invitees, including any damage to Common Areas caused by such Persons.

2.7 Service Areas. Declarant, in a Supplement recorded in the Records may assign Lots to one or more Service Areas (by name or other identifying designation) as it deems appropriate, which Service Areas may be then existing or newly created, and may require that the Association provide benefits or services to such Lots in addition to those which the Association generally provides to the Community. Such benefits or services may include landscape maintenance. During the Development Period, Declarant may unilaterally amend any Supplement recorded to re-designate Service Area boundaries. All costs associated with the provision of services or benefits to a Service Area will be assessed against the Lots within the Service Area as a Service Area Assessment.

ARTICLE 3
DESCRIPTION OF THE ASSOCIATION AND VOTING RIGHTS

3.1 Purpose. The Association is responsible for administering the Property in accordance with the Governance Documents and is a means through which each Owner can participate in the governance and administration of the Property. Membership and voting rights are vested in the Owners to allow them to participate in the administration of the Property and to influence the outcome of major decisions. Throughout the Development Period, Declarant may adopt the Governance Documents, either in its capacity as Declarant or in the name of the Association.

3.2 Organization. The Association is a Texas nonprofit corporation created under the TBOC by the filing of the Certificate of Formation. The Association is charged with the duties and vested with the powers of a Texas nonprofit corporation. In addition, the Association will have such rights, duties and powers as set forth in the Certificate of Formation, the Bylaws, this Declaration, the TBOC and the Texas Property Code. The Association shall continue to exist until it is terminated in accordance with the TBOC.

3.3 Governance.

(a) The Association is governed by the Board, which facilitates the day-to-day management and operation of the Association. Except as the Governance Documents or TBOC specifically provide otherwise, the Board acts in all instances on behalf of the Association without

approval of the Members. The Board may exercise all rights and powers that the Governance Documents, TBOC and Texas Property Code expressly grant to it, as well as any rights and powers that may be reasonably implied under the Governance Documents. The Board may also take any action reasonably necessary to effectuate any such rights and powers.

(b) The Board of Directors will consist of at least three (3) persons elected at the annual meeting of the Association, or at a special meeting called for such purpose. Notwithstanding the foregoing provision or any provision in the Governance Documents to the contrary, Declarant will have the sole right to appoint and remove all members of the Board until the 10th anniversary of the date this Declaration is recorded in the Records. Not later than the 10th anniversary of the date this Declaration is recorded in the Records, or sooner as determined by Declarant, the Board shall hold a meeting of Members of the Association for the purpose of electing one-third of the Board (the "Initial Member Election Meeting"), which Board member(s) must be elected by Owners other than the Declarant. Declarant shall continue to have the sole right to appoint and remove two-thirds of the Board from and after the Initial Member Election Meeting until expiration or termination of the Development Period.

3.4 Membership.

(a) Owners as Members. Any Person automatically becomes a Member of the Association upon becoming an Owner. If more than one Person owns a Lot, then the vote for such Lot will be exercised by the Person that the Owner designates in writing to the Association. Membership rights of a legal entity may be exercised by any officer, director, partner, member or other individual that the Owner designates in writing to the Association. Membership is appurtenant to and runs with the ownership of a Lot. Membership may not be severed from the ownership of the Lot or transferred, pledged or mortgaged, except together with the title to such Lot. Membership of an Owner terminates upon such Owner's divestment of its Lot.

(b) Declarant as Member. Until termination or expiration of the Development Period, the Declarant shall be a Member of the Association and membership shall not be conditioned upon ownership of all or any portion of the Property.

(c) Consent to Electronic Meetings. By acquiring title to a Lot, each Owner consents to any meetings of the Association, in which such Owner is entitled to participate, being held in any manner permitted under the Bylaws.

3.5 Vote Allocation.

(a) Owners. Each Lot will be allocated one (1) vote to be exercised by the Owner of such Lot in accordance with Section 3.4 and the Bylaws. If a Lot is re-subdivided into two (2) or more Lots, each Lot resulting from the re-subdivision will be entitled to one vote, and each Lot will be subject to separate Assessments. If two (2) or more Lots are consolidated for any purpose including construction of a single residence thereon, then the Lot resulting from the consolidation will continue to be entitled to the number of votes and be subject to Assessments according to the number of original Lots contained in such consolidated Lot.

(b) Declarant. In addition to the votes to which Declarant is entitled by reason of Section 3.5(a), for every one (1) vote outstanding in favor of any Person or entity other than

Declarant, Declarant will have four (4) additional votes until the date Declarant no longer owns any portion of the Property.

ARTICLE 4
ASSOCIATION OPERATIONS

4.1 Rights and Powers of the Association. In addition to other rights set forth in this Declaration and the other Governance Documents, the Association, acting through the Board unless a vote of the Members is otherwise specified, will have all the rights of a Texas non-profit corporation, including the following rights and powers:

(a) Assessments. Levy and collect Assessments pursuant to Article 5 below.

(b) Recreational Facilities. Establish and impose reasonable membership requirements and charge reasonable use or other fees for any recreational facilities within the Property, and permit the use of recreational facilities by Persons other than Owners.

(c) Enforcement. Impose sanctions and take such other actions as the Board may deem necessary for violations of the Governance Documents. Such action by the Association shall be taken in accordance with, and subject to, applicable procedures set forth in the Governance Documents and applicable law, including Chapter 209 of the Texas Property Code. Sanctions and other actions that may be taken by the Association shall include all remedies available at law, in equity and/or under this Declaration, including the following:

(i) Suspend a Member's voting rights (except as prohibited by law).

(ii) Suspend an Owner's right to use the Common Areas, including any recreational facilities located thereon, provided that under no circumstance shall the Board restrict or limit ingress and egress to and from a Lot.

(iii) Suspend any services the Association provides to the Owner's Lot.

(iv) Impose reasonable monetary fines against an Owner, for each separate violation, which fine will constitute a lien upon the Owner's Lot until the fine is paid in full. If any occupant, tenant, guest or invitee of a Lot violates the Governance Documents and a fine is imposed, the fine may be assessed against either the violator or the Owner, provided that if the fine is first assessed against the violator but not paid within the time period set by the Board, the Owner shall pay the fine upon written notice from the Board.

(v) Require an Owner, at the Owner's expense, to remove or remedy any Improvement on the Owner's Lot in violation of the Governance Documents. If the Owner fails to remove or remedy such violation in the time required by the Board, the Association will have the right to enter upon the Lot and any Improvements thereon after twenty-four (24) hours written notice (or without notice in the case of an emergency) for the purpose of enforcing this Declaration or abating any violation of the Governance Documents, including the repair or maintenance of any Improvement. Such entry will be made by the Association without any liability to the Owner and will not be deemed a trespass. The expense incurred by the Association in connection with any such entry on a Lot and other actions to bring a Lot and any Improvements thereon into compliance with the Community Wide Standard or

other requirements under the Governance Documents will be a personal obligation of the Owner of such Lot, will be deemed an Individual Assessment against such Lot, will constitute a lien against such Lot and will be enforced in the same manner as for other Assessments under Article 5.

(vi) Require an Owner, at the Owner's expense, to reimburse the Association for any damage and resulting loss to the Common Areas arising from the conduct of the Owner or any occupant, tenant, guest or invitee. If the Owner fails to reimburse the Association in the time required by the Board, such reimbursement will be deemed an Individual Assessment against the Owner's Lot, will constitute a lien against the Lot and will be enforced in the same manner as for other Assessments under Article 5.

(vii) Exercise self-help or take action to abate any violation on the Common Area.

(viii) Preclude any contractor, subcontractor, agent, employee or invitee of an Owner who fails to comply with the provisions of Governance Documents, including Article 6 or Article 7 of this Declaration, from performing any further activities in the Property.

(ix) Commence and maintain actions and suits to (1) enforce, restrain and enjoin, by mandatory injunction, specific performance or otherwise, any violation or threatened violation of the Governance Documents and/or (2) recover monetary damages.

(x) Record a notice of any violation of the Governance Documents against the applicable Lot in the Records.

The decision to take any enforcement action under this Section 4.1(c) with respect to any particular matter (including deciding whether to file a lawsuit or take other legal action) will be made by the Board, on behalf of the Association; provided, however, that the Board shall not act in an arbitrary or capricious manner in any enforcement actions; and provided further, however, that under no circumstances will the Board or Association ever expend any of the Association's funds for the purpose of bringing suit against Declarant, its successors or assigns. The Board has no legal duty to institute litigation or any other proceeding on behalf of or in the name of the Association or the Members. A decision to not enforce a particular requirement of the Governance Documents shall not prevent the Association from enforcing the same requirement at a later time, and no Board member or officer or employee of the Association will be liable to any Owner for failure to enforce any of the Governance Documents at any time.

EACH OWNER SHALL INDEMNIFY, HOLD HARMLESS AND, UPON THE ELECTION OF THE BOARD, DEFEND THE ASSOCIATION, ITS DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES AND AGENTS FROM AND AGAINST ANY AND ALL LOSS, COSTS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION, INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEYS' FEES AND AMOUNTS PAID IN SETTLEMENT (COLLECTIVELY, "**CAUSES OF ACTION**") ARISING FROM OR IN CONNECTION WITH THE ASSOCIATION'S ACTIONS UNDER THIS SECTION 4.1(c), EXCEPT TO THE EXTENT SUCH CAUSES OF ACTION ARE CAUSED BY THE NEGLIGENCE OR WILLFUL MISCONDUCT OF THE ASSOCIATION.

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(d) Legal and Accounting Services. Retain and pay for legal, accounting and other professional services necessary for the proper operation of the Association.

(e) Construction. Construct new improvements or additions to existing improvements on the Common Areas.

(f) Contracts and Property Services. Enter into contracts on such terms as the Board may determine for services relating to operations of the Association or for the benefit of the Property, including contracts for water, gas, sewer, electricity, cable television, internet service, garbage removal, street cleaning and other services for all or any portions of the Property.

(g) Management Agent. Retain the services of a third party manager or agent (the "**Management Agent**") to manage and operate the Association, with the compensation and other contract terms for a Management Agent to be determined by the Board. The Board may delegate such powers as are necessary for the Management Agent to perform the Management Agent's assigned duties but shall not delegate policy-making authority or ultimate responsibility for the duties specifically assigned to the Board in the Governance Documents. The powers, duties and services delegated to the Management Agent may include, but are limited to (1) provide for the collection of Assessments and the enforcements of liens consistent with the terms of this Declaration, (2) provide for the care, upkeep, maintenance, repair and surveillance of the Common Maintenance Areas, (3) hire, dismiss and replace such personnel as may be required for the efficient operation of the Common Maintenance Areas, (4) enforce Rules, and (5) provide such other services (including tax, legal and accounting services) as the Board desires. The Board may employ Declarant or its affiliate as Management Agent. The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of the Management Agent which might arise between Board meetings.

(h) Transfer of Common Areas. Without limitation to the rights set forth in Section 9.8, sell or transfer all or any part of the Common Areas upon the affirmative vote of at least sixty-seven percent (67%) of the total number of votes of the Association, voting in person or by proxy at a meeting duly called for such purpose.

(i) Loans. Borrow money and encumber all or any part of the Common Areas in accordance with Section 5.12 and Section 9.8.

4.2 Common Areas. The Association shall operate and maintain the Common Areas in accordance with Article 9.

4.3 Insurance. The Association shall obtain and maintain in effect the following minimum insurance coverage, to the extent such insurance is reasonably available at a reasonable cost:

(a) Property Insurance. Blanket all-risk property insurance covering all insurable improvements on the Common Maintenance Area to the extent that the Association has assumed maintenance responsibility, and all Improvements owned by the Association.

(b) General Liability Insurance. Commercial general liability insurance covering bodily injury and property damage resulting from the operation and use of the Common Areas with limits of coverage deemed necessary or desirable by the Board.

(c) Directors and Officers Liability Insurance. Directors and officers liability insurance, errors and omissions insurance, indemnity bonds or other similar insurance covering the Association's Board members, officers, managers and committee members against liability for any act or omission in carrying out such party's duties in its applicable capacity, with limits of coverage deemed necessary or desirable by the Board.

In addition to the required insurance coverage set forth above, the Association may obtain and maintain any insurance policies and bonds deemed necessary or desirable by the Board for the benefit and protection of the Association, the Members, Board members, and officers, employees and agents of the Association.

If a loss under any insurance policy is due wholly or partly to an act or omission of an Owner or its invitee, the Board may require the Owner to reimburse the Association for the amount of any deductible that is attributable to such act or omission.

4.4 Books and Records. The Association shall prepare and maintain books, records and financial statements of the Association's affairs. The Association shall make copies of such books, records and financial statements, and copies of the Governance Documents, available for inspection by Members in accordance with the Bylaws and the requirements of the TBOC and Texas Property Code.

4.5 Services Provided by the Association. Without limiting the general right of the Association to enter into contracts under Section 4.1(f), the Association shall have the authority to enter into bulk service agreements at any time and from time to time. The Association may enter into bulk service agreements with any service providers chosen by the Board (including Declarant, and/or any entities in which Declarant, or the owners or partners of Declarant, are owners or participants either directly or indirectly). The bulk service agreements may be entered into on such terms and provisions as the Board may determine. The Association may, at its option and election, add the charges payable by such Owner benefiting from such bulk service agreements to the Assessments (Regular, Special, or Individual, as the case may be) against such Owner's Lot. The bulk service agreements may include such services as cable television, telecommunications, internet access, security monitoring, trash and recycling collection, utilities, landscape maintenance and pest control, and the Association will have no obligation to utilize any particular service provider.

Any Association contract for services may require Owners or occupants to enter into separate agreements with the service providers in order to obtain the specified services or to provide access to the Lot or Home. Such agreements may contain terms and conditions so that the services will be terminated or suspended upon a default of the Owner or occupant, provided that any such termination will not relieve the Owner of the continuing obligation to pay Assessments for the services that are assessed against the Lot.

The Board may discontinue offering particular services and may modify or cancel agreements for existing services, subject to the terms of the service agreement.

4.6 Actions and Decisions of the Board. Except as otherwise provided in the Governance Documents, any judgment, decision, consent, approval or action made, given or withheld by the Board in exercising its powers, authority or duties shall be made, given or withheld in the Board's sole and absolute discretion and shall be final so long as such judgment, decision or action is exercised in good

faith. The Association, its directors, and officers shall not be liable to any Person for any error in judgment or any action or inaction of the Board, except that nothing in this Section 4.6 shall relieve any Person of liability for gross negligence or willful misconduct.

4.7 Local Taxes. All Owners, including Declarant, are responsible for local taxes assessed against the Property and Lots owned by them. To the extent the Association does not qualify for an exemption from payment of local taxes, the Assocation is responsible for payment of local taxes assessed against the Common Areas owned by the Association.

ARTICLE 5
ASSESSMENTS AND ASSOCIATION FINANCES

5.1 Purpose. The Association will use Assessments to enhance and manage the Property, including the maintenance of improvements to, and operations of, real and personal property, management and operation of the Association, and any expense reasonably related to the purposes for which the Property was developed.

5.2 Obligation for Assessments.

(a) Commencement. Except as set forth in Section 5.2 (c) or this Section 5.2(a), Assessments on a Lot commence on the first day of the month following the date on which the Lot is made subject to this Declaration. With respect to a Lot that is considered exempt pursuant to Section 5.2(c) or this Section 5.2(a), Assessments on such Lot will commence on the first day of the month following the date on which the Lot loses its exempt status. During the Development Period, Declarant may, by written instrument signed by Declarant, (i) exempt certain Lots owned by certain Builders from the payment of Assessments while owned by such Builder or (ii) defer the commencement of Assessments with respect to certain Lots owned by certain Builders (in which case such Lots will have exempt status during the deferral period so long as the applicable Builder owns the applicable Lots).

(b) Personal Obligation. By accepting title to a Lot, each Owner covenants and agrees to pay all Assessments authorized in the Governance Documents. All Assessments, together with interest (computed from its due date at a rate of 10% per annum or such rate as the Board may establish, subject to the limitations of Texas law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Lot until paid in full, provided, an Owner shall not be liable for fees of a collection agent retained by the Association except as provided in Tex. Prop. Code §209.0064. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable for any Assessments and other charges due at the time of transfer.

The Board's failure to fix Assessment amounts or rates or to deliver an Owner an Assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay Assessments. In such event, each Owner shall continue to pay Assessments on the same basis as during the last year for which an Assessment was made, if any, until a new Assessment is levied, at which time the Association may retroactively assess any shortfall.

No Owner may exempt himself or herself from liability for Assessments by non-use of Common Areas, abandonment of his or her Lot, non-use of a service or otherwise. The obligation

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to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or otherwise.

(c) Exempt Property. The following portions of the Property shall be exempt from the payment of Assessments:

(i) All Common Areas;

(ii) All portions of the Property owned by Declarant or a Declarant Affiliate;

(iii) If Declarant so determines, any Lot or other portion of the Community that is unplatted or unimproved; and

(iv) Any portion of the Community owned by the District or dedicated to and accepted by any governmental authority or public utility.

In addition, Declarant or the Association may grant exemptions to certain Persons qualifying for tax exempt status under Section 501(c) of Internal Revenue Code.

5.3 Regular Annual Assessments. The amount of Regular Annual Assessments (as defined below) to be levied equally among all Lots subject to Assessments during the first year following the Effective Date shall be set at the discretion of the Board. Thereafter, prior to the beginning of each year, the Board will prepare a budget based on an estimate of the Common Expenses to be incurred by the Association during the coming year in performing its functions and exercising its powers under this Declaration, including, but not limited to, the cost of all management, repair and maintenance of Common Areas, the cost of providing street and other lighting, the cost of administering and enforcing the covenants and restrictions contained herein, and the cost of otherwise managing the Property for the general benefit of Owners, including a reasonable provision for contingencies, an appropriate operating reserve (at a level determined by the Board to be sufficient to cover the cost of operational or maintenance emergencies or contingencies) and an appropriate replacement reserve (at a level that anticipates scheduled replacement or major repair of Improvements for which the Association is responsible) (the "**Budget**"). The Association agrees to maintain a balance in the operating reserve fund to provide adequate funds for the projected costs of maintenance of the Common Maintenance Areas and removal of the amenities as determined by the City. The Budget will give due consideration to any expected income and any surplus from the prior year's funds. The total amount of expected expenditures set forth in the Budget will be allocated equally among all Lots subject to Assessments and will be levied as "**Regular Annual Assessments**" by the Board. All Regular Annual Assessments will be due and payable to the Association at the beginning of the year or during the year in equal semi-annual installments on or before the first day of January and July, or in such other manner as the Board may designate.

(a) Supplemental Increases to Regular Annual Assessments. If during the course of a year the Board determines that the Regular Annual Assessments are insufficient to cover the estimated Common Expenses for the remainder of the year, the Board may increase Regular Annual Assessments for the remainder of the year in an amount that covers the estimated deficiency.

5.4 Service Area Assessments. Prior to the beginning of each fiscal year, the Board will prepare a separate budget for each Service Area reflecting the estimated Service Area Expenses to be incurred by the Association in the coming year. The total amount of estimated Service Area Expenses for each Service Area will be allocated equally among all Lots in the benefited Service Area and will be levied as a Service Area Assessment. All amounts that the Association collects as Service Area Assessments will be held in trust for and expended solely for the benefit of the Service Area for which they were collected and will be accounted for separately from the Association's general funds.

5.5 Special Assessments. The Association may levy "**Special Assessments**" to cover Property expenses that are non-routine, unanticipated, or in excess of those anticipated in the Budget. Except as otherwise specifically provided in this Declaration, any Special Assessments for Property expenses shall be allocated equally among all Lots subject to Assessments. In addition, during the Development Period, any Special Assessments shall also be subject to Declarant's written consent. Special Assessments shall be payable in the manner and at the times as the Board determines and may be payable in installments extending beyond the year in which the Special Assessments are approved.

5.6 Notice of Budgets and Assessments; Budget Revisions. The Board shall provide a copy or summary of the Budget, together with notice of the amount of Regular Assessments to be levied pursuant to such budget to each Owner at least 30 days prior to the due date of the Assessments to be levied pursuant to such budget. The Board may revise the Budget any time (including if sums collected prove inadequate for any reason, including for nonpayment of any Assessment), subject to the same notice requirements set forth in this Section 5.5.

5.7 Individual Assessments. In addition to the Assessments set forth above, the Board may levy "**Individual Assessments**" against a Lot and its Owner for the following purposes:

(a) Interest, late charges, and collection costs of delinquent Assessments, each as determined by the Board, subject only to the maximum amounts permitted under applicable law;

(b) Reimbursement for costs incurred in bringing an Owner or his Lot into compliance with the Governance Documents; or for damage or loss caused by the acts of an Owner or occupant of a Lot, or their agents, contractors, employees, licensee, invitees or guests; or costs incurred for any damages and resulting loss to the Common Areas in accordance with Section 4.1(c)(vi), provided that the Board must give the Owner prior written notice and an opportunity for a hearing in accordance with the Bylaws;

(c) To cover fines for violations of the Governance Documents and costs incurred in bringing the Lot or Other Properties into compliance with the Governance Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Lot, their agents, contractors, employees, licensees, invitees or guests, provided that the Board shall give the Owner or Person responsible for maintenance of the Lot or Other Properties prior written notice and an opportunity for a hearing in accordance with the Bylaws before levying any Individual Assessment under this subsection (c);

(d) To cover transfer-related fees and Resale Certificate fees requested by an Owner in accordance with Section 6.19;

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(e) To cover the amount of any insurance deductible assessed against an Owner pursuant to Section 4.3;

(f) To cover the costs, including overhead and administrative costs, of providing services to a Lot upon an Owner's request pursuant to any menu of optional services that the Association may offer;

(g) To cover the charges for services provided to a Lot pursuant to any service agreement entered into by the Association; and

(h) To cover any other amounts that the Governance Documents authorize the Association to charge to a particular Owner or levy against a particular Lot.

Individual Assessments are due and payable to the Association on the date stated in the notice of Individual Assessment or, if no date is stated, within ten (10) days after notice of the Assessment is given.

5.8 Association Working Capital and Community Enhancement Fee.

(a) Working Capital Fee. Each Owner (other than Declarant and other exempt transferees) of a Lot will pay a one-time working capital fee (the "**Working Capital Fee**") to the Association. The initial Working Capital Fee shall be equal to $750 per Lot, which may be modified from time to time by the Board, with the advance written approval of the Declarant until expiration or termination of the Development Period, which modification will be effective upon recordation of a written instrument in the Records. In addition, until expiration or termination of the Development Period, the Declarant may unilaterally modify the Working Capital Fee which modification will be effective upon recordation of a written instrument in the Records. Except for transfers that are exempt under Section 5.7(b), each transferee of a Lot shall pay the Working Capital Fee at the time of the transfer of title. Declarant is not required to make contributions for any Lot owned or retained by Declarant or a Declarant Affiliate, or for any Lot for which the contribution was not collected at closing. The Working Capital Fee shall constitute an Assessment against the Lot being transferred and shall be secured by the Association's lien for Assessments under Section 5.13.

(b) Exempt Transfers. Notwithstanding the above, no Working Capital Fee shall be levied upon transfer of title to a Lot:

(i) to the Declarant or a Declarant Affiliate;

(ii) to a Builder who is acquiring the Lot solely for purposes of development and resale of the Lot;

(iii) to a Person who is assigned all or a portion of Declarant's rights as Declarant;

(iv) by a co-Owner to any Person who was a co-Owner with the transferor immediately prior to such transfer;

(v) to an Owner's estate, surviving spouse, or heirs at law upon the death of that Owner;

(vi) to an entity wholly owned by the transferring Owner or to a family trust created by that Owner for the benefit that Owner, his or her spouse, and/or heirs at law; provided, upon any subsequent transfer of an ownership or beneficial interest in such entity, the Working Capital Fee shall become due;

(vii) to a Mortgagee pursuant to the terms of its deed of trust or upon foreclosure of its deed of trust, and to the first purchaser of the Lot from such Mortgagee;

(viii) to a Person who purchased the Lot at the foreclosure sale upon foreclosure of a deed of trust held by a Mortgagee; or

(ix) under circumstances that the Board deems to warrant classification as an exempt transfer (e.g., a transfer made solely for estate planning purposes may be, but is not required to be, deemed exempt from payment of the Working Capital Fee).

(c) Community Enhancement Fee. Each Owner (other than Declarant and other exempt transferees) of a Lot will pay a one-time community enhancement fee (the "**Community Enhancement Fee**") to the Association. The Community Enhancement Fee may be used at the Board's sole discretion for enhancement of the Community including use for operating costs amd to fund an operating reserve fund. The initial Community Enhancement Fee shall be .15% of the sales price of the Home and Lot as shown on the HUD-1 settlement statement or similar closing statement for the sale of the Lot, which amount may be modified from time to time by the Board, with the advance written approval of the Declarant until expiration or termination of the Development Period, which modification will be effective upon recordation of a written instrument in the Records. In addition, until expiration or termination of the Development Period, the Declarant may unilaterally modify the Working Capital Fee which modification will be effective upon recordation of a written instrument in the Records. Each transferee of a Lot shall pay the Community Enhancement Fee at the time of the transfer of title. Transfers that are exempt from the Working Capital Fee under Section 5.7(b) shall also be exempt from the payment of the Community Enhancement Fee. Declarant is not required to make contributions for any Lot owned or retained by Declarant or a Declarant Affiliate, or for any Lot for which the contribution was not collected at closing. The Community Enhancement Fee shall constitute an Assessment against the Lot being transferred and shall be secured by the Association's lien for Assessments under Section 5.13.

(d) The Working Capital Fee and Community Enhancement Fee will be in addition to, not in lieu of, any other Assessments levied in accordance with this Article 5 and will not be considered an advance payment of such Assessments. The Declarant during the Development Period, and thereafter the Board, will have the power to waive the payment of any Working Capital Fee or Community Enhancement Fee attributable to a Lot (or all Lots) by the recordation of a waiver notice, which waiver may be temporary or permanent.

5.9 Use and Consumption Fees; City Fees. The Board may charge fees related to use and/or consumption to any Person using Association services or facilities and may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (e.g., Owners and non-Owners). The Working Capital Fee, Community Enhancement Fee and other fees described in this Section 5.8 are payable to the Association and are separate from, and in addition to, fees payable to the City pursuant to the Development Agreement.

5.10 Priority of Payments. Payments received from an Owner by the Association shall be applied to the amounts owed by such Owner in the following order of priority:

(a) First, to delinquent Assessments;

(b) Then, to any current Assessments;

(c) Then, to any attorneys' fees or third-party collection costs (to the extent permitted by law) incurred by the Association associated solely with Assessments or any other charge that could provide the basis for foreclosure;

(d) Then, to any other attorneys' fees incurred by the Association that the Association is entitled to charge to such Owner's account;

(e) Then, to any fines assessed by the Association against such Owner or the occupants of such Owner's Lot; and

(f) Then, to any other amount owed by such Owner to the Association.

Notwithstanding the above, if the Owner is in default under a payment plan entered into pursuant to Section 5.10 below at the time the Association receives a payment from such Owner, then the Association is not required to apply the payment in the order of priority specified herein, provided that a fine assessed by the Association may not be given priority over any other amount due.

5.11 Payment Plans.

(a) Eligibility for Payment Plan. An Owner who is delinquent in the payment of any Regular Annual Assessments, Service Area Assessments or Special Assessments, or any other amounts owed to the Association, including costs of collection incurred by the Association (collectively, an "**Assessment Delinquency**"), shall be entitled to enter into an installment payment plan with the Association providing for an alternative payment schedule by which the Owner may make partial payments to the Association for the Assessment Delinquency (each, a "**Payment Plan Agreement**"), except as provided below. Each such Payment Plan Agreement shall be in accordance with the terms of this Section 5.10 and the requirements of Section 209.0062 of the Texas Property Code.

Notwithstanding the foregoing, or any provision herein to the contrary, (i) an Owner shall be ineligible to pay his Assessment Delinquency under a Payment Plan Agreement if the Owner has failed to honor the terms of a previous Payment Plan Agreement with the Association and it has been less than two (2) years since the Owner's default under the previous Payment Plan Agreement, (ii) the Association is not required to allow a Payment Plan Agreement that allows a payment plan for any amount that extends more than eighteen (18) months from the date of the owner's request for a payment plan, and (iv) the Association is not required to allow an Owner to enter into a Payment Plan Agreement more than once in any twelve (12) month period or under any other circumstances as may be permitted by Texas law.

(b) Payment Plan Administrative Charges and Interest. In addition to the Assessment Delinquency, an Owner who enters into a Payment Plan Agreement shall be required to pay to the

Association reasonable costs associated with preparing the Payment Plan Agreement and administering the Owner's compliance with the Payment Plan Agreement (collectively, the "**Payment Plan Administrative Charges**"). An Owner who enters into a Payment Plan Agreement with the Association shall also be required to pay all interest due and payable on the Assessment Delinquency in accordance with applicable provisions of the Governance Documents, which interest shall continue to accrue on the Assessment Delinquency during the term of Payment Plan Agreement.

(c) Available Payment Plan Schedules. The Association has established three alternative installment payment plan schedules (each, a "**Repayment Schedule**"). Any Owner who is eligible to enter into a Payment Plan Agreement with the Association shall be entitled to select from any of the Repayment Schedules that the Owner qualifies for, which shall be based on the total amount of the Assessment Delinquency owed by the Owner at the time the Payment Plan Agreement is entered into. The three available Repayment Schedules are as follows:

(i) Six-Month Repayment Schedule: Any Owner who owes the Association an Assessment Delinquency totaling $600 or less shall be qualified to select the Six-Month Repayment Schedule. Under the Six-Month Repayment Schedule, the Owner shall pay the Assessment Delinquency, plus any Payment Plan Administrative Charges and accrued interest, in equal monthly installments over a period of six (6) months.

(ii) Twelve-Month Repayment Schedule: Any Owner who owes the Association an Assessment Delinquency totaling $601 - $1,200 shall be qualified to select either the Six-Month Repayment Schedule or the Twelve-Month Repayment Schedule. Under the Twelve-Month Repayment Schedule, the Owner shall pay the Assessment Delinquency, plus any Payment Plan Administrative Charges and accrued interest, in equal monthly installments over a period of twelve (12) months.

(iii) Eighteen-Month Repayment Schedule: Any Owner who owes the Association an Assessment Delinquency totaling $1,201 or more shall be qualified to select the Six-Month Repayment Schedule, the Twelve-Month Repayment Schedule or the Eighteen-Month Repayment Schedule. Under the Eighteen-Month Repayment Schedule, the Owner shall pay the Assessment Delinquency, plus any Payment Plan Administrative Charges and accrued interest, in equal monthly installments over a period of eighteen (18) months.

(d) Payment Plan Agreement. Each Payment Plan Agreement shall be evidenced in writing and executed by both the Owner and a duly authorized representative of the Association. The Payment Plan Agreement shall specify the total amount of Assessment Delinquency owed, the total amount of Payment Plan Administrative Charges and interest to be paid under the Payment Plan Agreement, and the term of the Repayment Schedule.

(e) Default of Payment Plan Agreement. Each payment due under any Payment Plan Agreement shall be due and payable on or before the first (1st) day of each month during the term of the Payment Plan Agreement. Time is of the essence with respect to payments under a Payment Plan Agreement and the obligation to pay each monthly payment on or before the first (1st) day of each month must be strictly complied with. If a monthly payment made pursuant to a Payment Plan Agreement is returned for insufficient funds and/or if a payment is received after the due day thereof, it shall constitute a material breach of the Payment Plan Agreement. In such event all unpaid amounts

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subject to the Payment Plan Agreement shall automatically, without any further notice from the Association, be accelerated and shall be immediately due and payable in full to the Association.

If an Owner fails to timely make a payment under a Payment Plan Agreement in sufficient funds, the Owner shall be considered in default of the Payment Plan Agreement until the Owner pays the full amount of the Assessment Delinquency, Payment Plan Administrative Charges and accrued interest subject to the Payment Plan Agreement to the Association (the "**Payment Plan Default Period**"). In addition, the defaulting Owner shall be liable for all costs of collection, including reasonable attorneys' fees, incurred by the Association to collect any remaining unpaid amounts subject to the Payment Plan Agreement, which shall be added to and included within the Assessment Delinquency that must be paid by the defaulting Owner to the Association under such Payment Plan Agreement. Any payments received by the Association from an Owner who is in default under a Payment Plan Agreement during a Payment Plan Default Period shall be applied to the Owner's debt or account in the following order of priority:

(i) any attorneys' fees or third party collection costs incurred by the Association in connection with collection of the Owner's debt;

(ii) any other fees and expenses reimbursable to the Association in connection with collection of the Owner's debt;

(iii) any late charges and interest due by the Owner;

(iv) any delinquent Assessment;

(v) any current Assessment;

(vi) any other amount owed to the Association (excluding fines); and

(vii) any fines assessed by the Association.

5.12 Declarant Subsidy. Declarant may, but is not obligated to, reduce the Assessments that would otherwise be levied against Lots for any year by payment of a subsidy. Any such subsidy may be treated as a contribution, an advance against future Assessments due from Declarant, if any, or a loan, as determined by Declarant. Any such subsidy and the characterization thereof shall be conspicuously disclosed as a line item in the income portion of the Budget. Payment of such subsidy in any year will not obligate Declarant to continue payment of any subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

5.13 Association's Right to Borrow Money. The Association may borrow money, subject to the consent of Owners of at least a majority of Lots, except that no such consent is required if the total amount of such borrowing together with all other debt incurred within the previous twelve (12) month period would not exceed twenty (20%) of the Association's budgeted gross expenses for that fiscal year as set forth in the Budget. The Association may encumber, mortgage, pledge or deed in trust any of its real or personal property, and may assign its right to future income, as security for money borrowed or debt incurred, subject to Section 9.8. This Section 5.12 does not apply to loans by Declarant or a Declarant Affiliate to the Association.

5.14 Lien for Assessments; Assignment of Rents.

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(a) Existence of Lien. The Association shall have a lien against each Lot to secure payment of Assessments, interest, late charges, and costs of collection (including reasonable attorneys' fees and expenses). Such lien shall be superior to all other liens except (i) the liens of all taxes, bonds, assessments and other levies which by Texas law are superior, and (ii) the lien or charge of any recorded Mortgage made in good faith and for value having priority over all other Mortgages on the Lot.

Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Lot the amount of the delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Association to execute and record any such document shall not affect the validity, enforceability or priority of the lien.

(b) Enforcement of Lien. The Association's lien may be foreclosed through judicial foreclosure proceedings, mediation ordered by a court pursuant to Sec. 154.028 of the Civil Practice and Remedies Code or, to the extent allowed by law, nonjudicial foreclosure proceedings in accordance with Tex. Prop. Code Section 51.002, as it may be amended, in like manner of any deed of trust on real property, after compliance with the procedures set forth in Chapters 51 and 209 of the Tex. Prop. Code, if applicable. In any foreclosure proceeding Owner shall be required to pay costs, expenses and reasonable attorney's fees incurred. Each Owner hereby grants to the Association a power of sale to be exercised in accordance with Tex. Prop. Code Section 51.002, as it may be amended. The Association shall not foreclose its lien if the debt secured by the lien consists solely of (i) fines or attorneys' fees associated with fines, (ii) charges related to the compilation, production or reproduction of information requested pursuant to the Owner's right to inspect the Association's books and records, or (iii) charges related to the cost of an election recount.

The Association may bid for the Lot at the foreclosure sale and acquire, hold, lease, mortgage and convey the Lot. While a Lot is owned by the Association following foreclosure, (i) no right to vote shall be exercised on the Lot's behalf; (ii) no Assessment shall be levied on the Lot; and (iii) each other Lot shall be charged, in addition to its usual Assessment, its pro rata share of the Assessment that would have been charged against such foreclosed Lot had it not been acquired by the Association.

The Association may sue an Owner or other Person for unpaid Assessments and other charges authorized in the Governance Documents without foreclosing or waiving the lien securing same, in addition to pursuing any and all remedies allowed by law to enforce the lien.

(c) Effect of Sale or Transfer. Sale or transfer of any Lot shall not affect the Assessment lien or relieve such Lot from the lien for any subsequent Assessments, except that a sale or transfer pursuant to a foreclosure of a first Mortgage shall extinguish the Association's lien for Assessments that became payable prior to such sale or transfer. A purchaser at a foreclosure sale or subsequent Owner of the foreclosed Lot shall not be personally liable for Assessments on such Lot due prior to such foreclosure. Such unpaid Assessments shall be a component of Common Expenses collectible from Owners of all Lots subject to Assessment, including such acquirer. Notwithstanding the foregoing, a foreclosure of a Lot shall not extinguish the Association's claim for unpaid Assessments against the former Owner of the Lot who was the Owner at the time such Assessments became payable.

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(d) Assignment of Rents. Every Owner hereby grants to the Association a continuing assignment of rents to secure the payment of Assessments to the Association. If Assessments or any other charges assessed to a Lot or an Owner of the Lot become delinquent during a period in which the Lot or any Improvement thereon is leased, the Association may direct the tenant to deliver rent to the Association for application of the delinquent account, provided the Association gives the Owner notice of the delinquency, a reasonable opportunity to cure the debt, and notice of the Owner's right to a hearing before the Board. The Association must account for all monies received from a tenant and must remit to the Owner any rents received in excess of the past-due amount. A tenant's delivery of rent to the Association under the authority hereby granted shall not be a breach of the tenant's lease with the Owner and shall not subject the tenant to penalties from the Owner.

ARTICLE 6
PROPERTY USE RESTRICTIONS AND COVENANTS

6.1 Purpose. This Article sets forth the basic standards regarding the use, occupancy and transfer of interests in Lots. This Article also provides the procedure by which the Rules may be expanded and modified over time to address the particular needs and desires of the Association and Community.

6.2 Residential and Related Uses. All Lots and Homes may be used and occupied solely for residential purposes (except with respect to construction, development, marketing and sales activities conducted by Declarant or a Builder) and no trade or business may be conducted on any Lot or from within any Home, except for business-related activities that comply with the following:

(a) Business activity not apparent or detectible by sight, sound or smell from outside the Home;

(b) The business activity complies with all applicable zoning laws, ordinances and regulations;

(c) The business activity does not utilize any employees or staff other than Persons residing in the Home and, subject to prior written approval by the Board, up to two (2) additional Persons;

(d) The business activity does not involve any visitation of the Home or other Improvements on the Lot by customers, clients or suppliers, or the door-to-door solicitation of the residents of the Community;

(e) The business activity does not involve an extraordinary or unreasonable number of deliveries to and from the Home, in the sole discretion of the Board; and

(f) The business activity does not constitute a nuisance, hazardous or offensive use, or threat to the security and safety of the residents in the Community.

The Board will determine whether a business activity satisfies or violates the requirements set forth in this Section 6.2. Additional rules and regulations for business activities on Lots and within Homes may be adopted and included in the Rules. Any uses or activities that are prohibited uses or activities as set forth in the Rules shall not be conducted on any Lot or from within any Home.

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6.3 Noise.

(a) Noise Limits. No noxious or offensive noise is permitted on any Lots. If any noise or nuisance emanates from any Improvement on any Lot, the Association may (but shall not be obligated to) enter any such Improvement and take such reasonable actions necessary to terminate such noise (including silencing any burglar or break-in alarm).

(b) No Exterior Speakers. No exterior speakers, horns, whistles, bells, or other sound devices (other than wind chimes and security devices used exclusively for security purposes) shall be located, used, or placed on any of the Property; provided, however, that, without limitation to section G-1 above, exterior speakers may be used for music provided that in no event may such speakers produce a sound in excess of 70 decibels during the hours of from 7:00 a.m. to 10:00 p.m. and 60 decibels from 10:01 p.m. to 6:59 a.m.

6.4 Pets.

(a) No Running At Large. Pets must be leashed at all times while not inside a dwelling on a Lot or within a fenced area on a Lot. An Owner may not allow a dog, fowl or other domestic or dangerous animal or reptile to run at large. The Association may restrict pets to certain areas on the Property.

(b) No Noisy Animals. No Owner may keep an animal that makes frequent or long, continued noise that is disturbing to Owners of other Lots.

(c) Enclosure Requirements. No Owner may keep an animal, bird or reptile in an enclosure unless the enclosure is:

(1) securely constructed;

(2) adequately sized for the kind and number of animals, birds or reptiles housed in the structure;

(3) maintained in a sanitary condition that does not allow flies to breed or cause an odor offensive to an Owner of any other Lot; and

(4) in compliance with the Rules and all other Governance Documents.

(d) Household Pets. No animals, including pigs, hogs, swine, poultry, fowl, wild animals, horses, cattle, sheep, goats, or any other type of animal not considered to be a domestic household pet within the ordinary meaning and interpretation of such words may be kept, maintained, or cared for on or within the Property (as used in this paragraph, the term "domestic household pet" shall not mean or include non-traditional pets such pot-bellied pigs, miniature horses, goats, exotic snakes or lizards, ferrets, monkeys, chickens or other exotic animals). The Board may conclusively determine, in its sole discretion, whether a particular pet is a domestic household pet within the ordinary meaning and interpretation of such words, and any such approved household pets, together with dogs and cats shall be collectively referred to as "approved pets." No Owner may keep more than a total of two (2) approved pets. No animal may be stabled, maintained, kept, cared for, or boarded for hire or remuneration on the Property, and no kennels or breeding operation will be allowed. All pet waste will be removed and appropriately disposed of by the owner of the pet. All

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pets must be registered, licensed and inoculated as required by applicable law. If, in the opinion of the Board, any pet becomes a source of unreasonable annoyance to others, or the owner of the pet fails or refuses to comply with these restrictions, the Owner, upon written notice, may be required to remove the pet from the Property.

6.5 Hazardous Activities. No activities may be conducted on or within the Property and no Improvements constructed on any portion of the Property which, in the opinion of the Board, are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms or fireworks may be discharged upon any portion of the Property unless discharged in conjunction with an event approved in advance by the Board and no open fires may be lighted or permitted except within safe and well-designed fireplaces or in contained barbecue units while attended and in use for cooking purposes. No portion of the Property may be used for the takeoff, storage, or landing of aircraft (including, without limitation, helicopters) except for medical emergencies. Except in the case of commercial use approved by the Board, use of drones is prohibited.

6.6 Mining and Drilling. Except as approved by the Board (or the Declarant during the Development Period), no portion of the Property may be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate, or earth. This provision will not be construed to prevent the excavation of rocks, stones, sand, gravel, aggregate, or earth or the storage of such material for use as fill provided that such activities are conducted in conjunction with the construction of Improvements and/or the development of the Property by the Declarant.

6.7 Trash.

(a) Rubbish and Debris. As determined by the Board, no rubbish or debris of any kind may be placed or permitted to accumulate on or within the Property, and no odors will be permitted to arise therefrom so as to render all or any portion of the Property unsanitary, unsightly, offensive, or detrimental to any other property or residents in the Community. Refuse, garbage, and trash must be kept at all times in covered containers, and such containers must be kept within enclosed structures or appropriately screened from view.

(b) Trash Containers. Trash containers and recycling bins must be stored in one of the following locations:

(1) inside the garage of the Home constructed on the Lot; or

(2) behind the Home or fence constructed on the Lot in such a manner that the trash container and recycling bin is not visible from any street, alley, or adjacent Lot.

The Board shall have the right to specify additional locations on each Owner's Lot in which trash containers or recycling bins must be stored. Trash containers and recycling bins may be moved to the curb only after 6:00 am on the day of garbage pick-up and shall be returned to the storage location by 10:00 pm on the same day.

6.8 Lot Maintenance

(a) General Lot Maintenance. The Owners of each Lot shall jointly and severally have the duty and responsibility, at their sole cost and expense, to keep those yard areas within their Lot in good condition and repair and in a well-maintained, safe, clean and attractive condition at all times. The Board, in its sole discretion, shall determine whether a violation of the maintenance obligations set forth in this Section has occurred. Such maintenance includes, but is not limited to the following which shall be performed in a timely manner, as determined by the Board in its sole discretion:

(1) Prompt removal of all litter, trash, refuse, and wastes;

(2) Lawn mowing;

(3) Tree and shrub pruning;

(4) Watering;

(5) Keeping exterior lighting and mechanical facilities in working order;

(6) Keeping lawn and garden areas of their Lot alive, free of weeds, and attractive;

(7) Keeping driveways in good repair and sidewalks and driveways reasonably swept clean;

(9) Repainting of Improvements; and

(10) Repair of exterior damage, and wear and tear to Improvements.

6.9 Landscaping. Each Owner will be responsible for maintaining, mowing, replacing, pruning, and irrigating the landscaping their Lot. As part of the installation and maintenance of landscaping on an Owner's Lot, an Owner may install drought tolerant landscaping ("**xeriscaping**").

6.10 Antennas.

(a) Permitted Antennas. No exterior radio or television antennae or aerial or satellite dish or disc, shall be erected, maintained or placed on a Lot without the prior written approval of the Reviewer; provided, however, that the following will be permitted subject to reasonable requirements (such as to location, screening, appearance and size in order to minimize obtrusiveness as viewed from streets and property adjacent to an Owner's Lot) as may be adopted by Reviewer consistent with applicable law that do not, except as otherwise may be permitted by applicable law, (1) unreasonably delay or prevent installation, maintenance or use, (2) unreasonably increase the cost of installation, maintenance or use, or (3) preclude reception of an acceptable quality signal (the following being collectively referred to herein as the "**Permitted Antennas**"):

(1) an antenna designed to receive direct broadcast services, including direct-to-home satellite services, that is one (1) meter or less in diameter; or

(2) an antenna designed to receive video programming services via multipoint distribution services, including multi-channel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one (1) meter or less in diameter or diagonal measurement; or

(3) an antenna that is designed to receive television or radio broadcast signals.

(b) Location of Permitted Antennas. A Permitted Antenna may be installed solely on the Owner's Lot and shall not encroach upon any street, Common Area, or any other portion of the Property. A Permitted Antenna shall be installed in a location on the Lot from which an acceptable quality signal can be obtained and where least visible from the street and the Property, other than the Lot. In order of preference, the locations of a Permitted Antenna which generally will be considered least visible by the Reviewer are as follows:

(1) Attached to the back of the Home constructed on the Lot, with no part of the Permitted Antenna any higher than the lowest point of the roofline and screened from view of adjacent Lots and the street; then

(2) Attached to the side of the Home constructed on the Lot, with no part of the Permitted Antenna any higher than the lowest point of the roofline and screened from view of adjacent Lots and the street.

6.11 Signs. Unless otherwise prohibited by applicable law, no sign of any kind may be displayed to the public view on any Lot without the prior written approval of the Reviewer, except for:

(a) signs which are permitted pursuant to the Design Guidelines, the Rules or elsewhere in the Governance Documents;

(b) signs which are part of Declarant's overall marketing, sale, or construction plans or activities for the Property;

(c) one (1) temporary "For Sale" sign placed on the Lot that complies with the following: (a) the sign will be limited to a maximum face area of five (5) square feet on each visible side and, if free standing, is mounted on a single or frame post, (b) the overall height of the sign from finished grade at the spot where the sign is located may not exceed four (4) feet, and (c) the sign must be removed within two (2) business days following the sale of the Lot;

(d) political signs may be erected provided the sign: (a) is erected no earlier than the 90th day before the date of the election to which the sign relates; (b) is removed no later than the 10th day after the date of the election to which the sign relates; and (c) is ground-mounted. Only one sign may be erected for each candidate or ballot item. In addition, signs which include any of the components or characteristics described in Section 202.009(c) of the Texas Property Code are prohibited;

(e) permits as may be required by legal proceedings or a governmental entity; and

(f) a "no soliciting" and "security warning" sign near or on the front door to dwelling on a Lot, provided, that the sign may not exceed twenty-five (25) square inches.

Notwithstanding the foregoing, the Declarant during the Development Period and the Board after the Development Period may permit Builders to maintain certain signs within the Community in accordance with signage guidelines adopted by Declarant during the Development Period or the Board

after the Development Period ("**Builder Signs**"). The type, size, appearance and location of any Builder Signs shall require the prior written approval of Declarant if during the Development Period, or the Board if after the Development Period.

6.12 Swimming Pools; Spas; Hot Tubs: Tanks. Swimming pools, spas, and hot tubs shall be permitted only within fenced areas located on a Lot. The Reviewer must approve any tank used or proposed in connection with a Lot, including tanks for storage of fuel, water, oil, or liquefied petroleum gases, and including swimming pool filter tanks. No elevated tanks of any kind may be erected, placed or permitted on any Lot without the advance written approval of the Reviewer. All permitted tanks must be screened from view in accordance with a screening plan approved in advance by the Reviewer. This provision will not apply to a tank used to operate a standard residential gas grill.

6.13 Temporary Structures. No tent, shack, metal storage shed, dog house, gazebo, workshop or other temporary building, improvement, or structure (collectively, the "temporary structures") shall be placed upon the Property without the prior written approval of the Reviewer; provided, however, that temporary structures necessary for storage of tools and equipment, and for office space for Builders, architects, and foremen during actual construction may be maintained with the prior approval of Declarant, approval to include the nature, size, duration, and location of such structure. The Reviewer shall not approve any temporary structure more than six (6) feet high. Temporary structures are prohibited between a home and a street or outside of fenced areas.

6.14 Unsightly Items; Vehicles; Garage Doors. No article deemed to be unsightly by the Board will be permitted to remain on any Lot so as to be visible from adjoining property or from public or private streets. Without limiting the generality of the foregoing, trailers, graders, trucks other than pickups, boats, tractors, campers, wagons, buses, motorcycles, motor scooters, all-terrain vehicles and garden and lawn maintenance equipment must be kept at all times except when in actual use, in enclosed structures or screened from view and no repair or maintenance work may be done on any of the foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages or other structures. Service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household fabrics must be appropriately screened from view, and no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials, scrap, refuse or trash may be kept, stored, or allowed to accumulate on any portion of the Property except within enclosed structures or appropriately screened from view. No: (i) racing vehicles; or (ii) other vehicles (including, without limitation, motorcycles or motor scooters) which are inoperable or do not have a current license tag will be permitted to remain visible on any Lot or to be parked on any roadway within the Property. Motorcycles shall be operated in a quiet manner. The Declarant and Board shall have the right to restrict parking of vehicles on the roadways.

No more than two (2) vehicles of any type may be parked outside of an enclosed garage on a Lot, however if the driveway only accommodates one (1) vehicle, only one (1) vehicle may be parked outside. Owners are strongly encouraged not to park on any road or street in the Property except (a) in the event of an emergency, or (b) for temporary, parking by persons visiting a Lot, and provided temporary parking on roads or streets for more than three (3) days shall require the written approval of the Board.

Parking of commercial vehicles or equipment, recreational vehicles, boats and other watercraft, trailers, stored vehicles or inoperable vehicles in places other than: (a) in enclosed garages; and (b) behind a fence so as to not be visible from any other portion of the Property is prohibited;

provided however, (i) construction, service and delivery vehicles may be exempt from this provision for such period of time as is reasonably necessary to provide service or to make a delivery to a residence, and (ii) parking of recreational vehicles for no more than 24 hours during a week is permitted.

Mobile homes are prohibited, except that sales trailers or other temporary structures installed by the Declarant or expressly approved by the Reviewer shall be permitted.

Except as reasonably required for vehicular or pedestrian access, garage doors shall remain fully closed at all times.

6.15 Basketball Goals; Sport Courts; Playscapes. Permanent basketball goals may be approved by the Reviewer following a modification request by Owner, provided the location is approved and the goal is not attached to the surface of the Home. The following are prohibited:

(a) portable basketball goals and other sports goals; and

(b) tennis, recreational or sport court or playscapes or similar recreational facilities.

6.16 Decorations and Lighting. Except as otherwise expressly permitted by the Rules, the Design Guidelines or other Governance Documents, no decorative appurtenances such as sculptures, birdbaths and birdhouses, fountains, or other decorative embellishments shall be placed on the residence or on the front yard or on any other portion of a Lot which is visible from any street, unless such specific items have been approved in writing by the Reviewer. Customary seasonal decorations for holidays are permitted without approval by the Reviewer, but shall be removed within thirty (30) days of the applicable holiday. Outside lighting fixtures on a Lot shall be placed so as to illuminate only the yard of the applicable Lot and so as not to affect or reflect into surrounding residences or yards. No mercury vapor, sodium or halogen light shall be installed on any Lot which is visible from any street unless otherwise approved by the Reviewer.

6.17 Clotheslines; Window Air Conditioners. No clotheslines and no outdoor clothes drying or hanging shall be permitted within the Property, nor shall anything be hung, painted or displayed on the outside of the windows (or inside, if visible from the outside) or placed on the outside walls or outside surfaces of doors of any of Improvement on a Lot, and no awnings, canopies or shutters (except for those heretofore or hereinafter installed by Declarant or a Builder) shall be affixed or placed upon the exterior walls or roofs of residences, or any part thereof, nor relocated or extended, without the prior written consent of the Reviewer. Window air conditioners are prohibited.

6.18 Leasing.

(a) Homes. The leasing of any Home by an Owner (other than Declarant) is subject to the following requirements: The Home must be leased in its entirety; the leasing of separate rooms, floors or other areas within the Home is prohibited.

(i) The leasing of multiple Homes by (i) a single Owner, (ii) two or more Owners related by blood, adoption or marriage, (iii) Owners with a common ownership interest, or (iv) a group of Owners under the control or direction of a single Owner, is prohibited, provided that this subsection does not restrict a Mortgagee from leasing multiple

Homes upon taking title to such Homes following foreclosure or acceptance of a deed in lieu of foreclosure.

(ii) Signs advertising the Home for rent or lease are prohibited (unless approved by the Reviewer in advance and in writing).

(iii) All leases must be in writing and provide for a minimum initial term of at least six (6) months. The Home may not be subleased nor may the lease be assigned during the initial term. If the lease is terminated after the tenant has taken occupancy and prior to the expiration of a six month initial term, the Owner may not enter into a new lease with a term commencing prior to the date on which the original six month term would have expired without the prior written approval of the Board.

(iv) All leases must include a provision that all tenants and occupants of the leased Home are bound by and obligated to comply with the Governance Document. The Governance Documents will apply to the leased Home and the tenants and occupants regardless of whether such provision is included in the lease.

(v) Within three (3) business days of a lease being signed for a Home, the Owner shall notify the Association of the lease, the names of the tenants including their phone numbers and e-mail addresses, and provide an alternate mailing address for the Owner, a copy of the lease (provided that any sensitive information may be redacted) and any additional information the Board may reasonably require.

(b) Improvements other than Homes. No Owner (other than Declarant) may lease or advertise for lease any Improvement on a Lot other than a Home without the Board's prior written consent. If the Board provides an Owner (other than Declarant) with consent for the leasing of an Improvement on a Lot other than a Home, the leasing of such Improvement by the Owner must comply with all requirements for the leasing of a Home as set forth in Subsections 6.3(a)(i)-(vi) above.

6.19. Transfer of Title and Resale Certificates. Any Owner (other than Declarant or a Declarant Affiliate) desiring to sell or otherwise transfer title to such Owner's Lot and/or Home shall notify the Association's secretary in writing at least seven (7) days prior to a scheduled sale and provide the name and address of the purchaser, the date of title transfer, and other information the Board may reasonably require. Within three (3) business days following the transfer of a Lot and/or Home to a new Owner other than Declarant, Declarant Affiliate or a Builder, such new Owner shall provide the Association's secretary with (i) written notice of the name, address, e-mail address and phone number for the new Owner and all adult residents, the date the title transfer occurred, and other information the Board may reasonably require; and (ii) the name and address of any Mortgagee.

No Owner shall transfer title to a Lot unless and until the Owner has requested and obtained a resale certificate signed by a representative of the Association as described in Section 207.003(b) of the Texas Property Code (a "**Resale Certificate**") indicating (a) all Assessments (or installments thereof) and other charges against the Lot, including any Working Capital Fees, due and payable through the date of the Resale Certificate have been paid in full, (b) there are no violations of the Governance Documents that have not either been cured or waived in writing by the Association, and (c) all other matters described in Section 207.003(b) of the Texas Property Code.

In the manner and to the extent required by Section 207.003 of the Texas Property Code, the Association shall deliver a Resale Certificate, along with a current copy of the Governance Documents, within 10 business days after the Association's receipt of a written request from an Owner, an Owner's agent, a purchaser of a Lot and/or Home or the purchaser's agent, or a title insurance company or its agent acting on behalf of the Owner or purchaser of a Lot and/or Home. If the Resale Certificate indicates any known conditions on the Lot that violate the Governance Documents, or any amounts due and unpaid to the Association on account of the Lot, then the Owner shall cure any such violations and pay any such amounts prior to transfer of title and, upon doing so, may request an update to the Resale Certificate to reflect such action.

In the manner and to the extent required by Section 207.003 of the Texas Property Code, within 7 business days after the Association's receipt of a written request for an updated Resale Certificate, which request for an update complies with Section 207.003(g) of the Texas Property Code, the Association shall deliver an updated Resale Certificate containing the matters described in Section 207.003(f) of the Texas Property Code.

The Association may charge a reasonable fee to prepare, assemble, copy and deliver a Resale Certificate and accompanying information and any update to a Resale Certificate. The Resale Certificate shall be binding upon the Association as to Persons who rely thereon in good faith.

6.20 Subdivision and Combination of Lots. Until the expiration of the Development Period, the platting, replatting, subdivision and combination of any Lots by any Owner other than Declarant must be approved by Declarant. After expiration of the Development Period, the platting, replatting, subdivision and combination of any Lots must be approved by the Board. Any such action approved by the Board will be effective only upon recording the plat or other legal instrument reflecting such action.

6.21 Owner Insurance. Each Owner shall be required to maintain insurance on the Improvements located upon such Owner's Lot, including fire and extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for Improvements similar in construction, location and use. Such insurance policies shall be for the full insurable value of the Improvements constructed upon each Lot, shall contain extended coverage and replacement costs endorsements, if reasonably available, and shall also, if reasonably available, contain vandalism and malicious mischief coverage, special form endorsement, a stipulated amount clause and a determinable cash adjustment clause.

(a) Insurance Claims. In the event of damage to or destruction of any portion of an Owner's Lot or any Improvements located thereon, or in the event of any injury to an Owner or any invitee of an Owner, such Owner (other than Declarant) shall file all available insurance claims and take all necessary steps to recover all insurance proceeds available from such claims prior to seeking recovery of any damages or seeking any other Causes of Action against the Declarant, the Association, or their respective affiliates, directors, officers, employees, representatives, agents and assigns. Even if such damage, destruction or injury is caused by the Declarant, the Association, or any of their respective affiliates, directors, officers, employees, representatives, agents and assigns, such parties will only be liable to such Owner or any invitee of such Owner, if at all, to the extent the Owner's insurance proceeds are insufficient to cover the costs of repair or reconstruction.

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(b) Failure to Obtain Insurance. IF, FOR ANY REASON, AN OWNER FAILS TO OBTAIN AND KEEP IN FORCE ANY OR ALL OF THE INSURANCE POLICIES REQUIRED OF OWNER UNDER THIS SECTION 6.21 OR ANYWHERE ELSE IN THE GOVERNANCE DOCUMENTS, OWNER SHALL INDEMNIFY AND HOLD HARMLESS THE DECLARANT, THE ASSOCIATION, AND EACH OF THEIR RESPECTIVE AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS AND ASSIGNS FROM AND AGAINST ANY LOSS INCURRED WHICH WOULD HAVE BEEN COVERED BY THE INSURANCE OWNER FAILED TO OBTAIN AND/OR KEEP IN FORCE. If Owner fails to comply with its insurance requirements contained in this Section 6.21, Declarant and/or the Association may, at their option, purchase insurance on such Owner's behalf and require Owner, on demand, to reimburse Declarant and/or the Association (as applicable) for all costs incurred in procuring such insurance, plus interest on such amounts from the date such costs were incurred, such interest to accrue at the maximum permissible legal rate.

6.22 Restoration. In the event of any fire or other casualty to a Lot or the Improvement thereon, the Owner shall promptly repair, restore and replace any damaged or destroyed structures to their same exterior condition existing prior to the damage or destruction thereof. Such repair, restoration or replacement shall be commenced and completed in a good and workmanlike manner using exterior materials identical (or, if unavailable, substantially similar) to those originally used in the structures damaged or destroyed. To the extent that the Owner fails to commence such repair, restoration or replacement of substantial or total damage or destruction within thirty (30) days after the occurrence of such damage or destruction, and thereafter prosecute same to completion, or if the Owner does not clean up any debris resulting from any damage within thirty (30) days after the occurrence of such damage, the Association may commence, complete or effect such repair, restoration, replacement or clean-up, and the Owner shall be personally liable to the Association for the cost of such work; provided, however, that if the Owner is prohibited or delayed by law, regulation or administrative or public body or tribunal from commencing such repair, restoration, replacement or clean-up, the rights of the Association under this Section 6.22 shall not arise until the expiration of thirty (30) days after such prohibition or delay is removed. If the Owner fails to pay such cost upon demand by the Association, the cost thereof (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, than at the rate of one and one-half percent (1-1/2%) per month) shall be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot shall be secured by the liens reserved in this Declaration and may be collected by any means provided in this Declaration for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s). EACH OWNER SHALL INDEMNIFY AND HOLD HARMLESS THE ASSOCIATION, AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY CAUSES OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 6.21, EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE ASSOCIATION'S NEGLIGENCE OR WILLFUL MISCONDUCT.

6.23 Mechanic's and Materialmen's Lien. Each Owner whose Lot and/or Improvement is repaired, restored, replaced or cleaned up by the Association pursuant to the rights granted under this Article 6, hereby grants to the Association a mechanic's and materialmen's lien for the reasonable cost of such repair, restoration, or replacement of the damaged or destroyed Improvement to the extent that the cost of such repair, restoration or replacement exceeds any insurance proceeds allocable to such repair, restoration or replacement and delivered to the Association. Upon request by the Board

and before the commencement of any reconstruction, repair, restoration or replacement, Owner shall execute all documents sufficient to effectuate such mechanic's and materialmen's lien in favor of the Association.

6.24 Rulemaking Authority and Procedures. The Rules are set forth in the Records and on the Association website (if any), and are available from the Association upon request. Subject to the limitations set forth below, the Rules may be amended from time to time as set forth in Section 15.2.

Rules shall comply with the following requirements:

(a) No Rule shall interfere with the activities carried on within a Home, except that the Association may prohibit activities not normally associated with residential property. The Association may also prohibit activities that (i) create monetary costs for the Association or other Owners, (ii) create a danger to any Person's health or safety, (iii) generate excessive smell, noise or traffic, (iv) create unsightly conditions visible from outside the Home or (v) are an unreasonable source of annoyance.

(b) No Rule may unreasonably interfere with Declarant's ability to develop, market and sell property in the Community. During the Development Period, no Rule shall be applicable to Declarant.

(c) No Rule may unreasonably interfere with the exercise of any easement.

By accepting title to a Lot, each Owner acknowledges and agrees that (i) the use, enjoyment and marketability of such Owner's Lot is limited and affected by the Rules, which may change from time to time, and (ii) enforcement of the Rules is solely the responsibility of the Association and the City has no responsibility to enforce or the Rules.

6.25 Notice. The Board shall send notice to all Owners or publish notice in a Community newsletter or on a Community intranet or website concerning any Rule change proposed at least five business days prior to the meeting at which such action is to be considered. At any such meeting, Owners shall have reasonable opportunity to be heard before the proposed Rule change is put to a vote.

6.26 Effective Date. A Rules change under this Article 6 shall be reflected in an amendment to the then current version of the Rules executed by the Declarant or the Association, or both, as applicable, and recorded in the Records. Any such amendments shall take effect upon recording or 30 days after the date on which written notice of the Rules change is given to the Owners, whichever is later.

ARTICLE 7
ARCHITECTURAL REVIEW

7.1 Purpose. The Community derives its unique character from compatible architectural styles and from the cooperation of all Builders and Owners in upholding minimum design, landscaping and aesthetic standards. This Article 7 (a) creates rights to regulate the improvement, design, use and appearance of Lots, Homes and other Improvements in order to preserve and enhance the Community's value and Declarant's architectural vision for the Community, and (b) explains how design, landscaping and aesthetic standards are established, applied and maintained.

7.2 General. All site work, landscaping, structures, improvements, additions, alterations, modifications and items placed on a Lot (collectively, "**Improvements**") are subject to (a) standards for design, development, landscaping, and aesthetics adopted in the Design Guidelines and (b) the approval procedures set forth in this Article 7, as further governed by Tex. Prop. Code Chapter 202. The minimum square footage requirements for each residence constructed on a Lot may be set forth in the Design Guidelines. The Reviewer has the right, but not the duty, to evaluate every aspect of the Improvements that may affect the general value or appearance of the Community. An Owner is not permitted to begin construction or modification of Improvements without the Reviewer's prior written approval, except as may be permitted by this Article 7.

No prior approval is necessary to repaint the exterior of existing Improvements using the most recently approved color scheme for such Improvement or in a color scheme approved in the Design Guidelines, or to rebuild or restore any damaged Improvements in a manner consistent with the plans and specifications most recently approved for such Improvements. Generally, no approval is required to modify, alter, repair, decorate, redecorate, or improve the interior of an Improvement; however, modifications to the interior of screened porches, patios and any other portions of an Improvement visible from any other portion of the Property do require prior approval.

Approval under this Declaration is not a substitute for any approvals or reviews required by any municipality or other governmental entities. This Article shall not apply to Declarant's design and construction activities during the Development Period.

7.3 Reviewer.

(a) Architectural Review Authority. For purposes of this Article 7, the entity having jurisdiction in a particular case pursuant to Sections 7.3(b) or 7.3(c) below may be referred to as the "**Reviewer**."

(b) Declarant. Until (i) expiration of the Development Period or (ii) designation of Declarant's rights under this Article 7, the Reviewer is Declarant, provided that Declarant may designate any or all of its rights under this Article 7 to one or more Persons or to a committee comprised of Persons Declarant deems appropriate, including an ACC as provided in Section 7.3(c) below, provided that such delegation (i) must be in writing, (ii) must specify the scope of responsibilities designated, (iii) is subject to revocation by Declarant at any time, at which time Declarant reassumes its prior authority, and (iv) is subject to Declarant's right to veto any decision by its designee that Declarant determines to be inappropriate or inadvisable. During the Development Period, neither the Association, the Board, the ACC, nor a committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of any Improvements, except pursuant to a designation by Declarant in accordance with this Section 7.3(b).

(c) Architectural Control Committee. Upon the expiration of the Development Period or upon any delegation of authority by Declarant pursuant to Section 7.3(b) above, the Board shall appoint an Architectural Control Committee (the "**ACC**") to assume jurisdiction over matters within the scope of this Article 7. The ACC must consist of at least three, but not more than seven, Persons who shall serve, and may be removed and replaced, in the Board's discretion. ACC members need not be Owners or representatives of Owners and may (but need not) be professionals such as architects or engineers. The Association may compensate ACC members in such manner and amount, if any, as the Board may determine appropriate.

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(d) Reviewer Discretion. The Reviewer exercises complete discretion with respect to taste, design, and all standards specified by this Declaration or by the Design Guidelines. The Reviewer may vary its interpretation and enforcement of construction specifications and use restrictions based, in part, on a Lot's location or visibility. If the Reviewer is Declarant, it may act solely in its self-interest and owes no duty to any other Person or organization in reviewing and acting on any application for approval or request for a variance.

(E) LIMITATION ON LIABILITY. THE REVIEWER IS NOT RESPONSIBLE FOR, AND WILL NOT BE LIABLE TO ANY OWNER OR TO ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR INJURY ARISING OUT OF PERFORMANCE OF THE REVIEWER'S DUTIES UNDER THIS DECLARATION, INCLUDING THOSE RELATED TO (i) ERRORS IN OR OMISSIONS FROM THE PLANS AND SPECIFICATIONS SUBMITTED TO THE REVIEWER; (ii) SUPERVISING CONSTRUCTION FOR THE OWNER'S COMPLIANCE WITH APPROVED PLANS AND SPECIFICATIONS; (iii) COMPLIANCE OF THE OWNER'S PLANS AND SPECIFICATIONS WITH GOVERNMENTAL CODES AND ORDINANCES AND STATE AND FEDERAL LAWS, OR (iv) ANY CONSTRUCTION DEFECT IN IMPROVEMENTS, UNLESS SUCH LOSS, DAMAGE OR INJURY IS DUE TO THE WILLFUL MISCONDUCT OR BAD FAITH OF THE REVIEWER OR ANY INDIVIDUAL ACTING ON ITS BEHALF.

(f) The Declarant, the Association, the ACC, the Board, their respective officers, any committee, and members of any of the foregoing shall not be liable for: (i) soil conditions, drainage, or other general site work on the Lots; (ii) any defects in plans revised or approved hereunder; (iii) any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not the Declarant has approved or featured such contractor as a Builder; (iv) any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on, or modifications to, any Lot, or (v) any violation of the Rules or Design Guidelines by any Owners or any other Person. In all matters arising under this Article, the Association shall defend and indemnify the Board, the ACC, and the members of each, as provided in the Bylaws.

7.4 Application Process.

(a) Applications. Construction plans and specifications (or, when an Owner desires solely to re-subdivide or consolidate Lots, a proposal for such re-subdivision or consolidation) must be submitted to the Reviewer in accordance with the Design Guidelines or any additional rules adopted by the Reviewer, together with any review fee that is imposed by the Reviewer in accordance with Section 7.4(f). No re-subdivision or consolidation will be made, nor any Improvement placed, modified or allowed on any Lot, until the plans and specifications have been approved in writing by the Reviewer. The Reviewer may postpone its review of any plans and specifications submitted for approval pending receipt of any information or materials which the Reviewer, in its sole discretion, may require.

(b) Reviewer Response. The Reviewer shall make a determination on each application by notifying the applicant in writing within 30 days following the Reviewer's receipt of a completed application with all required information and any additional information or materials requested by Reviewer; however, for any Reviewer determination subject to Declarant's veto right under Section 7.3(b) above or Section 7.7(c) below, the Reviewer shall notify the applicant in writing of the final

determination within 45 days after its receipt of the completed application and any additional information or materials requested. The Reviewer may (i) approve the application with or without conditions, (ii) approve only a portion of the application and disapprove the other portion or (iii) disapprove the application. Notice of the Reviewer's determination shall be deemed given when it is deposited in the United States mail (or upon delivery if delivered by hand, facsimile or electronic transmission). The Reviewer may refuse to approve plans and specifications for proposed Improvements, or for the re-subdivision or consolidation of any Lot, on any grounds that, in the sole and absolute discretion of the Reviewer, are deemed sufficient, including but not limited to purely aesthetic grounds. If the Reviewer fails to respond to a submission within the applicable time period set forth in this Section 7.4(b), then applicant shall provide Reviewer with written notice and a ten (10) day cure period. If Reviewer fails to respond within the ten (10) day cure period, the submitted plans and specifications will be deemed approved. No approval, whether expressly granted or deemed granted, shall be inconsistent with the Design Guidelines unless a written variance has been granted pursuant to Section 7.4(c) below.

(c) Variances. The Reviewer may grant a variance or waiver of a restriction or rule in the Design Guidelines on a case-by-case basis when circumstances dictate, and may limit or condition its grant of a variance. To be effective, a variance or waiver must be in writing and signed by the Reviewer. Approval of a variance or waiver may not be deemed, implied or presumed under any other circumstance.

(d) No Waiver. Reviewer approval of any plans and specifications or granting of a variance will not be deemed to constitute a waiver of any right to withhold approval of plans and specifications or deny a variance with respect to any other matter, subsequently or additionally submitted to the Reviewer, by the same or by a different Person, nor will such approval or grant be deemed to establish a precedent for future approvals by the Reviewer.

(e) Relationship with Municipal Approvals and Requirements. If the application is for work that requires any permit or permits from a governmental body, the Reviewer's approval is automatically and implicitly conditioned on the issuance of the appropriate permit(s), which must be obtained by the Owner at the Owner's sole cost. The Reviewer's approval of plans and specifications does not mean that the plans and specifications comply with any requirements of the governmental body. Alternatively, issuance of a building permit does not ensure Reviewer approval. In no event shall the Reviewer have an obligation to apply for or obtain any permit or permits from a governmental body in connection with an Owner's Improvements. During the Development Period, no Owner (other than Declarant) shall submit a request with respect to any portion of the Property for rezoning or for an amendment, variance or modification to any plan or agreement with regard to the Property approved by the District or any other governmental body, without the express written consent of Declarant.

(f) Fees. The Reviewer may establish and charge reasonable fees for its review of applications and may require that such fees be paid in advance. Such fees may also include reasonable costs incurred in having professionals review any application and/or conduct a final inspection of the Improvements for compliance with approved plans.

(g) Damage Deposit. If the Owner's work requires access to the Common Areas, the Board shall have the right to require the Owner to deposit in escrow with the Association (in addition to any other deposits which may be required by the Owner so long as such additional deposit is not prohibited by law) a damage deposit. Said deposit may be used by the Association to repair any

damage to the Common Areas resulting from acts or omission by the Owner or its contractors (as determined in the sole discretion of the Board). If the deposit is insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of Members, levy a Special Assessment against the Lot.

7.4 Design Guidelines. The initial Design Guidelines are being recorded in the Records, on or about the date hereof, but, notwithstanding anything to the contrary contained in this Declaration, are subject to amendment as provided in this Section 7.5 and Section 15.2. The Design Guidelines may contain general provisions applicable to the Property, as a whole, as well as specific provisions that vary among uses or locations within the Property. The Design Guidelines are intended to provide guidance to Owners and contractors regarding matters of particular concern to the Reviewer. The Design Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Design Guidelines does not guarantee approval of plans and specifications.

Declarant's right to amend the Design Guidelines during the Development Period as set forth in Section 15.2 shall continue even if it delegates its reviewing authority, unless Declarant also delegates in writing its power to amend the Design Guidelines. Upon termination or delegation of Declarant's right to amend the Design Guidelines, the ACC may amend the Design Guidelines with the Board's prior written consent.

Amendments to the Design Guidelines shall apply prospectively only. There shall be no limitation on the scope of amendments to the Design Guidelines, and such amendments may eliminate requirements previously imposed or otherwise make the Design Guidelines less restrictive. Any amendment to the Design Guidelines shall be effective upon recordation in the Records.

In the event of any conflict between the terms and provisions of the Design Guidelines and the terms and provisions of this Declaration, the terms and provisions of this Declaration will control.

7.5 Completion of Construction. As part of any approval or variance, the Reviewer may require that construction commence within a specified time period. If construction does not commence within the required period, the approval or variance will expire, and the Owner must reapply for approval before commencing any construction activities. Once construction is commenced, it must be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer, in its sole discretion, grants an extension in writing.

Upon completion of all Improvements for which approval has been granted, the applicant shall notify the Reviewer in writing that construction is complete. The Reviewer may conduct an inspection within 30 days thereafter and notify the applicant in writing as to any deviations or deficiencies noted from the approved plans and specifications. If deviations or deficiencies are noted, the applicant shall promptly take such action as the Reviewer has specified in such notice to conform the Improvements to the approved plans and specifications.

7.6 Role of Declarant.

(a) Declarant Improvements. Any clearing, construction or modification of Improvements by Declarant (or, during the Development Period, the Association) are not subject to Reviewer approval and are hereby deemed approved.

(b) Declarant Specifications. Upon any delegation of authority by Declarant pursuant to Section 7.3(b) above, Declarant may identify to such Declarant designee (including the ACC), certain locations, uses, or modifications that must not be approved by such designee without the prior written approval of Declarant, to prevent a potentially adverse effect on the value or marketing of vacant Lots and new Homes on the Property. By way of example, Declarant may require heightened requirements for improved Lots near a subdivision entrance or near a model home.

(c) Veto Right. Any Declarant designee (including the ACC) shall notify Declarant in writing of their decision at least seven (7) days prior to taking any action (i.e., approval, partial approval or disapproval) under this Article 7, and include a copy of the application and any additional information Declarant may require. Declarant shall then have five (5) days after receipt of such notice to veto any such action by written notice to such designee, and in the event of such veto, the Declarant designee (including the ACC) shall veto the action.

7.7 Insurance as Prerequisite to Commencement of Construction. Prior to commencing any construction on a Lot, an Owner shall (i) obtain and maintain all insurance required under this Declaration together with any additional insurance as may be reasonably required by the Reviewer in light of the circumstances of the construction to be performed and (ii) provide the Reviewer with evidence of such insurance.

ARTICLE 8
MAINTENANCE, REPAIR, AND REPLACEMENT

8.1 Maintenance of Lots. Each Owner shall maintain its Lot, including all Improvements on the Lot, in a manner consistent with the Governance Documents and Community Wide Standard, unless such maintenance responsibility is otherwise assumed by the Association.

Each Owner shall be responsible for maintaining and irrigating the landscaping within that portion of any public right-of-way within ten (10) feet of the Lot boundary. However, Owners may not remove trees, shrubs, similar vegetation, or other improvements from this area without prior approval pursuant to Article 7.

8.2 Maintenance of Other Properties. The District or any other entity which owns or has responsibility for Other Properties, shall maintain such Other Properties in a manner consistent with the Governance Documents and the Community Wide Standard.

The Association may assume maintenance responsibility for any of the Property (in addition to the Common Area), including, without limitation, the front yard of a Lot containing a Home leased by its Owner, upon the Board's determination that the level and quality of maintenance then being provided is not consistent with the Community Wide Standard. The Association may assess the cost of such maintenance against the benefited property as an Individual Assessment pursuant to Section 5.6. The Association need not treat all similarly situated Lots the same.

8.3 Responsibility for Repair and Replacement. Unless otherwise specifically provided in the Governance Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance of Property and Improvements shall include responsibility for repair and replacement necessary to maintain the Property and Improvements to a level consistent with the Community Wide Standard.

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Any entity which owns Other Properties shall carry property insurance for the full replacement cost of all insurable improvements on such Other Properties, less a reasonable deductible.

8.4 Maintenance and Repair of Party Walls and Similar Structures.

(a) Original Construction. Each wall, fence, driveway, or similar structure built as part of the original construction on Lots that serves and/or separates any two or more adjoining Lots, shall be considered a "**Party Structure**." Except as may otherwise be provided in any applicable Supplement, if any necessary maintenance, repair or replacement of a Party Structure affects both sides of the structure, it shall be the joint responsibility of the Owners of the Lots served or separated by the Party Structure and either Owner may perform the necessary maintenance or repair and, within thirty (30) days after receipt of written evidence of the total cost incurred, the other Owner(s) shall reimburse the Owner who has incurred such cost for an equal share of the reasonable cost incurred in performing such maintenance or repair.

Notwithstanding the above or anything to the contrary in this Declaration, if maintenance or repair to a Party Structure is necessitated by the conduct of the Owners, occupants or guests of only one of the Lots that share such Party Structure, then the Owner of such Lot shall be responsible for the necessary maintenance or repairs, and all related costs.

The right to and the obligation of contribution for Party Structures, as provided in this Section 8.4, shall be appurtenant to the Lot and shall pass to such Owner's successor-in-title.

Any dispute concerning a Party Structure shall be subject to the provisions of Article 12.

(b) Fence Additions. If an Owner installs, constructs, or erects a fence on the common boundary line between such Owner's Lot and an adjacent Lot, and the Owner of the adjacent Lot thereafter attaches another section of fence to it or otherwise makes use of such fence for the purpose of enclosing all or a portion of the adjacent Lot, then the fence shall become a Party Structure for the purpose of each Owner's responsibility for contributing to the maintenance, repair and replacement of the fence. However, nothing herein shall confer any ownership interest in or right to remove any fence on the Owner of the adjacent Lot.

(c) Failure to Maintain. In the event that the Owners who share a Party Structure fail to provide necessary maintenance or repairs to a Party Structure within ten (10) days after the date of written notice from the Association advising of the need for such maintenance or repairs, the Association shall have the right to provide the necessary maintenance or repairs and assess the costs incurred against the responsible Owners and their Lots.

8.5 Removal of Trash. Each Owner shall be responsible, on a daily basis, for removing all trash which may accumulate in connection with any work, construction, alterations, repairs or replacements or other activities on the Property for which such Owner is responsible.

ARTICLE 9
COMMON AREAS

9.1 Introduction. One of the Association's primary functions is maintaining and operating property and facilities for the common benefit of the Owners and residents of the Property. This

Article 9 establishes the Association's obligation to maintain, operate, and restore the property that Declarant designates as Common Area, for the benefit of the Community.

9.2 Acceptance and Control of Association Property.

(a) Transfers and Conveyances by Declarant. Declarant and its designees may transfer or convey to the Association interests in real and personal property within or for the benefit of the Community, and the Association shall accept such transfers and conveyances. Such property may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests. Such property, upon conveyance to and acceptance by the Association, shall thereafter be designated as Common Area, subject to any restrictions set forth in the deed, plat or other instrument transferring or conveying the Common Area to the Association.

Upon Declarant's written request during the Development Period, the Association shall re-convey to Declarant, or any Declarant Affiliate or Builder, any unimproved real property that Declarant, Declarant Affiliate or Builder, as applicable, originally conveyed to the Association, to the extent conveyed in error or needed to make minor adjustments in property lines or to accommodate changes in the development plan for the Community.

Declarant may also transfer and assign to the Association any continuing obligations and responsibilities under development agreements or conditions of development approval relating to the Property, including any obligation to post or maintain maintenance bonds on improvements within public rights-of-way or portions of the Common Area. The Association shall accept, assume, and fulfill all the obligations and responsibilities that Declarant assigns to the Association.

(b) Expansion of Facilities by Association. The Association, with the consent of Declarant during the Development Period, may contract with owners of recreational and social facilities outside of the Property to obtain use privileges in the facilities for Owners and occupants of Homes in exchange for use fees that will be assessed as a Common Expense.

(c) Management and Control. The Association is responsible for the management, operation, and control of the Common Area, subject to any covenants set forth in the deed, plat or other instrument transferring the property to the Association. The Association may enter into leases, licenses or operating agreements with respect to portions of the Common Area, for payment or no payment, as the Board deems appropriate. The Association may permit use of Common Area facilities by Persons other than Owners and occupants of Homes and may charge use fees for the same in such amount as the Board may establish.

9.3 Common Maintenance Area.

(a) The Association shall maintain the Common Maintenance Area in accordance with the Ordinance and the Community Wide Standard. The Common Maintenance Area includes, but is not limited to, the following:

(i) the Common Area and all Improvements thereon;

(ii) any private streets and alleys within the Property, if any, that serve two or more Lots, to the extent such streets or alleys are not the responsibility of the District or any governmental

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or quasi-governmental body, or are not maintained to the Community Wide Standard by the responsible party;

(iii) landscaping, street furniture (i.e., benches, trash cans, etc.), community identification, directional and traffic signage, and street lights installed within public rights-of-way and public parks within or abutting the Property, to the extent that the same are not the responsibility of the District or any governmental or quasi-governmental body, or the Owner of the adjacent property, or are not maintained in the Community Wide Standard by the responsible party;

(iv) such portions of any Additional Property as may be directed by Declarant, this Declaration, any Supplement, any Covenant to Share Cost, or any covenant or agreement for maintenance entered into by, or otherwise binding on, the Association; and

(v) any property and facilities that Declarant owns and makes available, on a temporary or permanent basis, for the use and enjoyment of the Association and the Members, which property and facilities will remain part of the Common Maintenance Area and be maintained by the Association until Declarant revokes such privilege of use and enjoyment by notice to the Association.

(b) The City has no obligation to maintain the Common Maintenance Areas. In no event shall the City be liable to the Association, Declarant, or Owners, or their respective heirs, executors, administrators, devisees, personal representatives, successors or assigns for damages or injuries (including death) and or liability related to or occurring within the Common Maintenance Areas, including without limitation, the private streets, amenities, major creeks or tributaries, throroughfare screening, and landscaping. EACH OWNER SHALL INDEMNIFY AND HOLD HARMLESS THE CITY FROM AND AGAINST ANY AND ALL CAUSES OF ACTION (AS DEFINED IN SECTION 4.1(c)) ARISING FROM OR RELATED TO THE COMMON MAINTENANCE AREAS.

The Association may maintain other property that the Association does not own, including, without limitation, Lots, or property dedicated to the public, if the Board determines that such maintenance is necessary or desirable to maintain the Community Wide Standard. The Association shall not be liable for any damage or injury resulting from the conditions of property maintained but not owned by the Association under this paragraph, except to the extent the Association is grossly negligent in performing its maintenance responsibilities.

The Association shall specifically be authorized to enter into agreements with the District, Collin County, the City of Celina or an other similar entity, other associations and other owners of property in or near the Community for the sharing of maintenance responsibility and/or costs associated with any property or services that the Board deems to benefit the Association.

If the Association fails to properly perform its maintenance obligations under Section 9.3(a) at any time during the Development Period, the Declarant may, upon not less than ten (10) days written notice and opportunity to cure such failure, cause such maintenance to be performed, in which event the Association shall promptly reimburse Declarant for the costs incurred.

(c) If the Association violates any provision of the Ordinance or fails to maintain, replace or repair the Common Maintenance Area as required by the Ordinance, and such failure continues for a period of thirty (30) days following written notice from the City to the Association specifying

such failure, the City or its lawful agents shall have the right and authority, following written notice to the Association, to perform the responsibilities of the Association and the Association shall promptly reimburse the City for all costs incurred by the City in performing such responsibilities. If the Association fails to reimburse such costs to the City within thirty (30) days following written notice from the City, the City shall have the right to unilaterally levy a Special Assessment for such costs against all of the Owners pursuant to Section 5.5, and to avail itself to any other enforcement rights or remedies against the Owners and/or Association available to the City pursuant to the state law, the Ordinance or other City regulations. The Special Assessment shall constitute a lien, in favor of the City, upon the Property for which the Special Assessment is made.

9.4 Discontinuation of Operation. The Association shall maintain the Common Area facilities in continuous operation (subject to seasonal closures, permitted private events, maintenance and repair) unless (i) during the Development Period, Declarant determines to discontinue operation of such facilities and obtains the City's consent in writing, or (ii) after the Development Period, Owners representing 75% of the total votes in the Association, consent in writing to discontinue such operation and obtain the City's consent in writing. This Section 9.4 shall not restrict the Board's ability to establish reasonable operating hours and other Rules for Common Area facilities (which may vary by season) and shall not preclude temporary closures or interruptions in operation as the Board may determine appropriate to perform cleaning, maintenance and/or repairs.

9.5 Restoring Damaged Improvements. In the event of damage to or destruction of any portion of the Common Maintenance Area for which the Association has insurance responsibility, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially its condition prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

The Association shall repair or reconstruct damaged Common Area facilities unless:

(a) repair or reconstruction would be illegal under any state or local statute or ordinance governing health or safety; or

(b) Declarant, during the Development Period, and Owners entitled to cast at least 75% of the total votes in the Association, decide within 60 days after the loss not to repair or reconstruct the damaged Common Area facilities. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60 day period, then the period shall be extended until such funds or information are available. No Mortgagee shall have the right to participate in determining whether the damage or destruction to the Common Area shall be repaired or reconstructed, except that nothing herein shall limit the contractual rights of any holder of a deed of trust encumbering the Common Area to participate in such determination under the terms of such deed of trust or any security agreement referenced therein.

If a decision is made not to restore the damaged Common Area facilities and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive condition consistent with the Community Wide Standard.

The Association shall retain and place in a capital improvements account for the benefit of all Owners, any insurance proceeds remaining after paying the costs of repair or

reconstruction or after such settlement as is necessary and appropriate. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot. This paragraph shall in no event be interpreted to require the Association to procure or maintain insurance on an Owner's Lot or any Improvements located thereon.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of Members, levy Special Assessments or Individual Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 5.4.

9.6 Relationships with Other Properties. Declarant may prepare, execute and record a document creating a covenant to share costs obligating the Association to share costs of maintaining and operating certain mutually beneficial properties, and/or providing certain mutually beneficial services, as described in such document (a "**Covenant to Share Costs**"). Any Covenant to Share Costs may obligate the Association to provide maintenance and other services to such mutually beneficial properties and may authorize the Association to collect a specified portion of the costs it incurs from the owners of such other properties or any owners association having jurisdiction over such properties. In addition, the Association may contract with other entities, including Declarant, Collin County, the District, any owners association, or the owner of any neighboring property, to provide for sharing of costs and responsibilities associated with (a) maintenance and operation of mutually beneficial properties or facilities, or (b) provision of mutually beneficial services.

9.7 Condemnation.

If any part of the Common Area is taken by any authority having the power of condemnation or eminent domain, or conveyed by the Association in lieu of and under threat of condemnation with such approval as may be required under Section 9.8, such award or proceeds shall be payable to the Association to be disbursed as follows:

If the taking or conveyance involves a portion of the Common Area on which Improvements have been constructed, the Association shall restore or replace such Improvements on the remaining land included in the Common Area to the extent funds are available, with such construction to be in accordance with plans approved by the Board; or

If the taking or conveyance does not involve any Improvement on the Common Area, if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be treated in the same manner as proceeds from the sale of Common Area under Section 9.8.

9.8 Transfer, Mortgaging or Dedication of Common Area.

The Association may transfer, convey or dedicate portions of the Common Area to the District, any governmental entity, quasi-governmental entity, utility company or similar entity, as follows:

(a) upon request of the Declarant pursuant to Section 9.2 or Article 10;

(b) upon the written direction of the Board and the Declarant during the Development Period; or

(c) upon the written direction of at least 67% of the total votes in the Association and the Declarant during the Development Period.

The Association may encumber, mortgage, pledge or deed in trust any Common Area as security for money borrowed or debt incurred in order to improve the Common Area.

The proceeds from the sale or mortgaging of Common Area shall be an asset of the Association to be used as the Board determines.

No conveyance or encumbrance of Common Area may deprive any Lot of rights of access or support.

ARTICLE 10
DEVELOPMENT OF THE COMMUNITY

10.1 Purpose; General. Declarant has established the vision for the Community, and an integral part of the development of the Community is Declarant's ability to facilitate all facets of the development, operation, administration and sale of the Property. Declarant's plans for the development of the Community are dynamic in nature, and, subject to the terms of this Declaration, may be modified from time to time during the Development Period. Therefore, the Declarant has reserved various rights in the Governance Documents, including those set forth in this Article 10.

10.2 Annexation of Land by Declarant. From time to time during the Development Period, Declarant may elect to add land to the Property to the Declaration (subject only to the approval of the owner of such property to the extent same is not owned by Declarant). Such annexation of land shall be evidenced by the recording of a supplement to this Declaration in the Records ("**Supplement**"), which Supplement may impose additional covenants, conditions and restrictions that are not imposed by this Declaration. Any election to annex land to the Property under this Section 10.2 will be made at Declarant's sole option, and Declarant has no duty or obligation to annex land to this Declaration. The Declarant's right to annex land to the Property under this Section 10.2 expires upon the termination or expiration of the Development Period.

10.3 Annexation of Land by the Association. After termination or expiration of the Development Period, the Association may elect to annex land to the Property by subjecting the Additional Property, or any portion thereof, as well as any other property (upon the approval of the owner of such property), to this Declaration upon the affirmative vote of at least sixty-seven percent (67%) of the total number of votes of the Association. Such annexation of land shall be evidenced by the recording of a Supplement, which Supplement may impose additional covenants, conditions and restrictions that are not imposed by this Declaration.

10.4 Withdrawal of Property. At any time and from time to time during the Development Period, Declarant may elect to withdraw portions of the Property from the Property and the coverage of this Declaration by the filing of a withdrawal notice in the Records. Any election to withdraw portions of the Property from the Property under this Section 10.4 will not require the consent of any Person except for (a) the Owner of such Property if the Owner is not the Declarant, and (b) the Association if the Property constitutes any portion of the Common Area that has previously been conveyed to the Association.

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10.5 Additional Covenants and Easements. Any Supplement that the Declarant records may impose additional covenants and easements on the Property described in such Supplement, including square footage restrictions and other requirements of any Improvements. Such provisions may be included in a Supplement submitting new property to the Declaration or may be set forth in a separate Supplement applicable to property previously submitted to the Declaration. If someone other than the Declarant owns the Property then the Supplement must be signed by such owner evidencing such owner's consent. Any Supplement may add to, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the Property described in the Supplement, in order to reflect the different character and intended use of such property.

A Supplement shall be effective upon recording in the Records unless otherwise specified in the Supplement. On the effective date of the Supplement, any property described in such Supplement shall be subject to this Declaration including being assigned voting rights in the Association and assessed in accordance with the provisions of this Declaration.

10.6 Special Development Rights of Declarant. In order to facilitate Declarant's development, operation, administration and sale of the Property, Declarant reserves the rights set forth in this Section 10.6. These rights are in addition to all other rights of Declarant in this Declaration and the other Governance Documents. Nothing contained in this Article shall be construed to create any obligations for Declarant, nor shall Declarant be prohibited from developing the Property in any particular manner, unless expressly stated. During the Development Period, Declarant reserves the right to:

(a) Create Lots and Common Areas.

(b) Subdivide or combine any Lots owned by Declarant to create larger or smaller Lots and Common Areas.

(c) Adjust the boundary lines and re-plat any of the Common Areas, and any Lots owned by Declarant.

(d) Grant permits, licenses and easements over, on and under the Property for utilities, roads and other purposes necessary for the proper development and operation of the Property.

(e) In the name of Declarant or the Association, enter into contracts for the installation, operation, management, and maintenance of utility service within the Property as Declarant deems appropriate.

(f) Construct, install, remove, or modify any Improvements on the Property. This right to construct and install Improvements includes the right to maintain construction trailers, tools and equipment on any portion of the Property owned by Declarant.

(g) Make repairs or correct any condition on any Lot owned by Declarant, or the Common Area.

(h) Sell or lease any Lot owned by Declarant.

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(i) Construct, use, and maintain upon the Common Area, Lots and any other portion of the Property owned by Declarant any facilities related to the development of the Property and/or sale of Lots, including business offices, sales offices, model homes, and, information centers, as well as any signs, flags and other displays. Declarant may also hold or sponsor any special events within the Community for sales or marketing related events. The rights described in this Section 10.6(i) shall specifically include the right of Declarant or, as authorized by Declarant, any Builder to use Common Area facilities at no charge and to restrict use or access to such facilities by the Association, its Members and others when use is related to marketing, sales, development or operation of the Community.

(j) Modify the development plan for the Property as desired by Declarant.

(k) Take enforcement actions on behalf of the Association.

10.7 Additional Covenants, Conditions and Restrictions. During the Development Period, no Person other than Declarant may record any additional covenants, conditions and/or restrictions affecting any portion of the Property without Declarant's prior written approval. Any instrument recorded without the required consent shall be void and of no force and effect.

10.8 Right to Notice of Design or Construction Claims.

Neither the Association, any Owner, nor any other Person shall initiate the dispute resolution procedures under Article 12, nor retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Property in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless the Declarant and any Builder involved in the design or construction have been first notified in writing, by certified mail, and given an opportunity to meet with the Association and/or the Owner of any affected Lot to discuss the concerns, conduct their own inspection, and take action to remedy any problem in accordance with this Section 10.8. Any notice to the Declarant under this Section 10.8 shall include a description of the alleged defect in design or construction ("**Defect**"), a description of any damage suffered as a result of the Defect, the date on which the Defect was discovered, and dates and times during ordinary business hours that the Declarant may meet with the Owner or the affected Lot or representative of the Association to conduct an inspection.

Nothing in this Section 10.8 shall obligate the Declarant or a Builder to inspect, repair, replace, or cure any alleged Defect. However, if the Declarant elects to repair any Defect, it will so notify the Association (if the Defect involves Common Area) or the Owner of the affected Lot (if the Defect is in a Lot) within 30 days after conducting such inspection and the Association or Owner shall permit the Declarant, its contractors, subcontractors, and agency access as needed during ordinary business hours to make such repairs which, once begun, shall be completed within a reasonable time, subject to the nature of the repair and unforeseen circumstances.

In the event there is any dispute as to the adequacy of the proposed repairs to resolve the problem or as to whether repairs that the Declarant, its contractors, or subcontractors have performed have remedied the Defect, the parties shall appoint a third-party inspector who is knowledgeable and experienced in construction of the type at issue to inspect the Defect and make a determination as to whether any proposed solution is adequate as to whether the Defect has been remedied, and the costs of appointing such third-party inspector shall be shared equally among the parties. The Association,

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the Declarant, and the Owner of the affected Lot agree to accept and abide by the decision of any inspector selected in accordance with this paragraph.

If the Association or any Owner fails to comply with this Article 10, in addition to any other rights or remedies of Declarant, neither the Declarant nor any Declarant Affiliate shall be liable for any general, special, or consequential damages, costs, or diminution in value that might have been avoided had the Declarant been given the notice and opportunity to repair described in this Section 10.8.

10.9 Decisions of the Declarant. Except as otherwise provided in the Governance Documents, any judgment, decision, consent, approval or action made, given or withheld by the Declarant in exercising its powers, authority or duties shall be made, given or withheld in the Declarant's sole and absolute discretion.

ARTICLE 11
EASEMENTS

11.1 Common Area Grant. Declarant hereby grants to each Owner a right and non-exclusive easement of use, access and enjoyment in and to the Common Area and the improvements thereon, subject to all other rights, easements and limitations set forth in this Declaration, the Governance Documents or the Rules. An Owner may extend its right of use and enjoyment of the Common Area to the members of the Owner's family and the Owner's guests and tenants, subject to the terms of this Declaration, including the Rules. An Owner who leases its Home is deemed to have assigned the Owner's rights under this paragraph to the Owner's tenant for the duration of the lease.

11.2 Right of Ingress and Egress. Declarant hereby reserves for itself and its agents, employees and designees an easement for ingress and egress over and the right of access to the Common Area to the extent necessary to use the Common Area as may be required or reasonably desirable (as determined by Declarant) in connection with the development, construction, operation, administration and sale of the Property.

11.3 Reserved and Specific Easements. All dedications, limitations, restrictions and reservations shown on any plat and all grants and dedications of easements, rights-of-way, restrictions and related rights made by Declarant prior to the Property becoming subject to this Declaration are incorporated herein by reference and made a part of this Declaration for all purposes as if fully set forth herein, and will be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant. Declarant also reserves the non-exclusive right and power to grant such specific easements as Declarant deems necessary to develop the Community. Declarant reserves the right to relocate, make changes in, and additions to, easements, rights-of-way, dedications, limitations, reservations and grants for the purpose of most efficiently and economically developing the Community.

11.4 Association Easement. Declarant hereby reserves for itself and grants to the Association and its assigns, a perpetual easement over, under, and across the Property for the installation, maintenance, repair or replacement of certain subdivision entry facilities, streets, fencing, retaining walls, walkways, pathways, trails, streetlights, signage and landscaping that serve some or all of the Community. The exercise of the easements reserved hereunder will not extend to permitting

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entry into any Home, nor will it unreasonably interfere with the use of any Lot or Improvement constructed thereon.

11.5 Easement for Completion of Construction. Declarant hereby reserves for itself and its agents, employees and designees, a perpetual right of ingress and egress over and upon the front, side and rear yard of all Lots as may be expedient or necessary for completion of construction and landscaping upon any adjacent Lots, provided that such easement will terminate as to any Lot twenty-four (24) months after the date such Lot is conveyed to an Owner other than a Builder. If Declarant, its agents, employees or designees cause damage to any Lot due to exercise of the foregoing completion easement rights, Declarant shall cause the party exercising such easement rights to repair such damage promptly after completing its construction activities in the damaged area.

11.6 Easements for Special Events. Declarant hereby reserves for itself and the Association, and their respective assigns, and designees, a perpetual, non-exclusive easement over the Common Area for the purpose of: (a) conducting parades; (b) running, fishing, biking or other sporting events; (c) educational, cultural, artistic, musical and entertainment activities; and (d) other activities of general community interest, at such locations and times as Declarant and/or the Association, in their reasonable discretion, deem appropriate. Each Owner, by accepting a deed or other instrument conveying any interest in a Lot, acknowledges and agrees that the exercise of this easement may result in a temporary increase in traffic, noise, gathering of crowds, and related inconveniences, and each Owner agrees on behalf of itself and the occupants of its Lot to take no action, legal or otherwise, which would interfere with the exercise of such easement.

11.7 Easement for Utilities. Declarant hereby reserves for itself and grants to the Association, and their respective assigns, and designees, a perpetual, non-exclusive easement over, under and across the Property for the construction, installation, replacement, repair and maintenance of utilities and associated infrastructure, including, but not limited to, water, sewer, drainage, storm water detention and/or siltation, gas, cable television, telephones, fiber optics, and electricity, and further including the right to connect to and use any such utilities that may exist or be located in the Community from time to time.

11.8 Drainage; Water. Declarant hereby reserves for itself and any designee and assign, a non-exclusive perpetual easement and right of passage on, through, over, under and across the Property to install, maintain, repair and replace any storm water management area or facilities situated within the Community, including, without limitation, drainage pipes, infiltration trenches, ponds, basins, swales, berms, out-flow control devices, drainage areas, filters, inlets, oil/grit separators and underground facilities. Declarant further reserves for the benefit of Declarant and any designee a blanket easement on, over and under the ground within the Property (except for any portion of a Lot that is improved with a Home) for the flow and drainage of waters, without liability for any resulting damages including the exclusive right to capture and reuse water for water reclamation programs and otherwise.

11.9 Easements for Maintenance, Emergency and Enforcement. Declarant hereby reserves for itself and the Association, and their respective assigns and designees, a perpetual easement over the Property as necessary to enable Declarant or the Association, as applicable, to develop the Property, perform maintenance and to exercise enforcement and other rights provided for under the Governance Documents. The Association shall also have the right, but not the obligation, to enter upon any Lot for emergency, security and safety reasons, to perform maintenance, to inspect for

compliance with the Governance Documents and to enforce the Governance Documents. Any member of the Board, its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

11.10 Conservation Easement. Declarant hereby reserves for itself and grants to the Association, and their respective assigns, and designees, a perpetual, non-exclusive easement over, under and across the Property to protect existing and future trees, streams and adjacent buffer areas, wetlands and other sensitive natural features in a manner that maintains existing natural conditions to protect open space, plant habitats, water quality, and wildlife.

11.11 Easement for Lake, Creek and Pond Maintenance and Flood Water. Declarant reserves for itself and the Association, and their respective successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Property, if any, and: (a) install, operate, maintain, and replace pumps to supply irrigation water to the Common Maintenance Area; (b) construct, maintain, and repair structures and equipment used for retaining water; and (c) maintain such areas in a manner consistent with the Community Wide Standard. Declarant, the Association, and their respective assigns, and designees shall have an access easement over and across any portion of the Property which abuts or contains bodies of water or wetlands, if any, to the extent reasonably necessary to exercise their rights under this Section 11.11.

Declarant further reserves for itself and the Association, and their respective assigns, and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Lots (but not the Homes or other improvements thereon) adjacent to or within 50 feet of bodies of water and wetlands within the Community, if any, in order to: (i) temporarily flood and back water upon and maintain water over such property; (ii) alter in any manner and generally maintain the bodies of water and wetlands; and (iii) maintain and landscape the slopes and banks pertaining to such areas. Nothing herein shall be constructed to make Declarant or any other Person liable for damage resulting from flooding due to weather events or other natural occurrences.

ARTICLE 12
COMPLIANCE AND ENFORCEMENT DISPUTE RESOLUTION

12.1 Compliance.

Every Owner, occupant, and visitor to a Lot or other property within the Property, and every Person which owns or controls Other Properties, must comply with the Governance Documents and shall be subject to sanctions for violations as described in this Article 12. In addition, each Owner shall be responsible for, and may be sanctioned for, all violations of the Governance Documents by the occupants, tenants, guests, or invitees to their Lots, and for any damage to the Common Area that such Persons may cause.

12.2 Remedies for Non-Compliance.

The Association, the Declarant and every affected Owner shall have the right to file suit at law or in equity to enforce the Governance Document, subject to the terms of Section 12.6, as applicable; provided, prior to the Association filing suit against an Owner, other than a suit to collect Assessments or foreclose the Association's lien under Section 5.13, the Association shall provide written notice to the alleged violator and an opportunity for a hearing in accordance with the Bylaws. In addition, the Board may impose sanctions for violations of the Governance Documents as set forth in this Declaration.

(a) Sanctions Requiring Prior Notice and Hearing: Except as otherwise set forth in this Declaration, prior to the imposition of sanctions by the Association for a violation of the Governance Documents, the Association shall provide written notice to the alleged violator and an opportunity for a hearing in accordance with the Bylaws. If, after notice and an opportunity for a hearing, the violation continues or recurs within 12 months after the date of such notice, the Board may impose any sanctions permitted by the Governance Documents for such violation without further notice or opportunity for another hearing.

(b) Sanctions Not Requiring Prior Notice and Hearing. The Board may take the following actions to obtain compliance with the Governance Documents without prior notice or a hearing:

(i) exercise self-help or take action to abate a violation on a Lot or Other Properties in any situation which requires prompt action to avoid potential injury or damage or unreasonable inconvenience to other Persons or their property (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations);

(ii) exercise self-help or take action to abate a violation on the Common Area under any circumstances;

(iii) require an Owner or other Person responsible for maintenance under Article 8, at its own expense, to perform maintenance or to remove any structure or Improvement on such Owner's Lot or on the Property for which such Person is responsible, that is in violation of the Community Wide Standard or other requirements under the Governance Documents and to restore the Property or Improvements to its previous conditions. If the Owner or other Person fails to remove or remedy such violation in the time required by the Board, the Association will have the right to enter upon the Lot and any Improvements thereon after twenty-four (24) hours written notice (or without notice in the case of an emergency) for the purpose of enforcing this Declaration or abating any violation of the Governance Documents, including the repair or maintenance of any Improvement. Such entry will be made by the Association without any liability to the Owner and will not be deemed a trespass. The expense incurred by the Association in connection with any such entry on a Lot will be a personal obligation of the Owner of such Lot, will be deemed an Individual Assessment against such Lot, will constitute a lien against such Lot and will be enforced in the same manner as for other Assessments under Article 5;

(iv) temporarily suspend a Person's right to use Common Areas if such temporary suspension is the result of a violation that occurred in a Common Area and involved significant and immediate risk of harm to others in the Community (with such temporary suspension being effective until the Board makes a final determination on the suspension after

providing written notice to the alleged violator and an opportunity for a hearing in accordance with the Bylaws); or

(v) file a suit to collect Assessments or foreclose the Association's lien under Section 5.13.

12.3 Board Decision to Pursue Enforcement Action.

The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. For example, the Board may determine that, in a particular case:

(a) the Association's position is not strong enough to justify taking any or further action;

(b) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

(c) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable Person or to justify expending the Association's resources; or

(d) that it is not in the Association's best interests, based upon hardship, expense, or material nature as to be objectionable to a reasonable Person or to justify expending the Association's resources; or other reasonable criteria, to pursue enforcement action.

A decision not to enforce a particular provision shall not prevent the Association from enforcing the same provision at a later time or prevent the enforcement of any other covenant, restriction, or rule.

12.4 Attorneys' Fees and Costs.

If the Association prevails in any action to enforce the Governance Documents, it shall be entitled to recover all costs, including, without limitation, attorney fees and court costs, reasonably incurred in such action.

12.5 Agreement to Encourage Resolution of Disputes without Litigation.

(a) Bound Parties. Declarant, the Association, Owners, and the owners of the Other Properties made subject to this Declaration, and their respective officers, directors, trustees and members, all other Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article 12 (collectively, "**Bound Parties**"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Property without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in Section 12.5(b) below, unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 12.6 in a good faith effort to resolve such Claim.

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(b) Claims. As used in this Article 12, the term "**Claim**" shall refer to any claim, grievance, or dispute arising out of or relating to:

(i) the interpretation, application, or enforcement of the Governance Documents;

(ii) the rights, obligations, and duties of any Bound Party under the Governance Documents; or

(iii) the design or construction of Improvements within the Property, other than matters of aesthetic judgment under Article 7 which shall not be subject to review.

(c) Exceptions. The following shall not be considered "**Claims**" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 12.6:

(i) any suit by the Association to collect Assessments or other amounts due from any Owner;

(ii) any suit by the Association to obtain a temporary restraining order or emergency equitable relief, and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Article 8 of this Declaration (relating to creating and maintenance of the Community Wide Standard);

(iii) any suit that does not include Declarant or the Association as a defendant, if such suit asserts a Claim that would constitute a cause of action independent of the Governance Documents;

(iv) any suit which affects the material rights or obligations of a party who is not a Bound Party and who has not agreed to submit to the procedures set forth in Section 12.6;

(v) any suit as to which any applicable statute of limitation would expire within 180 days of giving the Notice required by Section 12.6(a) below, unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim's statute of limitations to comply with this Article 12;

(vi) any suit by the Association to enforce the Governance Documents where the Association has given the violator notice and either a hearing or an opportunity to cure the violations, or both, prior to the Association filing suit; and

(vii) any suit by the holder of a deed of trust recorded prior to this Declaration and encumbering any portion of the Property to enforce the terms of such deed of trust or such holder's rights under this Declaration.

12.6 Dispute Resolution Procedures.

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(a) Notice. The Bound Party asserting a Claim ("**Claimant**") against another Bound Party ("**Respondent**") shall give written notice ("**Notice**") by mail or personal delivery to each Respondent and to the Board, stating plainly and concisely:

(i) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;

(ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim.

(b) Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation to an independent agency providing dispute resolution services in the Dallas metropolitan area. Each Bound Party shall present the mediator with a written summary of the Claim.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for and participate in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Bound Party shall bear its own costs of the mediation, including attorneys' fees, and each Bound Party shall pay an equal share of the mediator's fee.

(d) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in this section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in the enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

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12.7 Initiation of Litigation by the Association. In addition to compliance with the foregoing alternative dispute resolution procedures if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by a vote of Owners entitled to cast 75% of the total votes in the Association, except that no such approval shall be required for actions or proceedings:

(a) initiated during the Development Period;

(b) initiated to enforce the provisions of this Declaration, including collection of Assessments and foreclosure of liens;

(c) initiated to challenge ad valorem taxation or condemnation proceedings;

(d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or

(e) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

This Article 12 shall not be amended unless such an amendment is approved by (i) the same percentage of votes necessary to institute judicial or administrative proceedings by the Association as provided above, and (ii) during the Development Period, by Declarant, in writing.

ARTICLE 13
RIGHTS OF LENDERS

13.1 Introduction. In order to enhance each Owner's ability to obtain financing for the purchase of his or her Lot, this Article 13 sets forth various provisions for the benefit of lenders who make mortgage loans and for the benefit of those agencies which guarantee and insure mortgage loans made by institutional lenders. The following provisions are for the benefit of holders and guarantors of first Mortgages on Lots in the Property. The provisions of this Article 13 apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

13.2 Notice to Association. Each Owner shall be obligated to provide the Association with the name and street address of the holder or guarantor of any Mortgage encumbering the Owner's Lot. In addition, any institutional holder or guarantor of a Mortgage may provide written notice to the Association stating the name and street address of such holder or guarantor and the address of the Lot to which its Mortgage relates.

13.3 No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

13.4 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Association to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 60 days after the Mortgagee actually receives proper notice of the proposal by certified or registered mail, return receipt requested.

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13.5 Amendment by Board. The purpose of this Article 13 is to facilitate financing of Lot purchases by compliance with secondary mortgage market requirements or standards. Should any institutional or governmental lender, purchaser, insurer or guarantor of residential mortgage loans, including, for example, Fannie Mae, Freddie Mac, the Department of Housing and Urban Development, or the Department of Veterans Affairs, hereafter eliminate, create, or otherwise revise any of their respective requirements to make, purchase, insure, or guarantee mortgage loans on Lots, the Board, without approval of the Owners or Mortgagees, may amend this Article 13 to comply with such revised requirements. Each Owner, by accepting title to a Lot, and each Mortgagee, by accepting a Mortgage on a Lot, acknowledges and agrees to such amendments and grants to the Board the authority to make changes to this Article 13 as contemplated by this Section 13.5.

13.6 Construction of Article 13. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, the Bylaws, or Texas Law for any of the acts set out in this Article 13.

ARTICLE 14
DISCLOSURE

14.1 Disclaimer Regarding Security. EACH OWNER AND THEIR GUESTS AND INVITEES SHALL BE RESPONSIBLE FOR THEIR OWN PERSONAL SAFETY AND THE SECURITY OF THEIR PROPERTY IN THE COMMUNITY. NEITHER THE ASSOCIATION NOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE COMMUNITY, NOR SHALL EITHER OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. NO REPRESENTATION OR WARRANTY IS MADE THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM, WIFI SYSTEM OR OTHER SECURITY SYSTEM CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTANDS AND COVENANTS TO INFORM ITS TENANTS, INVITEES, AND LICENSEES THAT THE ASSOCIATION, ITS BOARD AND COMMITTEES AND THE DECLARANT ARE NOT INSURERS AND THAT EACH PERSON USING ANY PORTION OF THE COMMUNITY ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS AND TO THE CONTENTS OF LOTS RESULTING FROM ACTS OF THIRD PARTIES.

14.2 View Impairment. Neither Declarant nor the Association guarantees or represents that any view over and across the Lots or any open space within the Community will be preserved without impairment. Neither Declarant nor the Association has any obligation to relocate, prune, or thin trees or other landscaping to preserve or restore views. The Association will have the right to add trees and other landscaping from time to time, subject to applicable law. There shall be no express or implied easements for view purposes or for the passage of light and air.

14.3 Public Access. Streets within the Community may be public streets and, as a result, the general public may be able to gain access to Common Areas, including, but not limited to, sidewalks, parks, trails and paths, and other neighborhood spots conducive to gathering and interaction. Other areas within the Community may also be open to the general public, including

parks, lakes, rivers and trails. The Association may, but shall have no obligation to, control public access or police Common Areas or other portions of the Community to identify and eject unauthorized Persons. Neither the Declarant nor the Association shall have any obligation to construct or install walls or fences or to implement any other measures in order to prevent or restrict entry by the general public.

In addition, certain facilities and areas within the Community, including some facilities which are part of the Common Area, may upon designation of the Declarant specifically be open for use and enjoyment by the public and for special events, which may increase traffic and the number of vehicles being parked on Common Areas and other designated parking areas in the Community.

14.4 Nonresidential and Neighboring Uses. The Community may have nonresidential uses in close proximity to residential Lots. By accepting title to or taking occupancy of a Lot, each Owner and occupant expressly assumes the risk of such Lot being affected by traffic, parking, noise, odors, and lights from the existence or operations of any non-residential use and Persons providing service or supplies in connection with such use. Further, no representations are made regarding the use of adjacent property. There may be conditions outside of the Property that an Owner or occupant may find objectionable. It shall be the sole responsibility of the Owner or occupant to become acquainted with conditions within and outside of the Community that could affect the Community.

EACH OWNER AGREES THAT DECLARANT, THE ASSOCIATION AND ANY DECLARANT AFFILIATE OR AGENTS SHALL NOT BE LIABLE TO ANY OWNER OR ANY OTHER PERSON CLAIMING ANY LOSS OR DAMAGE, INCLUDING, WITHOUT LIMITATION, INDIRECT, SPECIAL OR CONSEQUENTIAL LOSS OR DAMAGE ARISING FROM PERSONAL INJURY, DEATH, DESTRUCTION OF PROPERTY, TRESPASS, LOSS OF ENJOYMENT, OR ANY OTHER ALLEGED WRONG OR ENTITLEMENT TO REMEDY BASED UPON, DUE TO, ARISING FROM OR OTHERWISE RELATED TO PROXIMITY OF THE OWNER'S LOT TO ANY NONRESIDENTIAL USE OR OTHER OBJECTIONABLE USES WITHIN OR OUTSIDE OF THE COMMUNITY. THE OWNER AGREES TO INDEMNIFY AND HOLD HARMLESS THE DECLARANT, DECLARANT AFFILIATES AND AGENTS, AND THE ASSOCIATION AGAINST ANY AND ALL SUCH CLAIMS BY OWNER'S VISITORS, TENANTS, AND OTHERS UPON SUCH OWNER'S LOT.

14.5 Changes in Master Plan. Each Owner acknowledges that North Sky is a master planned community the development of which is likely to extend over many years, and agrees that the Association shall not engage in, or use Association funds to support, any protest, challenge, or other form of objection to (a) changes in uses or density of property within the Community, or (b) changes in the development plan as it relates to property inside or outside of the Community, without the Declarant's prior written consent.

14.6 Water Management. Each Owner acknowledges and agrees that ponds, wetlands and other bodies of water within or adjacent to the Community, if any, are not necessarily designed as aesthetic features and due to fluctuations in water elevations within the immediate area, water levels will rise and fall and may be non-existent from time to time. Each Owner further acknowledges and agrees that neither the Declarant nor the Association has any obligation to control such elevations. Each Owner agrees to release and discharge the Declarant, its Affiliates and the Association from and against any and all losses, claims, demands, damages, costs, and expenses of whatever nature or kind, including reasonable attorney's fees and costs at all tribunal levels, related to or arising out of any claim

relating to the bodies of water including fluctuations in water elevations. Owners shall not alter, modify, expand, or fill any bodies of water or wetlands located within or in the vicinity of the Association without the prior written approval of the Declarant and any local, state, or federal regulatory or permitting authorities as may have relevant jurisdiction over such matters.

Some Lots may be located adjacent to Common Area or other property containing lakes, ponds, or stormwater detention or retention facilities that may from time to time contain water. Owners and occupants of such Lots have no right to erect fences, attach docks, build retaining walls, anchor or store boats or other watercraft, landscape, clear, or otherwise disturb vegetation within natural areas between the boundary of the Lot and the waters' edge, or within non-disturbance buffer on any Lot, except as may specifically be authorized in writing by the Association, and any governmental agency with the jurisdiction over such area.

14.7 High Voltage Power Lines; Gas Lines; Radio and Telecommunication Towers. Every Owner and occupant of a Lot is hereby advised that high voltage power transmission lines, gas lines and radio and telecommunication towers and related equipment may be located within the Community. The Declarant, any Declarant Affiliate, the Association, and their respective members, partners, affiliates, officers, directors, agents, and employees, shall not be liable for any damage or injury to any Person or property arising out of or related to the construction, installation, maintenance, or operation of, or proximity to, high voltage power transmission lines and/or radio or telecommunication towers and related equipment.

14.8 Use of Nonpotable Water for Irrigation. Each Owner and occupant of a Lot, and their respective guests and invitees, are advised that the water used to irrigate property within or adjacent to the Community may be treated effluent, re-use water or "gray" water. Although such water is considered safe for irrigation and limited contact, it is not suitable for human or animal consumption and should not be used for drinking, bathing, swimming, or any purpose other than irrigation.

14.9 Natural Conditions. The Community contains a number of manmade, natural, and environmentally sensitive areas that may serve as habitats for variety of native plants and wildlife, including insects, venomous and non-venomous snakes and other reptiles, alligators, and other animals, some of which may pose hazards to Persons or pets coming in contact with them. Each Owner and occupant of a Lot and every Person entering the Community: (a) acknowledges that such plants and wildlife are indigenous to the area and are not restrained or restricted in their movement within or throughout the Community; and (b) assumes all risk of personal injury arising from the presence of such plants and wildlife in the Community. Neither the Association, the Declarant, any Builder, nor the members, partners, affiliates, officers, directors agents or employees of any of them shall have any duty to take action to control, remove, or eradicate any plant or wildlife in the Community, nor shall they have any liability for any injury resulting from the presence, movement, or propagation of any plant or wildlife within the Community.

The natural areas described in this Section 14.9 may contain creeks, ponds, streams, and other bodies of water or intermittent pools of water, muddy areas, and underbrush, among other things, all of which are important to the ecological balance and maintenance of the area as a wildlife habitat. No Owner or occupant of a Lot shall enter upon or disturb, or permit their guests or any other Person acting in their behalf to enter upon or disturb, such areas in any way without the Association's or the Declarant's prior written approval.

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ARTICLE 15
GENERAL PROVISIONS

15.1 Duration of the Declaration. This Declaration shall be effective and remain in effect for 60 years from the date of recording. Thereafter, the Declaration shall be extended automatically for successive 10-year periods until at least sixty-seven percent (67%) of the total number of votes of the Association, voting in person or by proxy at a meeting duly called for such purpose, sign and authorize the recordation in the Records a document terminating the Declaration, in which case the Declaration will terminate on the date specified in the termination document.

15.2 Amendments.

(a) Amendment by Declarant. During the Development Period, this Declaration may be unilaterally amended, supplemented and/or restated by Declarant for any purpose without the consent of any other Person or Owner.

(b) Amendment by the Members. This Declaration may be amended by the Members upon the affirmative vote of at least sixty-seven percent (67%) of the total number of votes entitled to vote on the amendment, voting in person or by proxy at a meeting duly called for such purpose; provided, however, that during the Development Period, any amendment to this Declaration by the Members will be void and unenforceable without the written consent and acknowledgement of Declarant included with the recorded amendment.

(c) Effective Date. All amendments to this Declaration will become effective when recorded in the Records unless otherwise specified in the amendment.

(d) Amendments to Other Governance Documents. With respect to each of the Governance Documents that do not specifically set forth a means for amendment, those Governance Documents may be amended (i) unilaterally by the Declarant until expiration or termination of the Development Period, and (ii) by a majority vote of the Board, provided, however, that during the Development Period any amendment by the Board will be void and unenforceable without the advance written consent of the Declarant.

(e) City Consent Required. The provisions of this Declaration or any of the Governance Documents providing for the use, operation, maintenance or supervision of the Common Maintenance Areas (including, without limitation, the private streets, amenities, major creeks or tributaries, throroughfare screening), or related to the operating reserve fund described in Section 5.3 shall not be deleted or amended without the prior written consent of the City.

15.3 Remedies; Cumulative. In the event any Lot does not comply with the terms herein or any Owner fails to comply with the terms herein, the Association and/or any Owner will have each and all of the rights and remedies which may be provided for in the Governance Documents and those which may be available at law or in equity, including, without limitation, enforcement of any lien, damages, injunction, specific performance, judgment for payment of money and collection thereof, or for any combination of remedies, or for any other relief. No remedies herein provided or available at law or in equity will be deemed mutually exclusive of any other such remedy, but instead shall be cumulative.

15.4 Rights and Obligations Run With Land. The provisions of this Declaration are covenants running with the land and will inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and mortgagees. No Lot is exempt from the terms set forth herein. By the recording or the acceptance of a deed conveying a Lot or any ownership interest in the Lot whatsoever, the Person to whom such Lot or interest is conveyed will be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration, whether or not mention thereof is made in said deed. Notwithstanding any provision herein, the rights of Declarant as provided herein shall not run with the land, but instead may only be transferred or assigned as provided in Section 15.5 below.

15.5 Assignment of Declarant's Rights. Notwithstanding anything contained herein to the contrary, Declarant may assign to any Person(s) or terminate, temporarily or permanently, in whole or in part, its rights as Declarant by executing a document assigning or terminating such rights that is recorded in the Records. There may be more than one Declarant if Declarant makes a partial assignment of the Declarant status. An Owner shall not, solely by the purchase of any portion of the Property, be deemed a successor or assign of Declarant under this Declaration or any of the Governance Documents unless such Owner is specifically so designated a successor or assign of such rights in the instrument of conveyance or any other instrument executed by Declarant and recorded in the Records.

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

15.7 Conflicts. If there are conflicts between any of the Governance Documents and Texas law, Texas law shall control. If there are conflicts between or among any of the Governance Documents, then the Declaration, the Certificate of Formation, Bylaws, Rules and Design Guidelines, in that order, shall control. If there is a conflict between the Governance Documents and any additional covenants (or the rules or policies adopted pursuant to any addition covenants) recorded on any property within the Property after the date that property is made subject to this Declaration, then the Governance Documents shall control.

15.8 Severability. If any provision of this Declaration is held to be invalid by any court of competent jurisdiction, such invalidity will not affect the validity of any other provision of this Declaration, or, to the extent permitted by applicable law, the validity of such provision as applied to any other Person.

15.9 Gender. Whenever the context so requires, all words herein in the male gender will be deemed to include the female or neuter gender, all singular words will include the plural, and all plural words will include the singular.

15.10 Acceptance by Grantees. Each grantee of Declarant of a Lot or other real property interest in the Property, by the acceptance of a deed of conveyance, and each subsequent grantee, accepts the same subject to all terms, restrictions, conditions, covenants, reservations, easements, liens charges, rights and powers created or reserved by this Declaration. Furthermore, each grantee agrees that no assignee or successor to Declarant hereunder will have any liability for any act or omission of Declarant which occurred prior to the effective date of any such succession or assignment. All impositions and obligations hereby imposed will constitute covenants running with the land within the Property, and will bind any Person having at any time any interest or estate in the Property, and

will inure to the benefit of each Owner in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance.

15.11 Declarant as Attorney in Fact. To secure and facilitate Declarant's exercise of the rights reserved by Declarant pursuant to the terms and provisions of this Declaration, each Owner, by accepting a deed to a Lot and each Mortgagee, by accepting the benefits of a Mortgage against a Lot, and any other third party by acceptance of the benefits of a mortgage, deed of trust, mechanic's lien contract, mechanic's lien claim, vendor's lien and/or any other security interest against any Lot, will thereby be deemed to have appointed Declarant such Owner's, Mortgagee's, and third party's irrevocable attorney-in-fact, with full power of substitution, to do and perform, each and every act permitted or required to be performed by Declarant pursuant to the terms of this Declaration. The power thereby vested in Declarant as attorney-in-fact for each Owner, Mortgagee and/or third party, will be deemed, conclusively, to be coupled with an interest and will survive the dissolution, termination, insolvency, bankruptcy, incompetency and death of an Owner, Mortgagee and/or third party and will be binding upon the legal representatives, administrators, executors, successors, heirs and assigns of each such party.

15.12 Notices. Any notice permitted or required to be given to any Person by this Declaration will be in writing and may be delivered either personally, by mail or electronically if permitted by law. If delivery is made by mail, it will be deemed to have been delivered on the third (3rd) business day (other than a Sunday or legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the Person at the address given by such Person to the Association for the purpose of service of notices. Such address may be changed from time to time by notice in writing given by such Person to the Association. Personal and electronic delivery shall be deemed delivered upon receipt. Owners shall be responsible for updating email addresses and other forms of electronic addresses that may be used.

15.13 Enforcement and Nonwaiver.

(a) The Association may initiate, defend or intervene in any action brought to enforce any provision of this Declaration. Such right of enforcement shall include both damages for and injunctive relief against the breach of any provision hereof.

(b) Every act or omission whereby any provision of the Governance Documents is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated by any Owner (at such Owner's own expense), Declarant or the Association.

(c) Any violation of any federal, state, or local law, ordinance, or regulation pertaining to the ownership, occupancy, or use of any portion of the Community is hereby declared to be a violation of this Declaration and subject to all of the enforcement procedures set forth herein.

(d) The failure to enforce any provision of the Governance Documents at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of the Governance Documents.

15.14 Captions. In all Governance Documents, captions of articles and sections are inserted for convenience only and are not to be construed as defining or modifying the text to which they refer.

15.15 Compliance with Law. Each Owner shall comply, and shall cause its contractors and contractors' subcontractors to comply, with all laws, rules, regulations and ordinances of all governmental authorities having jurisdiction over the Property or any part or aspect thereof or any aspect of such Owner's operations thereon, and with the requirements and regulations, if any, of any public utilities, and all insurance companies then writing policies maintained by the Owner.

15.16 Indemnification by Owners. WITHOUT LIMITATION TO ANY OTHER DUTY OF INDEMNIFICATION SET FORTH HEREIN, EACH OWNER (OTHER THAN DECLARANT) SHALL INDEMNIFY, HOLD HARMLESS AND, UPON THE ELECTION OF THE INDEMNIFIED PARTY (AS HEREAFTER DEFINED), DEFEND THE DECLARANT, THE ASSOCIATION, THE BOARD, THE ACC, AND EACH OF THEIR RESPECTIVE AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS AND ASSIGNS (EACH AN "**INDEMNIFIED PARTY**") FROM AND AGAINST ANY AND ALL CAUSES OF ACTION (AS DEFINED IN SECTION 4.1(c)) ARISING FROM OR IN CONNECTION WITH (i) THE EXERCISE OR FAILURE TO EXERCISE, OR THE USE OR MISUSE, OF ANY SUCH OWNER'S RIGHTS OR OBLIGATIONS CONTAINED IN THE GOVERNANCE DOCUMENTS, (ii) THE BREACH BY SUCH OWNER OF ANY PROVISION OF THE GOVERNANCE DOCUMENTS, (iii) ANY WORK OR CONSTRUCTION PERFORMED BY OR ON BEHALF OF SUCH OWNER, (iv) ANY INJURY OCCURRING ON THE OWNER'S LOT OR ANYWHERE WITHIN THE COMMUNITY TO THE EXTENT CAUSED BY SUCH OWNER OR ANY INVITEE OF SUCH OWNER, OR (v) THE NEGLIGENCE, FRAUD, WILLFUL MISCONDUCT OR CRIMINAL ACTIVITY OF SUCH OWNER OR ANY INVITEE OF SUCH OWNER.

15.17 Injury to Person or Property. Neither the Association nor Declarant, or their respective affiliates, directors, officers, employees, representatives, or agents have a duty or obligation to any Owner or any Owner's tenants, guests or invitees: (i) to supervise minor children or any other Person, (ii) to fence or otherwise enclose any Lot or Common area, or (iii) to provide security or protection to any such Person from harm or loss. By accepting title to a Lot, each Owner agrees that the limitations set forth in this Section 15.17 are reasonable and do not constitute a failure by the Association or Declarant to exercise reasonable care.

[SIGNATURE PAGE FOLLOWS]

UNOFFICIAL DOCUMENT

IN WITNESS WHEREOF, Declarant has duly executed this Declaration on the day and year first above written.

DECLARANT:

CCD-North Sky LLC, a Texas limited liability company

By: _____
Name: Brian Cramer
Title: Co President

STATE OF Texas }
COUNTY OF Dallas }

This instrument was acknowledged before me on the 16 day of November, 2023, by Brian Cramer Co President of **CCD-North Sky LLC**, a Texas limited liability company, on behalf of said limited liability company, for the purposes therein stated.

JASON CLARK WIGHT
Notary Public, State of Texas
Comm. Expires 08-11-2024
Notary ID 13261745-3

_____
Notary Public, State of Texas
My commission expires: 8/11/2024

Unofficial

JOINDER AND CONSENT OF MORTGAGEE
PERRY HOMES, LLC

The undersigned holder of that certain Subordinate Deed of Trust dated March 24, 2021, and recorded on March 25, 2021 as Document No. 20210325000596690 dated _____, 2021, and recorded as Document No. _____ in the Official Public Records of Collin County, Texas, executed by CCD-North Sky LLC, a Texas limited liability company to Brad Todes, Trustee, to secure a performance of CCD-North Sky LLC's obligations set forth in a purchase agreement (the "**Subordinate Deed of Trust**"), which Subordinate Deed of Trust encumbers a portion of the property described on Exhibit "A" of this Declaration, hereby joins in the execution of this Declaration of Covenants, Conditions and Restrictions for North Sky (the "**Declaration**") to evidence its consent to such instrument and to subordinate its interest under the Subordinate Deed of Trust to such instrument.

IN WITNESS WHEREOF, the undersigned joins in execution of this Declaration by and through, its authorized representatives this 16 day of November, 2023.

PERRY HOMES, LLC,
a Texas limited liability company

By: _____
Name: Michael C. Brisch
Title: Chief Legal and Administrative Officer

STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was ACKNOWLEDGED before me, on the 16 day of November, by Michael C. Brisch, Chief Legal and Administrative Officer of Perry Homes, LLC, a Texas limited liability company, on behalf of said limited liability company.

[SEAL]

_____
Notary Public, State of Texas

My Commission Expires:

_____
Printed Name of Notary Public

MARY BETH F. FOSTER
NOTARY PUBLIC, STATE OF TEXAS
Notary ID #134579375
Expires September 28, 2027

Unofficial

JOINDER AND CONSENT OF MORTGAGEE
TAYLOR MORRISION OF TEXAS, INC.

The undersigned holder of that certain Subordinate Deed of Trust dated March 24, 2021, and recorded on March 25, 2021 as Document No. 20210325000596700 in the Official Public Records of Collin County, Texas, executed by CCD-North Sky LLC, a Texas limited liability company to Grant Bannen, Trustee, to secure a performance of CCD-North Sky LLC's obligations set forth in a purchase agreement (the "**Subordinate Deed of Trust**"), which Subordinate Deed of Trust encumbers a portion of the property described on Exhibit "A" of this Declaration, hereby joins in the execution of this Declaration of Covenants, Conditions and Restrictions for North Sky (the "**Declaration**") to evidence its consent to such instrument and to subordinate its interest under the Subirdnate Deed of Trust to such instrument.

IN WITNESS WHEREOF, the undersigned joins in execution of this Declaration by and through, its authorized representatives this 16 day of November, 2023.

TAYLOR MORRISON OF TEXAS, INC.,
a Texas corporation

By: _____
Name: Tom Cawthon
Title: Division President

By: _____
Name: Jordyn Jones
Title: VP

Unofficial

STATE OF TEXAS §
§
COUNTY OF Collin §

The foregoing instrument was ACKNOWLEDGED before me this 16 day of November 2023, by Tom Cawthon, Division President of TAYLOR MORRISON OF TEXAS, INC., a Texas corporation, on behalf of said corporation.

[SEAL]

GRAYSON NASTRI
Notary Public, State of Texas
Comm. Expires 10-12-2024
Notary ID 13269052-3

Notary Public, State of Texas

My Commission Expires:

10/12/2024

Grayson Nastri
Printed Name of Notary Public

STATE OF TEXAS §
§
COUNTY OF Collin §

The foregoing instrument was ACKNOWLEDGED before me this 16 day of November 2023, by Jordyn Jones, VP of TAYLOR MORRISON OF TEXAS, INC., a Texas corporation, on behalf of said corporation.

[SEAL]

GRAYSON NASTRI
Notary Public, State of Texas
Comm. Expires 10-12-2024
Notary ID 13269052-3

Notary Public, State of Texas

My Commission Expires:

10-12-2024

Grayson Nastri
Printed Name of Notary Public

Unofficial

JOINDER AND CONSENT OF MORTGAGEE
FIRST UNITED BANK AND TRUST COMPANY

The undersigned holder of that certain Commercial Deed of Trust, Security Agreement, Financing Agreement and Assignment of Rents dated December 17, 2021, and recorded as Document No. 20211221002565130 in the Official Public Records of Collin County, Texas, executed by CCD-North Sky LLC, a Texas limited liability company to Greg Massey, Trustee, to secure a commercial promissory note, of even date therewith payable to First United Bank and Trust Company (the "**Deed of Trust**"), which Deed of Trust encumbers a portion of the property described on Exhibit "A" of this Declaration, hereby joins in the execution of this Declaration of Covenants, Conditions and Restrictions for North Sky (the "**Declaration**") to evidence its consent to such instrument and to subordinate its interest under the Deed of Trust to such instrument.

IN WITNESS WHEREOF, the undersigned joins in execution of this Declaration by and through, its authorized representatives this 15 day of NOVEMBER, 2023.

FIRST UNITED BANK AND TRUST COMPANY

By: _____
Name: Chad Falknor
Title: Vice President

STATE OF TEXAS §
§
COUNTY OF Travis §

On this 16 day of November, 2023, before me, the undersigned notary public, personally appeared Chad Falknor, proved to me through satisfactory identification, as Vice President of First United Bank and Trust Company, on behalf of said entity, for the purposes therein stated.

CONNIE BRILLIANT
Notary ID #129607086
My Commission Expires
October 28, 2025

Connie Brilliant
Notary Public, State of Texas
My commission expires: 10-28-25

Unofficial Document

JOINDER AND CONSENT OF MORTGAGEE
AMERICAN LEGEND HOMES, LLC

The undersigned holder of that certain Subordinate Deed of Trust dated March 24, 2021, and recorded on March 25, 2021 as Document No. 20210325000596680 in the Official Public Records of Collin County, Texas, executed by CCD-North Sky LLC, a Texas limited liability company to Christopher Bright, Trustee, to secure a performance of CCD-North Sky LLC's obligations set forth in a purchase agreement (the "**Subordinate Deed of Trust**"), which Subordinate Deed of Trust encumbers a portion of the property described on Exhibit "A" of this Declaration, hereby joins in the execution of this Declaration of Covenants, Conditions and Restrictions for North Sky (the "**Declaration**") to evidence its consent to such instrument and to subordinate its interest under the Subordinate Deed of Trust to such instrument.

IN WITNESS WHEREOF, the undersigned joins in execution of this Declaration by and through, its authorized representatives this 14th day of November, 2023.

AMERICAN LEGEND HOMES, LLC,
a Texas limited liability company

By: _____
Name: Todd Friant
Title: CFO + VP

STATE OF Texas §
§
COUNTY OF Denton §

This instrument was ACKNOWLEDGED before me, on the 14 day of November, 2023, by Todd Friant, CFO&VP of American Legend Homes, LLC, a Texas limited liability company, on behalf of said limited liability company.

[SEAL]

_____
Notary Public, State of Texas

My Commission Expires: May 26, 2025

Jennifer Trondle
Printed Name of Notary Public

JENNIFER TRONDLE
My Notary ID # 133122529
Expires May 26, 2025

Unofficial Document

EXHIBIT A
Land Initially Submitted to the Declaration

[INSERT]

Unofficial

Collin County
Honorable Stacey Kemp
Collin County Clerk

Instrument Number: 2023000133342

eRecording - Real Property

RESTRICTIONS

Recorded On: November 20, 2023 02:42 PM

Number of Pages: 68

" Examined and Charged as Follows: "

Total Recording: $290.00

Unofficial

********** **THIS PAGE IS PART OF THE INSTRUMENT** **********
Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2023000133342
Receipt Number: 20231120000365
Recorded Date/Time: November 20, 2023 02:42 PM
User: Michelle K
Station: cck051

Record and Return To:

CSC

STATE OF TEXAS
COUNTY OF COLLIN

I hereby certify that this Instrument was FILED **In the File Number sequence on the date/time printed hereon, and was duly** RECORDED **in the Official Public Records of Collin County, Texas.**

Honorable Stacey Kemp
Collin County Clerk
Collin County, TX