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SANCTUARY

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SANCTUARY EAST RESIDENTIAL COMMUNITY

Bell County, Texas

Declarant: Sanctuary Development Company, LLC, a Texas limited liability company

TABLE OF CONTENTS

Page

ARTICLE 1 DEFINITIONS.....1

ARTICLE 2 USE RESTRICTIONS 5
2.1 General.....5
2.2 Window or Glass Door Treatments 7
2.3 Rubbish and Debris.....7
2.4 Trash Containers 7
2.5 Air Conditioning Units 8
2.6 Outbuildings, Sheds, and Detached Buildings.....8
2.7 Garages 8
2.8 Lighting; Exterior Holiday Decorations 8
2.9 Clothes Hanging Devices.....8
2.10 Unsightly Articles; Boats, RVs, Vehicles.....8
2.11 Noise 9
2.12 Outside Burning.....9
2.13 Hazardous Activities.....9
2.14 Animals – Household Pets 9
2.15 Maintenance.....10
2.16 Liability of Owners for Damage to Other Lots, Recreational Facilities and Common Area 10
2.17 Compliance with Setbacks.....11
2.18 Dumping 11
2.19 Owner Conduct in Common Areas.....11
2.20 Owner's Obligation to Maintain Street Landscape.....11
2.21 Insurance Rates 12
2.22 Mining and Drilling; Tanks 12
2.23 Release 13
2.24 Compliance with Restrictions.....13
2.25 No Warranty of Enforceability 13

ARTICLE 3 CONSTRUCTION RESTRICTIONS 14
3.1 Construction of Improvements 14
3.2 Drainage; Driveways 14
3.3 Construction Activities 14
3.4 No Septic Systems 14
3.5 Utility Lines 14
3.6 Subdividing.....15
3.7 Removal of Nonconforming Improvements 15
3.8 Continuity of Construction 15
3.9 Builder Performance 15

Official Copy

ARTICLE 4 SANCTUARY EAST HOMEOWNERS' ASSOCIATION, INC. 15
4.1 Organization 15
4.2 Membership 16
4.3 Governance 17
4.4 Voting Rights 17
4.5 Powers 17
4.6 Acceptance of Common Area 21
4.7 Indemnification 21
4.8 Insurance 22
4.9 Bulk Rate Contracts 22
4.10 Community Systems 23
4.11 Fence Maintenance 23
4.12 Declarant's Right to Contribute to Revenues of the Association 23
4.13 Protection of Declarant's Interests 24
4.14 Administration of Common Area 24
4.15 Notices and Disclaimers as to Security Systems 24

ARTICLE 5 INSURANCE 25
5.1 Insurance 25
5.2 Restoration 25
5.3 Mechanic's and Materialmen's Lien 26

ARTICLE 6 COVENANT FOR ASSESSMENTS 26
6.1 Assessments 26
6.2 Maintenance Fund 26
6.3 Regular Assessments 27
6.4 Working Capital Assessment 27
6.5 Special Assessments 28
6.6 Individual Assessments 28
6.7 Amount of Assessment 28
6.8 Late Charges 29
6.9 Owner's Personal Obligation; Interest 29
6.10 Assessment Lien and Foreclosure 29
6.11 Exempt Property 30
6.12 Fines and Damages Assessment 31

ARTICLE 7 ARCHITECTURAL CONTROL COMMITTEE 31
7.1 Construction of Improvements; Consolidation or Subdivision of a Lot 31
7.2 Architectural Control Committee 32

ARTICLE 8 MORTGAGE PROVISIONS 36
8.1 Notice of Action 36
8.2 Examination of Books 36
8.3 Taxes, Assessments and Charges 36

Unofficial Copy

ARTICLE 9 GENERAL PROVISIONS.....36
9.1 Term.....36
9.2 Eminent Domain.....37
9.3 Amendment.....37
9.4 Conceptual Plans.....37
9.5 Enforcement.....38
9.6 Higher Authority.....38
9.7 Severability.....38
9.8 Conflicts.....38
9.9 Gender.....38
9.10 Acceptance by Grantees.....38
9.11 Damage and Destruction.....39
9.12 No Partition.....40
9.13 Notices.....40
9.14 View Impairment.....40
9.15 Safety and Security.....40
9.16 PROPOSED Sanctuary East Public Improvement District.....41

ARTICLE 10 EASEMENTS.....41
10.1 Right of Ingress and Egress.....41
10.2 Reserved Easements.....42
10.3 Utility Easements.....42
10.4 Roadway and Utility Easements.....43
10.5 Fencing, Landscape, Monumentation and Signage Easement.....43
10.6 Shared Amenities Reciprocal Easements.....43

ARTICLE 11 DECLARANT AS ATTORNEY-IN-FACT.....44
11.1 Declarant as Attorney-in-fact.....44
11.2 Re-platting or Modification of Plat.....44

ARTICLE 12 DEVELOPMENT RIGHTS.....45
12.1 Development by Declarant.....45
12.2 Special Declarant Rights.....45
12.3 Addition of Land.....45
12.4 Withdrawal of Land.....46
12.5 Assignment of Declarant's Rights.....46

ARTICLE 13 DISPUTE RESOLUTION.....46
13.1 Introduction and Definitions.....46
13.2 Mandatory Procedures.....47
13.3 Claim Affecting Community Systems and Common Area.....47
13.4 Claim by Lot Owners – Improvements on Lots.....48
13.5 Notice.....49
13.6 Negotiation.....50
13.7 Mediation.....50
13.8 Termination of Mediation.....50

Official Copy

13.9 Binding Arbitration-Claims 50
13.10 Allocation of Costs 52
13.11 General Provisions 52
13.12 Period of Limitation 52
13.13 Funding Arbitration and Litigation 53

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SANCTUARY EAST RESIDENTIAL COMMUNITY

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SANCTUARY EAST RESIDENTIAL COMMUNITY

This Declaration of Covenants, Conditions and Restrictions for Sanctuary East Residential Community (the "Declaration") is made by **Sanctuary Development Company, LLC, a Texas limited liability company** (the "Declarant"), and is as follows:

A. The owners executing this Declaration have consented to Sanctuary Development Company, LLC, a Texas limited liability company, acting as Declarant with respect to that certain real property located in Bell County, Texas, as more particularly described on **Exhibit "A"**, attached hereto (the "Property").

B. Declarant desires to create and carry out a uniform plan for the development, improvement, and sale of the Property with Declarant to act as the "Declarant" for all purposes under this Declaration.

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

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

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ARTICLE 1
DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in this Declaration will have the meanings hereinafter specified:

"Applicable Law" means the statutes and public laws and ordinances in effect at the time a provision of the Restrictions is applied, and pertaining to the subject matter of the Restriction provision. Statutes and ordinances specifically referenced in the Restrictions are "Applicable Law" on the date of the Restrictions, and are not intended to apply to the Property if they cease to be applicable by operation of law, or if they are replaced or superseded by one or more other statutes or ordinances. Applicable Law also includes any ordinance or planned improvement district that may apply to the Property after Recordation of this Declaration including but not limited to that certain proposed Sanctuary East Public Improvement District.

"Architectural Control Committee" or "ACC" means the committee created pursuant to this Declaration to review and approve or deny plans for the construction, placement, modification, alteration or remodeling of any Improvements on a Lot, as provided in *Article 7*.

"Assessment" or "Assessments" means assessments imposed by the Association under this Declaration.

"Assessment Unit" has the meaning set forth in *Section 6.7(b)*.

"Association" means the Sanctuary East Homeowners' Association, Inc., a Texas nonprofit corporation, which has been created by Declarant to exercise the authority and assume the powers specified in *Article 4* and elsewhere in this Declaration and Restrictions. The failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association, which derives its authority from this Declaration, the Certificate, the Bylaws, and Applicable Law.

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

"Bulk Rate Contract" or "Bulk Rate Contracts" means one or more contracts which are entered into by the Association for the provision of utility services or other services of any kind or nature to the Lots. The services provided under Bulk Rate Contracts may include, without limitation, cable television services, telecommunications services, internet access services, "broadband" services, security services, trash pick-up services, propane service, natural gas service, lawn maintenance services, wastewater services, and any other services of any kind or nature which are considered by the Board to be beneficial to all or a portion of the Property.

"Bylaws" means the Bylaws of the Association as adopted and as amended from time to time.

"Certificate" means the Certificate of Formation of the Association, filed in the Office of the Secretary of State of Texas, as the same may be amended from time to time.

"Common Area" means any property or facilities that the Association owns or in which it otherwise holds rights or obligations, including, but not limited to, any property or facilities held by the Declarant for the benefit of the Association or its Members. Declarant reserves the right, from time to time and at any time, to designate by a Recorded instrument portions of the Property being held by the Declarant for the benefit of the Association. Upon the Recording of such designation, the portion of the Property identified in the Recorded written instrument will be considered Common Area for the purpose of this Master Covenant. Common Area also includes any property that the Association holds under a lease, license, or any easement in favor of the Association, including certain property conveyed to the Association or in which the Association is granted certain easements or other property interests by either the City or a District. Some Common Area will be solely for the common use and enjoyment of the Owners, while other portions of the Common Area may be for the use and enjoyment of the Owners and members of the public.

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"Community Manual" means the community manual, which may be initially adopted and recorded by the Declarant or the Board of the Association and Recorded as part of the initial project documentation for the benefit of the Association. The Community Manual may include the Bylaws, Rules and Regulations and other policies governing the Association. The Rules and Regulations and other policies set forth in the Community Manual may be amended, from time to time, by the Declarant until expiration or termination of the Development Period. Any amendment to the Bylaws, Rules and Regulations and other policies governing the Association prosecuted by the Board must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period. Upon expiration or termination of the Development Period, the Community Manual may be amended by a Majority of the Board.

"Community Systems" means any and all cable television, telecommunications, alarm/monitoring, internet, telephone or other lines, conduits, wires, amplifiers, towers, antennae, satellite dishes, equipment, materials and installations and fixtures (including those based on, containing and serving future technological advances not now known), if installed by Declarant pursuant to any grant of easement or authority by Declarant within the Property.

"Declarant" means Sanctuary Development Company, LLC, a Texas limited liability company, *and each Declarant Affiliate*. For purposes of the Restrictions, "Declarant Affiliate" means those owners (but not future owners pursuant to a conveyance) executing a consent to this Declaration. Notwithstanding any provision in this Declaration to the contrary, Declarant may, by Recorded written instrument, assign, in whole or in part, exclusively or non-exclusively, any of its privileges, exemptions, rights, reservations and duties under this Declaration to any person or entity. Declarant may also, by Recorded written instrument, permit any other person or entity to participate in whole, in part, exclusively or non-exclusively, in any of Declarant's privileges, exemptions, rights and duties under this Declaration. All references to Declarant shall include Declarant Affiliates. Declarant has the sole authority to determine whether a person or entity is a Declarant Affiliate under the Documents.

"Design Guidelines" means the standards for design, construction, landscaping, and exterior items that may be adopted, as the same may be amended or restated from time to time. The Design Guidelines may consist of multiple written design guidelines applying to specific portions of the Property. Declarant may adopt the initial Design Guidelines. Notwithstanding anything in this Declaration to the contrary, Declarant will have no obligation to establish Design Guidelines.

"Development Period" means the period of time beginning on the date when this Declaration has been Recorded, and ending seventy-five (75) years later, unless earlier terminated by Declarant. Declarant may terminate the Development Period by an instrument executed by Declarant and Recorded. The Development Period is the period in which Declarant reserves the right to facilitate the development, construction, and marketing of the Property, and the right to direct the size, shape and composition of the Property. The Development Period is for a term of years and does not require that Declarant own any portion of the Property.

"District" means (a) a public improvement district created pursuant to Chapter 372, Subchapter B of the Texas Local Government Code; (b) a municipal utility district created

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pursuant to Article XVI, Section 59 of the Constitution of the State of Texas and Chapters 49 and 54, Texas Water Code, (c) a municipal management district created pursuant to Chapter 375 of the Texas Local Government Code; or (d) any other similarly constituted governmental or quasi-governmental entity created for the purpose of providing benefits or services to the Property.

"Homebuilder" means an Owner (other than the Declarant) who acquires a Lot for the construction of a single-family residence for resale to a third party.

"Improvement" means every structure and all appurtenances of every type and kind, whether temporary or permanent in nature, including, but not limited to, buildings, outbuildings, storage sheds, patios, tennis courts, sport courts, recreational facilities, swimming pools, putting greens, garages, driveways, parking areas and/or facilities, storage buildings, sidewalks, fences, gates, screening walls, retaining walls, stairs, patios, decks, walkways, landscaping, mailboxes, poles, signs, antennae, exterior air conditioning equipment or fixtures, exterior lighting fixtures, water softener fixtures or equipment, and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

"Lot" means any portion of the Property designated by Declarant or as shown as a subdivided Lot on a Plat, other than Common Area.

"Majority" means more than half.

"Management Company" has the meaning set forth in *Section 4.5(h)*.

"Members" means every person or entity that holds membership privileges in the Association.

"Mortgage" or "Mortgages" means any mortgage(s) or deed(s) of trust securing indebtedness and covering any Lot.

"Mortgagee" or "Mortgagees" means the holder(s) of any Mortgage(s).

"Owner" means the person(s), entity or entities, including Declarant, holding all or a portion of the fee simple interest in any Lot, but does not include the Mortgagee under a Mortgage prior to its acquisition of fee simple interest in such Lot pursuant to foreclosure of the lien of its Mortgage.

"Plat" means a Recorded subdivision plat of any portion of the Property and any amendments thereto.

"Property" means that certain property in Bell County, Texas described in **Exhibit "A"** attached hereto and incorporated by reference herein, subject to such additions thereto and deletions therefrom as may be made pursuant to *Section 12.3* and *Section 12.4* of this Declaration.

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"Record, Recording, Recordation and Recorded" means recorded or to be recorded in the Official Public Records of Bell County, Texas.

"Resident" means an occupant or tenant of a Lot, regardless of whether the person owns the Lot.

"Restrictions" means the restrictions, covenants, and conditions contained in this Declaration, the Design Guidelines, Bylaws, Community Manual, Rules or policies promulgated by the Declarant or Board, and as may be amended from time to time.

"Rules" means any instrument, however denominated, which is adopted by the Declarant or Board for the regulation and management of the Property, including any amendments to those instruments.

"Sanctuary East Public Improvement District" means the *proposed* Sanctuary East Public Improvement District ordinance that *may* be adopted by the Village of Salado, Texas for the Sanctuary East Development, as the same may be amended and modified from time to time.

"Solar Energy Device" means a system or series of mechanisms designed primarily to provide heating or cooling or to produce electrical or mechanical power by collecting and transferring solar-generated energy. The term includes a mechanical or chemical device that has the ability to store solar-generated energy for use in heating or cooling or in the production of power.

ARTICLE 2
USE RESTRICTIONS

All of the Property shall be owned, held, encumbered, leased, used, occupied, and enjoyed subject to the following limitations and restrictions:

2.1 General.

(a) Conditions and Restrictions. All Lots within the Property will be owned, held, encumbered, leased, used, occupied and enjoyed subject to the Restrictions.

(b) Ordinances. Ordinances and requirements imposed by local governmental authorities are applicable to all Lots within the Property. Compliance with the Restrictions is not a substitute for compliance with such Applicable Law. Please be advised that the Restrictions do not purport to list or describe each ordinance or regulation which may be applicable to a Lot located within the Property. Each Owner is advised to review all ordinances, requirements, building height restrictions, impervious cover limitations, regulations and encumbrances affecting the use and improvement of their Lot prior to submitting plans to the Board or Management Company for approval. Furthermore, approval by the Board or Management Company should not be construed by the Owner that any Improvement complies with the terms and provisions of any ordinances, requirements, regulations or encumbrances which may affect the Owner's Lot.

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IN CERTAIN INSTANCES, THE PROPOSED SANCTUARY EAST PUBLIC IMPROVEMENT DISTRICT MAY BE MORE OR LESS RESTRICTIVE THAN THE PROVISIONS OF THE RESTRICTIONS OR OTHER CITY ORDINANCES. IN THE EVENT OF A CONFLICT BETWEEN THE PROPOSED SANCTUARY EAST PUBLIC IMPROVEMENT DISTRICT AND THE RESTRICTIONS OR OTHER CITY ORDINANCES, THE MOST RESTRICTIVE REQUIREMENT WILL APPLY, EXCEPT IN CIRCUMSTANCES WHERE COMPLIANCE WITH A MORE RESTRICTIVE PROVISION OF THE RESTRICTIONS WOULD RESULT IN A VIOLATION OF THE PROPOSED SANCTUARY EAST PUBLIC IMPROVEMENT DISTRICT, IN WHICH EVENT THE PROPOSED SANCTUARY EAST PUBLIC IMPROVEMENT DISTRICT SHALL APPLY. COMPLIANCE WITH MANDATORY REQUIREMENTS IN THE PROPOSED SANCTUARY EAST PUBLIC IMPROVEMENT DISTRICT WILL NOT RESULT IN THE VIOLATION OF THE RESTRICTIONS OR OTHER CITY ORDINANCES.

(c) Single-Family Residential Use. The Lots may be used solely for private single-family residential purposes and there will not be constructed or maintained thereon more than one detached single-family residence. No professional, business, or commercial activity to which the general public is invited may be conducted on any Lot, except an Owner or Resident may conduct business activities within a residence so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the residence (remote work and working from home in a personal home office is permitted); (ii) the business activity conforms to all zoning requirements for the Property; (iii) the business activity does not involve door-to-door solicitation of Residents within the Property; (iv) the business does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles parked within the Property which is noticeably greater than that which is typical of residences in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, does not require a federal firearms dealer license, does not threaten the security or safety of other Residents of the Property, all as may be determined in the absolute sole discretion of the Board. The terms "business" and "trade," as used in this provision, will be construed to have their ordinary, generally accepted meanings and will include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (x) such activity is engaged in full or part-time; (y) such activity is intended to or does generate a profit; or (z) a license is required. Compliance with this Section is determined in the absolute sole discretion of the Declarant during the Development Period and by the Board thereafter. Leasing of a residence is not considered a business or trade within the meaning of this subsection. This subsection will not apply to any activity conducted by the Declarant or an Owner engaged in the business of constructing homes for resale (a Homebuilder) who acquires a Lot for the purpose of constructing a residence thereon for resale to a third party.

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Notwithstanding any provision in this Declaration to the contrary, until the expiration or termination of the Development Period:

(i) Declarant and/or its licensees may construct and maintain upon portions of the Common Area and any Lot owned by the Declarant such facilities and may conduct such activities which, in Declarant's sole opinion, may be reasonably required, convenient, or incidental to the construction or sale of single-family residences constructed upon the Lots, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and/or its licensees have an easement over and across the Common Area for access and use of such facilities at no charge; and

(ii) Declarant and/or its licensees shall have an access easement over and across the Common Area for the purpose of making, constructing and installing improvements to the Common Area.

(d) Leasing Policy. Leasing of a Lot shall be in accordance with the leasing policy ("Leasing Policy") located in the Community Manual. The Leasing Policy may be amended from time to time by the Declarant during the Development Period and the Board thereafter.

2.2 Window or Glass Door Treatments. No aluminum foil, reflective film or other reflective treatment, window tinting, window decals, stickers or similar treatments shall be placed on any windows or glass doors on any on a residence or other structure on the Lot. The use of bed sheets, tablecloths, towels or other obviously non-drapery fabrics are expressly prohibited, even on a temporary basis. All window or glass door treatments which are visible from public view must be maintained in good condition, and must be removed or replaced if they become stained, torn, damaged, or otherwise unsightly in the opinion of the Board.

2.3 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 shall 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. 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. Each Owner shall contract with an independent disposal service to collect all garbage or other wastes, if such service is not provided by a governmental entity or the Association.

2.4 Trash Containers. Trash containers and recycling bins must be stored in one of the following locations: (i) inside the garage of the residence; or (ii) behind or on the side of a residence in such a manner that the trash container and recycling bin is not visible from any street, alley, or adjacent residence, e.g. behind a privacy fence or other appropriate screening. The Board shall have the right to specify additional locations in which trash containers or recycling bins must be stored.

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2.5 Air Conditioning Units. Air conditioning units must be installed on the ground behind the rear of the residence, on the ground on the side of the residence, or such other location as may be approved by the ACC. Such air conditioning apparatuses must be reasonably screened in accordance with the ACC standards. No air conditioning apparatus or evaporative cooler may be installed on the front of any residence or attached to any roof, wall or window of a residence.

2.6 Outbuildings, Sheds, and Detached Buildings. Except as may be permitted by the ACC, no detached accessory buildings, including but not limited to, detached storage buildings and sheds shall be erected, placed or constructed on a Lot.

2.7 Garages. The residence on a Lot must accommodate a minimum of two (2) but not more than four (4) automobiles, unless otherwise approved by the ACC or required by Applicable Law. All garages must comply with the Village of Salado requirements and the ACC standards. Garages will be maintained for the storage of automobiles. No garage may be enclosed or otherwise used for habitation. No carports are permitted on a Lot unless otherwise approved by the ACC.

2.8 Lighting; Exterior Holiday Decorations. Lighting and decorations on a Lot may not be used or placed in a manner which, in the Board's sole and absolute discretion, constitutes a nuisance or an unreasonable source of annoyance to the occupants of other Lots. Except for lights and decorations within the interior of a residence that are not displayed in a window, lights and decorations that are erected or displayed on a Lot in commemoration or celebration of publicly observed holidays may not be displayed more than six (6) weeks in advance of that specific holiday and must be removed within thirty (30) days after the holiday ended; provided, with respect to any Christmas lights or similar lights installed during that time of year, the same shall be installed no earlier than November 15th and removed on or before January 15th. All lighting shall be light emitting diode (LED) cool white or warm white.

2.9 Clothes Hanging Devices. No clotheslines or clothes hanging devices may be installed on a Lot.

2.10 Unsightly Articles; Boats, RVs, Vehicles. No article deemed to be unsightly by the Board shall be permitted to remain on any Lot so as to be visible from adjoining property or from public or private thoroughfares. Trucks with payload tonnage in excess of one (1.0) ton and any commercial vehicle with painted advertisements shall not be permitted to park overnight on the Property except those used by Declarant or a Homebuilder during the construction of Improvements. Without limiting the generality of the foregoing, no trailers, boats, jet skis or similar watercraft items, RVs, mobile homes, tractors, campers, wagons, buses, motorcycles, motor scooters, or all-terrain vehicles may be kept on a Lot unless otherwise approved by the Declarant during the Development Period or the Board thereafter. 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. No vehicle of any size which transports flammable or explosive cargo may be kept on the Property at any time. Service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view, and no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials, scrap, refuse or trash shall be kept, stored, or allowed to accumulate on any portion of

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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 shall 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.

2.11 Noise. No horns, whistles, bells, or other sound devices (other than security devices used exclusively for security purposes and speakers and audio systems installed as part of approved outdoor decks and patios) shall be located, used, or placed on any portion of the Property. No noise or other nuisance shall be permitted to exist or operate upon any portion of the Property so as to be offensive or detrimental to any other portion of the Property or to its Residents. Without limiting the generality of the foregoing, 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).

2.12 Outside Burning. There shall be no exterior fires, except that barbecues, outside fireplaces, braziers and incinerator fires contained within facilities or receptacles and in areas designated and approved by the Board shall be permitted. No open fires may be lighted or permitted except while attended and in use for cooking purposes. No Owner shall permit any condition upon a Lot which creates a fire hazard or violates Applicable Law.

2.13 Hazardous Activities. No activities may be conducted on or within the Property and no Improvements may be constructed on or within any portion of the Property which, in the opinion of the Board, are or might be unsafe or hazardous to any person or property. No firearms may be unlawfully discharged upon any portion of the Property. Fireworks may not be discharged on the Property unless discharged in conjunction with an event approved in advance by the Board. No portion of the Property may be used for the takeoff, storage, or landing of aircraft (including, without limitation, helicopters) except for medical emergencies.

2.14 Animals - 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 as pot-bellied pigs, miniature horses, chickens, exotic snakes or lizards, ferrets, monkeys 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.** No Owner or Resident may keep on such Owner's or Resident's Lot more than four (4) cats and dogs, in the aggregate, unless otherwise approved by the Declarant during the Development Period or the Board thereafter. No animal may be allowed to make an unreasonable amount of noise, or to become a nuisance, and no domestic pets will be allowed on the Property other than within the residence, within the fenced yard space associated therewith, or within the fenced yard space using an electronic or "invisible", unless confined to a leash (either a physical leash or electronic leash). The Board may restrict pets to certain areas on the Property. No animal may be stabled, maintained, kept, cared for, or boarded for hire or remuneration on the Property, and no kennels

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or breeding operation will be allowed. No animal may be allowed to run at large, and all animals must be kept within enclosed areas which must be clean, sanitary, and reasonably free of refuse, insects, and waste at all times. No pet may be left unattended in front yards, porches or other unenclosed outside areas of the Lot. All pet waste will be removed and appropriately disposed of by the owner of the pet. All 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 or is a threat to the health and safety of others, or the owner of the pet fails or refuses to comply with the Restrictions, the Owner, upon written notice, may be required to remove the pet from the Property.

2.15 Maintenance. The Owners of each Lot shall jointly and severally have the duty and responsibility, at their sole cost and expense, to keep their Lot and all Improvements thereon 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:

(a) Prompt removal of all litter, trash, refuse, and wastes.

(b) Lawn mowing and edging.

(c) Tree and shrub pruning.

(d) Watering (as permitted by Applicable Law).

(e) Keeping exterior lighting and mechanical facilities in working order.

(f) Keeping lawn and garden areas alive, free of weeds, and attractive.

(g) Keeping planting beds free of turf grass.

(h) Keeping driveways in good repair.

(i) Complying with Applicable Law.

(j) Repainting of Improvements.

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

(l) Maintaining decks, patios, and balconies in good condition and repair.

(m) Maintaining all Solar Energy Devices, if any, in good condition and repair.

2.16 Liability of Owners for Damage to Other Lots, Recreational Facilities and Common Area. No Owner shall in any way alter, modify, add to or otherwise perform any work

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upon the Common Areas without the prior written approval of the Board. Each Owner shall be liable to the Association for any and all damages to the Common Areas and any Improvements constructed thereon; or any Improvements constructed on any Lot, the maintenance of which has been assumed by the Association, and for which damages were caused by the neglect, misuse or negligence of such Owner or Owner's family, or by any Resident of such Owner's Lot, or any guest or invitee of such Owner. The full cost of all repairs of such damage shall be an Assessment against such Owner's Lot secured by a lien against such Owner's Lot and collectable on the same manner as Assessments.

2.17 Compliance with Setbacks. No residence may be constructed on any Lot nearer to a street than the minimum building setback lines shown on the Plat containing such Lot and no building shall be located on any utility easements.

2.18 Dumping. No portion of the Property shall be used or maintained as a dumping ground for rubbish, trash, new or used lumber or wood, metal scrap, garbage or other waste, except that such material may be kept in areas of the Property designated for this purpose by Declarant (in connection with its construction) or by the Board, provided that these materials are kept in sanitary containers in a clean and sanitary condition. Owners shall place these containers for collection only in the designated areas and only on the day these refuse materials are to be collected. Empty containers shall be removed promptly after collection.

2.19 Owner Conduct in Common Areas. Owners and their guests, invitees, Residents and family shall at all times exhibit good behavior while present in the Commons Areas. The Board may adopt additional rules governing the use of the Common Areas. At a minimum, the following standards shall apply to all Owners and their guests, invitees, Residents and family while present in the Common Areas and such standards shall be in addition to the standards otherwise set forth in this Declaration:

(a) noise including, without limitation, playing of music, shall be kept at reasonable levels at all times;

(b) rude, obnoxious or lewd behavior while in Common Areas shall be strictly prohibited;

(c) pets shall remain on a leash at all times and all pet waste shall be immediately removed from the Common Areas; and

(d) there shall be no obstruction of the Common Areas, nor shall anything be kept on, stored on or removed from any part of the Common Area without prior written consent of the Board thereafter, except as specifically provided herein.

2.20 Owner's Obligation to Maintain Street Landscape. Each Owner shall be responsible, at such Owner's sole cost and expense, for maintaining, mowing, replacing, pruning, and irrigating the landscaping between the boundary of such Owner's Lot and the edge of the pavement of any adjacent public right-of-way, street or alley (the "ST Landscape Area") unless the responsibility for maintaining the ST Landscape Area or any portion thereof has been assumed

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by the Association, in the Board's sole discretion, in a Recorded written instrument identifying all or any portion of the ST Landscape Area to be maintained (the "Association Landscape Area"). If the Association assumes such responsibility as set forth herein, Owner shall neither perform any maintenance in the Association Landscape Area nor construct any Improvements therein. Otherwise specifically, and not by way of limitation, each Owner, at such Owner's sole cost and expense, shall be required to maintain, irrigate and replace any trees located within the ST Landscape Area. No landscaping, including trees, may be removed from or installed within the ST Landscape Area without the advance written consent of the Board. In the event an Owner fails to properly and on a timely basis (both standards to be determined by the Board in the Board's sole and absolute discretion) mow, replace, prune, and/or irrigate any landscaping, including trees, in such Owner's ST Landscape Area, such failure shall constitute a violation of the Restrictions and the Board may cause such landscaping, including trees, to be mowed, replaced, pruned and/or irrigated in a manner determined by the Board, in its sole and absolute discretion. If the Board causes such landscaping, including trees, to be mowed, replaced, pruned and irrigated, the Owner otherwise responsible therefor shall be personally liable to the Association for all costs and expenses incurred by the Association for effecting such work. If such Owner fails to pay such costs and expenses upon demand by the Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half percent (1½%) per month) shall be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot hereunder shall be secured by the liens reserved in the Restrictions and may be collected by any means provided in the Restrictions for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s). EACH OWNER AND RESIDENT SHALL INDEMNIFY AND HOLD HARMLESS THE ASSOCIATION AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION INCLUDING ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" AS USED HEREIN DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.

2.21 Insurance Rates. Nothing shall be done or kept on the Property that would increase the rate of casualty or liability insurance or cause the cancellation of any such insurance on the Common Area, or the Improvements located thereon, without the prior written approval of the Board.

2.22 Mining and Drilling; Tanks. 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

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conjunction with the construction of Improvements and/or the development of the Property by the Declarant. No tank for the storage of oil or other fluids may be maintained on any Lot above the surface of the ground unless otherwise approved by the ACC. Nothing in this Section restricts or prohibits (i) developing or producing the oil, gas or other minerals in and under the Property by pooling the Property with other land, or (ii) extracting oil, gas or other minerals by directional drilling mining and production operations initiated from surface locations on other lands.

2.23 Release. EACH OWNER HEREBY RELEASES AND HOLDS HARMLESS THE ASSOCIATION, DECLARANT, THE BOARD AND THEIR AFFILIATES, OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF SUCH OWNER'S USE OF ANY COMMON AREA. Neither the Association nor Declarant shall assume any responsibility or liability for any personal injury or property damage which is occasioned by use of any Common Area, and in no circumstance shall words or actions by the Association or Declarant constitute an implied or express representation or warranty regarding the fitness or condition of any Common Area.

2.24 Compliance with Restrictions. Each Owner, his or her family, Residents of a Lot, and the Owner's tenants, guests, invitees, and licensees shall comply strictly with the provisions of the Restrictions as the same may be amended from time to time. Failure to comply with any of the Restrictions shall constitute a violation thereof and may result in a fine against the Owner in accordance with this Declaration, and shall give rise to a cause of action to recover sums due for damages or injunctive relief, or both, maintainable by the Declarant, the Board on behalf of the Association, the Board, or by an aggrieved Owner. Without limiting any rights or powers of the Association, the Board may (but shall not be obligated to) remedy or attempt to remedy any violation of any of the provisions of Restrictions, and the Owner whose violation has been so remedied shall be personally liable to the Association for all costs and expenses of effecting (or attempting to effect) such remedy. If such Owner fails to pay such costs and expenses upon demand by the Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half percent (1½%) 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 the Restrictions for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s). EACH SUCH OWNER SHALL RELEASE AND HOLD HARMLESS THE ASSOCIATION AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION (INCLUDING ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" AS USED HEREIN DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.

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2.25 No Warranty of Enforceability. Declarant makes no warranty or representation as to the present or future validity or enforceability of the Restrictions. Any Owner acquiring a Lot in reliance on one or more of the Restrictions shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant harmless therefrom.

ARTICLE 3
CONSTRUCTION RESTRICTIONS

3.1 Construction of Improvements. Unless prosecuted by the Declarant, no Improvements of any kind shall hereafter be placed, maintained, erected or constructed upon any portion of the Property unless approved in advance and in writing by the ACC, Declarant or Board in accordance with the Restrictions. The Declarant or Board may adopt Design Guidelines applicable to the Property. If adopted, all Improvements shall strictly comply with the requirements of the Design Guidelines unless a variance is obtained pursuant to the Restrictions. The Design Guidelines may be supplemented, modified, amended, or restated by the Board as authorized by the Restrictions.

3.2 Drainage; Driveways. There shall be no interference with the established drainage patterns over any of the Property, including the Lots, except by Declarant, unless adequate provision is made for proper drainage and such provision is approved in advance by the ACC. Specifically, and not by way of limitation, no Improvement, including landscaping, may be installed which impedes the proper drainage of water between Lots. All driveways must be constructed in accordance with any plat requirements and Applicable Law.

3.3 Construction Activities. The Restrictions will not be construed or applied so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by an Owner (including Declarant or a Homebuilder) upon or within the Property. Specifically, no such construction activities will be deemed to constitute a nuisance or a violation of the Restrictions by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence and conforms to usual construction practices in the area. In the event that construction upon any Lot does not conform to usual practices in the area as determined by the ACC in its sole and reasonable judgment, the ACC will have the authority to seek an injunction to stop such construction. In addition, if during the course of construction upon any Lot there is excessive accumulation of debris of any kind which would render the Lot or any portion thereof unsanitary, unsightly, offensive, or detrimental to it or any other portion of the Property, then the ACC may contract for or cause such debris to be removed, and the Owner of the Lot will be liable for all reasonable expenses incurred in connection therewith.

3.4 No Septic Systems. No individual sewage disposal systems shall be permitted on any Lot.

3.5 Utility Lines. Unless otherwise approved by the Board, no sewer, drainage or utility lines or wires or other devices for the communication or transmission of electric current, power, or signals including telephone, television, microwave or radio signals, shall be constructed, placed or maintained anywhere in or upon any portion of the Property other than within buildings

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or structures unless the same shall be contained in conduits or cables constructed, placed or maintained underground, concealed in or under buildings or other structures.

3.6 Subdividing. No Lot shall be further divided or subdivided, nor may any easements or other interests therein less than the whole be conveyed by the Owner thereof without the prior written approval of the Board; provided, however, that when Declarant is the Owner thereof, Declarant may further divide and subdivide any Lot and convey any easements or other interests less than the whole, all without the approval of the Board.

3.7 Removal of Nonconforming Improvements. The Association, upon request of the Board and after reasonable notice to the offender and, if different, to the Owner, may enter upon any Lot at any reasonable time after notice to the Owner, without being deemed guilty of trespass, and remove any Improvement constructed, reconstructed, refinished, altered, or maintained in violation of the Restrictions. The Owner of the Improvement will immediately reimburse the Association for all expenses incurred in connection with such removal. If the Owner fails to reimburse the Association within thirty (30) days after the Association gives the Owner notice of the expenses, the sum owed to the Association will bear interest at the maximum lawful rate, or if there is no such maximum lawful rate, then at the rate of one and one half percent (1½%) per month, from the date the expense was incurred by the Association through the date of reimbursement in full, and all such sums and interest will be an Individual Assessment enforceable as provided in this Declaration.

3.8 Continuity of Construction. All Improvements commenced on the Property, other than Improvements constructed by the Declarant, will be prosecuted diligently to completion and will be completed within twelve (12) months after commencement, unless an exception is granted in writing by the Board. If an Improvement on any Lot is commenced and construction is then abandoned for more than ninety (90) days, or if construction is not completed within the required twelve (12) month period, then such delay will constitute a violation of this Declaration and the Owner of such Lot will be subject to fines in accordance with the Design Guidelines. Any fine and/or charge for damage levied in accordance with this Section will be considered an Individual Assessment pursuant to this Declaration.

3.9 Builder Performance. In no event will the Association, the Board, the ACC, Declarant or affiliates of Declarant be responsible for, or guarantors of, performance by any builder of all or any of its obligations to any Owner pursuant to any contracts for the sale or construction of Improvements or otherwise. Neither the Association, the Board, the ACC, Declarant nor any affiliates of Declarant has made, or have made, any warranty or representation with respect to performance by any builder under any contract or otherwise.

ARTICLE 4
SANCTUARY EAST HOMEOWNERS' ASSOCIATION, INC.

4.1 Organization. The Association is a nonprofit corporation created for the purposes, charged with the duties, and vested with the powers of a Texas nonprofit corporation. Neither the Certificate nor Bylaws will for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

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4.2 Membership.

(a) Mandatory Membership. Any person or entity, upon becoming an Owner, will automatically become a Member of the Association. Membership will be appurtenant to and will run with the ownership of the Lot that qualifies the Owner thereof for membership, and membership may not be severed from the ownership of the Lot, or in any way transferred, pledged, mortgaged or alienated, except together with the title to such Lot.

(b) Easement of Enjoyment - Common Area. Every Member will have a right and easement of enjoyment in and to all of the Common Area and an access easement by and through any Common Area, which easements will be appurtenant to and will pass with the title to such Member's Lot, subject to the following restrictions and reservations:

(i) The right of the Declarant to cause such Improvements and features to be constructed upon the Common Area, as determined from time to time by the Declarant, in the Declarant's sole and absolute discretion;

(ii) The right of the Association to suspend the right to use the Common Area for any period during which any Assessment against such Member's Lot remains past due in accordance with the Assessment Collection Policy and for any period during which such Member is in violation of any provision of this Declaration;

(iii) The right of the Association to suspend an Owner's right to vote for any period during which any Assessment against such Member's Lot remains past due in accordance with the Assessment Collection Policy and for any period during which such Member is in violation of any provision of this Declaration; provided however, a Member may continue to vote should a vote be held for an election of board members or if the vote is on any matter concerning the rights or responsibilities of the Owners (despite a delinquency on Assessments or violation of the Restrictions) in accordance with Section 209.0059 of the Texas Property Code.

(iv) The right of the Association and Declarant (during the Development Period) to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for any purpose (including dedicating any roads to a public or governmental entity);

(v) The right of the Association and Declarant (during the Development Period) to grant easements or licenses over and across the Common Area;

(vi) The right of the Association to borrow money for the purpose of improving the Common Area and, in furtherance thereof, to mortgage the Common Area;

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(vii) The right of the Declarant, during the Development Period, and the Board thereafter, to promulgate Rules regarding the use of the Common Area and any Improvements thereon; and

(viii) The right of the Association to contract for services with any third parties on such terms as the Association may determine.

4.3 Governance. The Board 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 this Declaration to the contrary, Declarant will have the sole right to appoint and remove all members of the Board and all officers of the Association until the tenth (10th) anniversary of the date this Declaration is Recorded.** No later than the tenth (10th) anniversary of the date this Declaration is Recorded, or sooner as determined by Declarant, the Board will 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.

4.4 Voting Rights. The right to cast votes and the number of votes which may be cast for election of members to the Board (except as provided by *Section 4.3*) and on all other matters to be voted on by the Members will be calculated as set forth below.

(a) Owner Votes. The Owner of each Lot will have one (1) vote for each Lot so owned.

(b) Declarant Votes. In addition to the votes to which Declarant is entitled by reason of *Section 4.4(a)*, for every one (1) vote outstanding in favor of any other person or entity, Declarant will have four (4) additional votes until the expiration or termination of the Development Period.

(c) Co-Owner Votes. When more than one person or entity owns a portion of the fee simple interest in any Lot, all such persons or entities will be Members. The vote or votes (or fraction thereof) for such Lot will be exercised by the person so designated in writing to the Secretary of the Association by the Owner of such Lot, and in no event will the vote for such Lot exceed the total votes to which such Lot is otherwise entitled under this *Section 4.4*.

4.5 Powers. The Association will have the powers of a Texas nonprofit corporation. It will further have the power to do and perform any and all acts that may be necessary or proper, for or incidental to, the exercise of any of the express powers granted to it by Applicable Law or this Declaration. Without in any way limiting the generality of the two preceding sentences, the Board, acting on behalf of the Association, will have the following powers at all times:

(a) Rules, Bylaws and Community Manual. To make, establish and promulgate, and in its discretion to amend from time to time, or repeal and re-enact, such

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rules, regulations, Bylaws and Community Manual not in conflict with this Declaration, as it deems proper, covering any and all aspects of the Property (including the operation, maintenance and preservation thereof) or the Association. Any Rules, and any modifications to existing Rules, or the Bylaws proposed by the Board must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period.

(b) Insurance. To obtain and maintain in effect, policies of insurance that, in the opinion of the Board, are reasonably necessary or appropriate to carry out the Association's functions.

(c) Records. To keep books and records of the Association's affairs, and to make such books and records, together with current copies of the Restrictions available for inspection by the Owners, Mortgagees, and insurers or guarantors of any Mortgage upon request during normal business hours.

(d) Assessments. To levy and collect assessments, as provided in *Article 6* below.

(e) Right of Entry and Enforcement. To enter at any time without notice in an emergency (or in the case of a non-emergency, after twenty-four (24) hours written notice), without being liable to any Owner or Resident, upon any Lot and into any Improvement thereon for the purpose of enforcing the Restrictions or for the purpose of maintaining or repairing any area, Improvement or other facility to conform to the Restrictions. The expense incurred by the Association in connection with the entry upon any Lot and the maintenance and repair work conducted thereon or therein will be a personal obligation of the Owner of the Lot so entered, will be deemed an Individual Assessment against such Lot, will be secured by a lien upon such Lot, and will be enforced in the same manner and to the same extent as provided in *Article 6* hereof for Assessments. The Association will have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Restrictions. The Association is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce the Restrictions; provided, however, that the Board will never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, or its successors or assigns. The Association may not alter or demolish any Improvements on any Lot other than Common Area in enforcing these Restrictions before a judicial order authorizing such action has been obtained by the Association, or before the written consent of the Owner(s) of the affected Lot(s) has been obtained. EACH SUCH OWNER AND RESIDENT WILL INDEMNIFY AND HOLD HARMLESS THE ASSOCIATION, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS *SECTION 4.5(e)* (INCLUDING ANY COST, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION

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ARISING OUT OF THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.

(f) Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association.

(g) Conveyances. To grant and convey to any person or entity the real property and/or other interest, including fee title, leasehold estates, easements, rights-of-way or mortgages, out of, in, on, over, or under any Common Area for the purpose of constructing, erecting, operating or maintaining the following:

(i) Parks, parkways or other recreational facilities or structures;

(ii) Roads, private streets (if any), sidewalks, signs, street lights, walks, driveways, trails and paths;

(iii) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;

(iv) Sewers, water systems, storm water drainage systems, sprinkler systems and pipelines; and/or

(v) Any similar Improvements or facilities.

Nothing set forth above, however, will be construed to permit use or occupancy of any Improvement or other facility in a way that would violate applicable use and occupancy restrictions imposed by the Restrictions or by Applicable Law. In addition, until expiration or termination of the Development Period, any grant or conveyance under this *Section 4.5(g)* must be approved in advance and in writing by the Declarant.

(h) Management Company. To retain and pay for the services of a person or firm (the "Management Company"), which may include Declarant or any affiliate of Declarant, to manage and operate the Association, including its property, to the extent deemed advisable by the Board. Personnel may be employed directly by the Association or may be furnished by the Management Company. To the extent permitted by Applicable Law, the Board may delegate any other duties, powers and functions to the Management Company. In addition, the Board or the Management Company may adopt transfer fees, resale certificate fees or any other fees associated with the provision of management services to the Association or its Members. THE MEMBERS HEREBY RELEASE THE ASSOCIATION AND THE MEMBERS OF THE BOARD AND COMMITTEE MEMBERS FROM LIABILITY FOR ANY OMISSION OR IMPROPER EXERCISE BY

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THE MANAGEMENT COMPANY OF ANY SUCH DUTY, POWER OR FUNCTION SO DELEGATED.

(i) Property Services. To pay for water, sewer, garbage removal, street lights, landscaping, gardening and all other utilities, services, repair and maintenance for any portion of the Property, Common Area, private or public recreational facilities, easements, streets, roadways, rights-of-ways, signs, parks, parkways, median strips, sidewalks, paths, trails, ponds, and lakes, each as may be applicable.

(j) Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments that the Association or the Board is required or permitted to secure or to pay for pursuant to Applicable Law or under the terms of the Restrictions or as determined by the Board.

(k) Construction on Common Area. To construct new Improvements or additions to any property owned, leased, or licensed by the Association, subject to the approval of the Board and the Declarant until expiration or termination of the Development Period.

(l) Contracts. To enter into Bulk Rate Contracts or other contracts or licenses with Declarant or any third party on such terms and provisions as the Board will determine, to operate and maintain any Common Area or other property, or to provide any service, including but not limited to, cable, utility, or telecommunication services, or perform any function on behalf of Declarant, the Board, the Association, or the Members. During the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Declarant.

(m) Property Ownership. To acquire, own and dispose of all manner of real and personal property, including habitat, whether by grant, lease, easement, gift or otherwise. During the Development Period, all acquisitions and dispositions of the Association hereunder must be approved in advance and in writing by the Declarant.

(n) Relationships with Districts and Tax Exempt Organizations. To create, enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Property and Common Area to any District or non-profit, tax-exempt organization, the operation of which confers some benefit upon the Property, the Association, or the Members. The Association may contribute money, real or personal property, or services to such entity. Any such contribution shall be a common expense to be included in the Assessments levied by the Association and included as a line item in the Association's Annual Budget. For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code (the "Code"), such as, but not limited to, entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time. The Association may maintain multiple-use facilities within the Property and allow use by tax-exempt organizations or third parties. Such use may be on a scheduled or "first-come,

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first-served" basis. A reasonable maintenance and use fee may be charged for the use of such facilities.

(o) Rules. To establish, terminate, enact, amend and restate Rules governing and limiting the use of the Common Area and any Improvements thereon.

4.6 Acceptance of Common Area. The Association may acquire, hold, and dispose of any interest in tangible and intangible personal property and real property. Declarant and its assignees reserve the right, from time to time and at any time, to designate by written Recorded instrument portions of the Property being held by the Declarant for the benefit of the Association. Upon the filing of such designation, the portion of the Property identified therein will be considered Common Area for the purpose of this Declaration. Declarant and its assignees may transfer or convey to the Association or a District interests in real or personal property within or for the benefit of the Property or the Property and the general public, and the Association will 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. In addition, Declarant may reserve from any such property, easements for the benefit of Declarant, any third party, and/or property not otherwise subject to the terms and provisions of this Declaration. Such property will be accepted by the Association and thereafter will be maintained as Common Area by the Association for the benefit of the Property and/or the general public subject to any restrictions set forth in the deed or other instrument transferring or assigning such property to the Association. Upon Declarant's written request, the Association will re-convey to Declarant any unimproved real property that Declarant originally conveyed to the Association free of monetary consideration to the extent conveyed in error or needed to make minor adjustments in property lines, as determined in the sole and absolute discretion of the Declarant. Declarant and/or its assignees may construct and maintain upon portions of the Common Area such facilities and may conduct such activities which, in Declarant's sole opinion, may be required, convenient, or incidental to the construction or sale of Improvements on the Property, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and its assignees shall have an easement over and across the Common Area for ingress and egress and shall have the right to use such facilities and to conduct such activities.

4.7 Indemnification. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW BUT WITHOUT DUPLICATION (AND SUBJECT TO) ANY RIGHTS OR BENEFITS ARISING UNDER THE CERTIFICATE OR BYLAWS OF THE ASSOCIATION, THE ASSOCIATION WILL INDEMNIFY ANY PERSON WHO WAS, OR IS, A PARTY, OR IS THREATENED TO BE MADE A PARTY TO ANY THREATENED PENDING OR COMPLETED ACTION, SUIT OR PROCEEDING, WHETHER CIVIL, CRIMINAL, ADMINISTRATIVE OR INVESTIGATIVE BY REASON OF THE FACT THAT HE IS, OR WAS, A DIRECTOR, OFFICER, COMMITTEE MEMBER, EMPLOYEE, SERVANT OR AGENT OF THE ASSOCIATION AGAINST EXPENSES, INCLUDING ATTORNEYS' FEES, REASONABLY INCURRED BY HIM IN CONNECTION WITH SUCH ACTION, SUIT OR PROCEEDING IF IT IS FOUND AND DETERMINED BY THE BOARD OR A COURT OF COMPETENT JURISDICTION THAT HE OR SHE: (I) ACTED IN GOOD FAITH AND IN A MANNER HE OR SHE REASONABLY BELIEVED TO BE IN, OR NOT OPPOSED TO, THE BEST INTERESTS OF THE ASSOCIATION; OR (II) WITH RESPECT TO ANY CRIMINAL

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ACTION OR PROCEEDING, HAD NO REASONABLE CAUSE TO BELIEVE HIS OR HER CONDUCT WAS UNLAWFUL. THE TERMINATION OF ANY ACTION, SUIT OR PROCEEDING BY SETTLEMENT, OR UPON A PLEA OF *NOLO CONTENDERE* OR ITS EQUIVALENT, WILL NOT OF ITSELF CREATE A PRESUMPTION THAT THE PERSON DID NOT ACT IN GOOD FAITH OR IN A MANNER WHICH WAS REASONABLY BELIEVED TO BE IN, OR NOT OPPOSED TO, THE BEST INTERESTS OF THE ASSOCIATION OR, WITH RESPECT TO ANY CRIMINAL ACTION OR PROCEEDING, HAD REASONABLE CAUSE TO BELIEVE THAT HIS OR HER CONDUCT WAS UNLAWFUL. THE ASSOCIATION AGREES TO HOLD HARMLESS, DEFEND, AND INDEMNIFY DECLARANT, DECLARANT'S LENDER(S), AND DECLARANT'S RESPECTIVE AFFILIATES (DIRECT AND INDIRECT), PARENTS, JOINT VENTURERS, PARTNERS, MEMBERS, MANAGERS, AGENTS, CONTRACTORS, REPRESENTATIVES, OFFICERS, DIRECTORS, EMPLOYEES, AND STAFF (COLLECTIVELY, THE "RELEASED PARTIES"), FROM ANY CLAIMS, CAUSES OF ACTION, DEMANDS, LOSSES, DAMAGES, EXPENSES, COSTS, AND CLAIMS FOR PERSONAL INJURY, ILLNESS OR PROPERTY DAMAGE, INCLUDING DEATH (THE "CLAIMS"), ARISING OUT OF OR RELATING IN ANY WAY TO ANY ASSOCIATION ACTIVITIES, FUNCTIONS, COMPLETED PRODUCTS OR OPERATIONS, INCLUDING, BUT NOT LIMITED TO, THE OPERATION, MAINTENANCE OR REPAIR OF ANY COMMON AREA OR ANY OTHER PORTION OF THE PROPERTY WHICH THE ASSOCIATION OWNS OR IS OTHERWISE HELD BY OR FOR THE BENEFIT OF THE ASSOCIATION, INCLUDING WITHOUT LIMITATION PORTIONS HELD UNDER ANY LEASE, LICENSE OR EASEMENT IN FAVOR OF THE ASSOCIATION, OR THE EXERCISE OF ANY RIGHTS CONFERRED UPON THE ASSOCIATION IN THE RESTRICTIONS.

4.8 Insurance. The Board may purchase and cause to be maintained, at the expense of the Association, insurance on behalf of any person who is acting as a director, officer, committee member, employee, servant or agent of the Association against any liability asserted against or incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against such liability or otherwise.

4.9 Bulk Rate Contracts. Without limitation on the generality of the Association powers set out in *Section 4.5* hereinabove (except that during the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Declarant), the Association will have the power to enter into Bulk Rate Contracts at any time and from time to time. The Association may enter into Bulk Rate Contracts or other contracts or licenses with Declarant, the District, or any third party on such terms and provisions as the Board determines 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, directly or indirectly). The Bulk Rate Contracts may be entered into on such terms and provisions as the Board may determine in its sole and absolute discretion. The Association may, at its option and election, add the charges payable by such Owner under such Bulk Rate Contract to the Assessments against such Owner's Lot. In this regard, it is agreed and understood that, if any Owner fails to pay any charges due by such Owner under the terms of any Bulk Rate Contract, then the Association will be entitled to collect such charges by exercising the same rights and remedies it would be entitled to exercise under this

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Declaration with respect to the failure by such Owner to pay Assessments, including without limitation the right to foreclose the lien against such Owner's Lot which is reserved under the terms and provisions of this Declaration. In addition, in the event of nonpayment by any Owner of any charges due under any Bulk Rate Contract and after the lapse of at least twelve (12) days since such charges were due, the Association may, upon five (5) days' prior written notice to such Owner (which may run concurrently with such 12-day period), in addition to all other rights and remedies available pursuant to Applicable Law, terminate, in such manner as the Board deems appropriate, any utility service or other service provided at the cost of the Association and not paid for by such Owner (or the Resident of such Owner's Lot) directly to the applicable service or utility provider. Such notice will consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of termination, with the title "termination notice" or similar language prominently displayed on the notice. The notice will include the office or street address where the Owner (or the Resident of such Owner's Lot) can make arrangements for payment of the bill and for re-connection or re-institution of service. No utility or cable television service will be disconnected on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services.

4.10 **Community Systems**. The Association is specifically authorized to provide, or to enter into contracts with other persons or entities to provide, Community Systems. Any such contracts may provide for installation, operation, management, maintenance, and upgrades or modifications to the Community Systems as the Board determines appropriate. Each Owner acknowledges that interruptions in cable television and other Community Systems and services will occur from time to time. Declarant and the Association, or any of their respective successors or assigns shall not be liable for, and no Community System or service user shall be entitled to refund, rebate, discount, or offset in applicable fees for, any interruption in Community Systems and services, regardless of whether or not such interruption is caused by reasons within the service provider's control. In addition, until expiration or termination of the Development Period, any contracts entered pursuant to this *Section 4.10* must be approved in advance and in writing by the Declarant.

4.11 **Fence Maintenance**. Each Owner is required to maintain all fencing on an Owner's Lot which includes the following: (a) replacement of rotted wood; (b) repair or replacement of damaged gates; (c) repair or replacement of damaged posts; (d) staining repaired or replaced components of the fence; and (e) re-staining fencing at least once every four (4) years or as otherwise determined by the Board. Fences crossing public utility easements (if permitted) must include gates or access for emergency and maintenance vehicles at all times. The Board will have the right to approve or dictate the access location along fences on the Property, including fences on an Owner's Lot, if any easement or public access is fenced.

4.12 **Declarant's Right to Contribute to Revenues of the Association**. Declarant shall have the right, *but not the obligation*, in its sole discretion and from time to time, to contribute to the revenues of the Association. At the option of Declarant, such contribution may be reflected on the books and records of the Association as a loan, in which event it shall be repaid by the Association to Declarant, at the discretion of Declarant. If treated as a loan, the contribution shall accrue interest, compounded monthly, from the date it is made until the date of its repayment, at

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the short term Applicable Federal Rate ("AFR"), as published by the Internal Revenue Service, and adjusted each month to reflect the AFR for such month.

4.13 Protection of Declarant's Interests. Despite any assumption of control of the Board by Owners other than Declarant, until the expiration or termination of the Development Period, the Board is prohibited from taking any action which would discriminate against Declarant, or which would be detrimental to the sale of Lots owned by Declarant. Declarant shall be entitled to determine, in its sole and absolute discretion, whether any such action discriminates or is detrimental to Declarant. The Board will be required to continue the same level and quality of maintenance, operations and services as that provided immediately prior to assumption of control of the Board by Owners other than Declarant until the expiration or termination of the Development Period.

4.14 Administration of Common Area. The administration of the Common Area by the Association shall be in accordance with the provisions of Applicable Law and the Restrictions, and of any other agreements, documents, amendments or supplements to the foregoing which may be duly adopted or subsequently required by any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans (including, for example, the Federal Home Loan Mortgage Corporation) or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Common Area or by any title insurance company selected by Declarant to insure title to any portion of the Common Area.

4.15 Notices and Disclaimers as to Security Systems. NEITHER THE DECLARANT, NOR A HOMEBUILDER, NOR THE ASSOCIATION, NOR THEIR SUCCESSORS NOR ASSIGNS, GUARANTEE OR WARRANT, EXPRESSLY OR IMPLIEDLY, THE MERCHANTABILITY OR FITNESS FOR USE OF ANY SECURITY SYSTEM OR SERVICES, OR THAT ANY SYSTEM OR SERVICES WILL PREVENT INTRUSIONS, NOTIFY AUTHORITIES OF FIRES OR OTHER OCCURRENCES, OR THE CONSEQUENCES OF SUCH OCCURRENCES, REGARDLESS OF WHETHER OR NOT THE SYSTEM OR SERVICES ARE DESIGNED TO MONITOR SAME; AND EVERY OWNER OR RESIDENT OF PROPERTY RECEIVING SECURITY SERVICES THROUGH THE COMMUNITY SYSTEMS ACKNOWLEDGES THAT NEITHER THE DECLARANT, NOR A HOMEBUILDER, NOR THE ASSOCIATION, NOR ANY OF THEIR SUCCESSORS NOR ASSIGNS ARE INSURERS OF THE OWNER OR RESIDENT'S PROPERTY OR OF THE PROPERTY OF OTHERS LOCATED ON THE LOT AND WILL NOT BE RESPONSIBLE OR LIABLE FOR LOSSES, INJURIES OR DEATHS RESULTING FROM SUCH OCCURRENCES. It is extremely difficult and impractical to determine the actual damages, if any, which may proximately result from a failure on the party of a security service provider to perform any of its obligations with respect to security services and, therefore, every Owner or Resident of property receiving security services through the Community Systems agrees that neither the Declarant, nor a Homebuilder, nor the Association, nor their successors nor assigns assumes liability for loss or damage to property or for personal injury or death to persons due to any reason, including, without limitation, failure in transmission of an alarm, interruption of security service or failure to respond to an alarm because of: (a) any failure of the Owner's security system; (b) any defective or damaged equipment, device, line or circuit; (c) negligence, active or otherwise, of the security service provider or its officers, agents or employees; or (d) fire, flood,

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riot, war, act of God or other similar causes which are beyond the control of the security service provider. Every Owner and Resident obtaining security services through the Community Systems further agrees for himself, his grantees, tenants, guests, invitees, licensees and family members that if any loss or damage should result from a failure of performance or operation, or from defective performance or operation, or from improper installation, monitoring or servicing of the system, or from negligence, active or otherwise, of the security service provider or its officers, agents, or employees, the liability, if any, of the Declarant, a Homebuilder, the Association, or their successors or assigns for loss, damage, injury or death shall be limited to a sum not exceeding Two Hundred Fifty U.S. Dollars ($250.00), which limitation applies irrespective of the cause or origin of the loss or damage and notwithstanding that the loss or damage results directly or indirectly from negligent performance, active or otherwise, or non-performance by an officer, agent or employee of Declarant, a Homebuilder, or the Association, or their successors or assigns. Further, in no event will Declarant, a Homebuilder, the Association, or their successors or assigns be liable for consequential damages, wrongful death, personal injury or commercial loss.

ARTICLE 5
INSURANCE

5.1 **Insurance**. Each Owner will be required to purchase and maintain commercially standard insurance on the Improvements located upon such Owner's Lot. The Association will not be required to maintain insurance on the Improvements constructed upon any Lot. The Association may, however, obtain such insurance as it may deem necessary, including but not limited to such policies of liability and property damage insurance as the Board, in its discretion, may deem necessary. Insurance premiums for such policies will be a common expense to be included in the Assessments levied by the Association. The acquisition of insurance by the Association will be without prejudice to the right and obligation of any Owner to obtain additional individual insurance.

5.2 **Restoration**. In the event of any fire or other casualty, unless otherwise approved by the ACC, the Owner will 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 will be commenced and completed in a good and workmanlike manner and diligently pursued to completion using exterior materials 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 one hundred twenty (120) 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 such Owner will be personally liable to the Association for the cost of such work; provided, however, that if the Owner is prohibited or delayed by Applicable Law from commencing such repair, restoration, replacement or clean-up, the rights of the Association under this provision will 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, then at the rate of one and one-half percent (1½%) per month) will be added to the Assessment chargeable to the

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Owner's Lot. Any such amounts added to the Assessments chargeable against a Lot will be secured by the liens reserved in the Declaration for Assessments and may be collected by any means provided in this Declaration for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot. EACH SUCH OWNER WILL INDEMNIFY AND HOLD HARMLESS THE ASSOCIATION AND ITS OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION, EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR COST OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" AS USED HEREIN DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.

5.3 Mechanic's and Materialmen's Lien. Each Owner whose structure is repaired, restored, replaced or cleaned up by the Association pursuant to the rights granted under this *Article 5*, hereby grants to the Association an express 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, such Owner will execute all documents sufficient to effectuate such mechanic's and materialmen' s lien in favor of the Association.

ARTICLE 6
COVENANT FOR ASSESSMENTS

6.1 Assessments.

(a) Established by Board. Assessments established by the Board pursuant to the provisions of this *Article 6* will be levied against each Lot in amounts determined pursuant to *Section 6.7* below. The total amount of Assessments will be determined by the Board pursuant to *Sections 6.3, 6.4, 6.5* and/or *6.6.*

(b) Personal Obligation; Lien. Each Assessment, together with such interest thereon and costs of collection as hereinafter provided, will be the personal obligation of the Owner of the Lot against which the Assessment is levied and will be secured by a lien hereby granted and conveyed by Declarant to the Association against each such Lot and all Improvements thereon. The Association may enforce payment of such Assessments in accordance with the provisions of this *Article 6.*

6.2 Maintenance Fund. The Board will establish a maintenance fund into which will be deposited all monies paid to the Association and from which disbursements will be made in performing the functions of the Association under this Declaration. The funds of the Association may be used for any purpose authorized by the Restrictions and the Applicable Law.

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6.3 Regular Assessments. Prior to the beginning of each fiscal year, the Board will prepare a budget for the purpose of determining amounts sufficient to pay the estimated net expenses of the Association (the "Regular Assessments") which sets forth:

(a) an estimate of the expenses to be incurred by the Association during such year in performing its functions and exercising its powers under the Restrictions, 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 Restrictions, the improvement, maintenance and/or repaving of streets, costs to maintain landscaped areas, walkways and trail, costs to fund taxes and insurance; and

(b) an estimate of the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, giving due consideration to any expected income and any surplus from the prior year's fund.

Regular Assessments sufficient to pay such estimated net expenses will then be levied at the level of Assessments set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any Individual Assessment by any Owner, the Association may at any time, and from time to time, levy further Regular Assessments in the same manner. All such Regular Assessments will be due and payable to the Association at the beginning of the fiscal year or during the fiscal year in equal quarterly installments, or in such other manner as the Board may designate in its sole and absolute discretion.

6.4 Working Capital Assessment. Each Owner (other than Declarant) of a residential Lot will pay a one-time working capital assessment ("Working Capital Assessment") to the Association in such amount as may be determined by the Board from time to time in its sole and absolute discretion, which the Association may use to discharge operating expenses. Such Working Capital Assessment need not be uniform among all Lots, and the Board is expressly authorized to levy Working Capital Assessments of varying amounts depending on the size, use and general character of the Lots then being made subject to such levy. The levy of any Working Capital Assessment will be effective only upon the Recordation of a written notice, signed by the Declarant during the Development Period or a duly authorized officer of the Association, setting forth the amount of the Working Capital Assessment and the Lots to which it applies.

Notwithstanding the foregoing provision, the following transfers will not be subject to the Working Capital Assessment: (i) foreclosure of a deed of trust lien, tax lien, or the Association's assessment lien; (ii) transfer to, from, or by the Association; (iii) voluntary transfer by an Owner to one or more co-Owners or to the Owner's spouse, child, or parent. Additionally, an Owner who (i) is a Homebuilder; or (ii) acquires a Lot for the purpose of resale to a Homebuilder (a "Development Owner") will not be subject to the Working Capital Assessment; however, the Working Capital Assessment will be payable by any Owner who acquires a Lot from a Homebuilder or Development Owner for residential living purposes or by any Owner who: (i) acquires a Lot and is not in the business of constructing single-family residences for resale to a third party; or (ii) who acquires the Lot for any purpose other than constructing a single-family residence thereon for resale to a third party. The Working Capital Assessment will be in addition

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to, not in lieu of, any other assessments levied in accordance with this *Article 6* and will not be considered an advance payment of such assessments. The Working Capital Assessment hereunder will be due and payable by the transferee to the Association immediately upon each transfer of title to the Lot, including upon transfer of title from one Owner of such Lot to any subsequent purchaser or transferee thereof. The Declarant during the Development Period, and thereafter the Board, will have the power to modify the amount and/or waive the payment of any Working Capital Assessment attributable to a Lot (or all Lots) by the Recordation of a waiver notice, which waiver may be temporary or permanent.

6.5 Special Assessments. In addition to the Regular Assessments provided for above, the Board may levy special assessments (the "Special Assessments") whenever in the Board's opinion such Special Assessments are necessary to enable the Board to carry out the functions of the Association under the Restrictions. The amount of any Special Assessments will be at the reasonable discretion of the Board. In addition to the Special Assessments authorized above, the Association may, in any fiscal year, levy a Special Assessment applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area.

6.6 Individual Assessments. In addition to any other Assessments, the Board may levy an individual assessment (the "Individual Assessment") against an Owner and the Owner's Lot. Individual Assessments may include, but are not limited to: interest, late charges, and collection costs on delinquent Assessments; reimbursement for costs incurred in bringing an Owner or the Owner's Lot into compliance with the Declaration; fines for violations of the Restrictions; transfer-related fees and resale certificate fees; fees for estoppel letters and project documents; insurance deductibles; reimbursement for damage or waste caused by willful or negligent acts of the Owner, the Owner's guests, invitees or Residents of the Owner's Lot; common expenses that benefit fewer than all of the Lots, which may be assessed according to benefit received; fees or charges levied against the Association on a per-Lot basis; and "pass through" expenses for services to Lots provided through the Association and which are equitably paid by each Lot according to the benefit received.

6.7 Amount of Assessment.

(a) Assessments to be Levied. The Board shall levy Assessments against each "Assessment Unit" (as defined in *Section 6.7(b)* below).

(b) Assessment Unit. Each Lot shall constitute one "Assessment Unit" unless otherwise provided in the Restrictions.

(c) Assessment Exemption. Notwithstanding anything in this Declaration to the contrary, no Assessments shall be levied upon Lots owned by Declarant.

(d) Other Exemptions. Declarant may, in its sole discretion, elect to: (i) exempt any un-platted or unimproved portion of the Property or any Lot from any Assessments levied or charged pursuant to this *Article 6;* or (ii) delay the levy of Assessments against any un-platted, unimproved or improved portion of the Property. Declarant or the Board

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may also exempt any portion of the Property which is dedicated and accepted by public authority from Assessments.

6.8 Late Charges. If any Assessment is not paid by the due date applicable thereto, the Owner responsible for the payment may be required by the Board, at the Board's election at any time and from time to time, to pay a late charge in such amount as the Board may designate, and the late charge (and any reasonable handling costs) will be levied as an Individual Assessment against the Lot owned by such Owner, collectible in the manner as provided for collection of Assessments, including foreclosure of the lien against such Lot; provided, however, such charge will never exceed the maximum charge permitted under Applicable Law.

6.9 Owner's Personal Obligation; Interest. Assessments levied as provided for herein will be the personal and individual debt of the Owner of the Lot against which are levied such Assessments. No Owner may exempt himself from liability for such Assessments. In the event of default in the payment of any such Assessment, the Owner of the Lot will be obligated to pay interest on the amount of the Assessment at the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date therefor (or if there is no such highest rate, then at the rate of one and one half percent (1½%) per month), together with all costs and expenses of collection, including reasonable attorney's fees. Such amounts will be levied as an Individual Assessment against the Lot owned by such Owner.

6.10 Assessment Lien and Foreclosure. The payment of all sums assessed in the manner provided in this *Article 6* is, together with late charges as provided in *Section 6.8* and interest as provided in *Section 6.9* hereof and all costs of collection, including attorney's fees as herein provided, secured by the continuing Assessment lien granted to the Association pursuant to *Section 6.1(b)* above, and will bind each Lot in the hands of the Owner thereof, and such Owner's heirs, personal representatives, successors or assigns. The aforesaid lien will be superior to all other liens and charges against such Lot, except only for: (i) tax liens; (ii) all sums secured by a first mortgage lien or first deed of trust lien of record, to the extent such lien secures sums borrowed for the acquisition or improvement of the Lot in question; and (iii) home equity loans or home equity lines of credit which are secured by a second mortgage lien or second deed of trust lien of record; provided that, in the case of subparagraphs (ii) and (iii) above, such Mortgage was Recorded before the delinquent Assessment was due. The Association will have the power to subordinate the aforesaid Assessment lien to any other lien. Such power will be entirely discretionary with the Board, and such subordination may be signed by an officer, agent, or attorney of the Association. The Association may, at its option and without prejudice to the priority or enforceability of the Assessment lien granted hereunder, prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice may be signed by one of the officers, agents, or attorneys of the Association and will be Recorded. Each Owner, by accepting a deed or ownership interest to a Lot subject to this Declaration, will be deemed conclusively to have granted a power of sale to the Association to secure and enforce the Assessment lien granted hereunder. The Assessment liens and rights to foreclosure thereof will be in addition to and not in substitution of any other rights and remedies the Association may have by law and under this Declaration, including the rights of the Association to institute suit against such Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien. In any foreclosure proceeding,

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such Owner will be required to pay the costs, expenses and reasonable attorney's fees incurred. The Association will have the power to bid (in cash or by credit against the amount secured by the lien) on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any Mortgagee, the Association will report to said Mortgagee any unpaid Assessments remaining unpaid for longer than sixty (60) days after the same are due. The lien hereunder will not be affected by the sale or transfer of any Lot; except, however, that in the event of foreclosure of any lien superior to the Assessment lien, the lien for any Assessments that were due and payable before the foreclosure sale will be extinguished, provided that past-due Assessments will be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the indebtedness secured by the Mortgage. The provisions of the preceding sentence will not, however, relieve any subsequent Owner (including any Mortgagee or other purchaser at a foreclosure sale) from paying Assessments becoming due and payable after the foreclosure sale. Upon payment of all sums secured by a lien of the type described in this *Section 6.10,* the Association will upon the request of the Owner execute a release of lien relating to any lien for which written notice has been Recorded as provided above, except in circumstances in which the Association has already foreclosed such lien. Such release will be signed by an officer, agent, or attorney of the Association. In addition to the lien hereby retained, in the event of nonpayment by any Owner of any Assessment and after the lapse of at least twelve (12) days since such payment was due, the Association may, upon five (5) days' prior written notice (which may run concurrently with such twelve (12) day period) to such Owner, in addition to all other rights and remedies available pursuant to Applicable Law, terminate, in such manner as the Board deems appropriate, any utility or cable service provided through the Association and not paid for directly by an Owner or Resident to the utility provider. Such notice will consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of disconnection, with the title "termination notice" or similar language prominently displayed on the notice. The notice will include the office or street address where the Owner or the Resident of the Owner's Lot can make arrangements for payment of the bill and for reconnection of service. Utility or cable service will not be disconnected on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services. Except as otherwise provided by Applicable Law, the sale or transfer of a Lot will not relieve the Owner of such Lot or such Owner's transferee from liability for any Assessments thereafter becoming due or from the lien associated therewith. If an Owner conveys its Lot and on the date of such conveyance Assessments against the Lot remain unpaid, or said Owner owes other sums or fees under this Declaration to the Association, the Owner will pay such amounts to the Association out of the sales price of the Lot, and such sums will be paid in preference to any other charges against the Lot other than liens superior to the Assessment lien and charges in favor of the State of Texas or a political subdivision thereof for taxes on the Lot which are due and unpaid. The Owner conveying such Lot will remain personally liable for all such sums until the same are fully paid, regardless of whether the transferee of the Lot also assumes the obligation to pay such amounts. The Board may adopt an administrative transfer fee to cover the expenses associated with updating the Association's records upon the transfer of a Lot to a third party; provided, however, that no transfer fee will be due upon the transfer of a Lot from Declarant to a third party.

6.11 <u>Exempt Property</u>. The following areas within the Property will be exempt from the Assessments provided for in this *Article 6*:

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(a) All area dedicated and accepted by a District or other public authority or governmental or quasi-governmental entity;

(b) The Common Area; and

(c) Any portion of the Property owned by Declarant.

6.12 Fines and Damages Assessment.

(a) Board Assessment. The Board may assess fines against an Owner for violations of the Restrictions which have been committed by an Owner, a Resident, or the Owner or Resident's guests, agents or invitees. Any fine and/or charge for damage levied in accordance with this *Section 6.12* will be considered an Individual Assessment pursuant to this Declaration. Each day of violation may be considered a separate violation if the violation continues after written notice to the Owner. The Board may assess damage charges against an Owner for pecuniary loss to the Association from property damage or destruction of Common Area or any facilities caused by the Owner, Resident, or their guests, agents, or invitees. The Management Company will have authority to send notices to alleged violators, informing them of their violations and asking them to comply with the Rules and/or informing them of potential or probable fines or damage assessments. The Board may from time to time adopt, amend, and/or re-state a schedule of fines.

(b) Lien Created. The payment of each fine and/or damage charge levied by the Board against the Owner of a Lot is, together with interest as provided in *Section 6.9* hereof and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Association pursuant to Section *6.1(b)* of this Declaration. Unless otherwise provided in this *Section 6.12*, the fine and/or damage charge will be considered an Assessment for the purpose of this *Article 6* and will be enforced in accordance with the terms and provisions governing the enforcement of assessments pursuant to this *Article 6*.

ARTICLE 7
ARCHITECTURAL CONTROL COMMITTEE

Until Declarant has delegated its right to appoint and remove all members of the ACC to the Board as provided in *Section 7.2(a)* below, the ACC will be acting solely in Declarant's interest and will owe no duty to any other Owner or the Association. **Notwithstanding any provision in this Declaration to the contrary, Declarant may act as the ACC, direct the Board to act as the ACC, or appoint a single person to exercise the rights of the ACC until the expiration or termination of the Development Period.**

7.1 Construction of Improvements; Consolidation or Subdivision of a Lot. No Improvement may be erected, placed, constructed, painted, altered, modified or remodeled on any Lot, and no Lot may be re-subdivided or consolidated with other Lots or Property, by anyone other than Declarant, without the prior written approval of the ACC, provided any such consolidation or subdivision of a Lot must be in accordance with Applicable Law.

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7.2 Architectural Control Committee.

(a) Composition. The ACC will be composed of not more than three (3) persons (who need not be Members or Owners, but who, after expiration or termination of the Development Period, may not be a current Director, a spouse of a current Director, or a person residing in the same household as a current Director in accordance with Texas Property Code Section 209.00505(b)(2)) appointed as provided below, who will review Improvements proposed to be made by any Owner other than Declarant. **Declarant will have the right to appoint and remove (with or without cause) all members of the ACC until the expiration or termination of the Development Period. During the Development Period, Declarant-appointed members of the ACC are not subject to the restrictions as set forth above that do not permit current Directors, their spouses, and persons residing in their household from serving as members of the ACC.** Declarant may assign its right to appoint all members of the ACC to the Association by Recorded written instrument, and thereafter, the Board will have the right to appoint and remove (with or without cause) all members of the ACC. Any assignment by Declarant of the right to appoint and remove all members of the ACC may be withdrawn until expiration or termination of the Development Period. If Declarant withdraws its assignment of the right to appoint and remove all members of the ACC, then on the date of such withdrawal, Declarant will have the right to appoint and remove (with or without cause) all members of the ACC. **Declarant's right to appoint all members of the ACC will automatically be assigned to the Association upon the expiration or termination of the Development Period.** Declarant, at its option, may create and assign specific duties and responsibilities to one or more sub-committees consisting of members and/or nonmembers of the ACC. In the event responsibilities and duties are assigned to a sub-committee, those responsibilities and duties will no longer be discharged by the ACC unless the sub-committee exercising such duties and responsibilities is dissolved by Declarant. The right to create, dissolve, and appoint members of such sub-committees will reside exclusively with Declarant until such time as Declarant has assigned its right to appoint members of the ACC to the Association. The ACC will have the right to employ consultants and advisors as it deems necessary or appropriate.

(b) Submission and Approval of Plans and Specifications. Construction plans and specifications or, when an Owner desires solely to re-subdivide or consolidate Lots, a proposal for such re-subdivision or consolidation, will be submitted in accordance with the Design Guidelines or any additional rules adopted by the ACC together with any review fee which is imposed by the ACC to the ACC at the offices of Declarant or at such other address as may hereafter be designated in writing from time to time. No re-subdivision or consolidation will be made, nor any Improvement placed or allowed on any Lot, until the plans and specifications thereof have been approved in writing by a Majority of the members of the ACC. The ACC may, in reviewing such plans and specifications consider any information that it deems proper; including, without limitation, any permits, environmental impact statements or percolation tests that may be required by the ACC or any other entity; and harmony of external design and location in relation to surrounding structures, topography, vegetation, and finished grade elevation. The ACC may postpone its review of any plans and specifications submitted for approval pending receipt of any

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information or material which the ACC, in its sole discretion, may require. Site plans must be approved by the ACC prior to the clearing of any Lot, or the construction of any Improvements. The ACC 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 ACC, are deemed sufficient, including, but not limited to, purely aesthetic grounds.

Notwithstanding any provision to the contrary in the Declaration, the ACC may issue an approval to Homebuilders for the construction of Improvements based on the review and approval of plan types and adopt a procedure which differs from the procedures for review and approval of Improvements set forth in this Declaration.

(c) Design Guidelines. Declarant may adopt the initial Design Guidelines and, during the Development Period, will have the power from time to time, to adopt (unless previously adopted by Declarant), amend, modify, or supplement the Design Guidelines. Upon expiration or termination of the Development Period, the Board, or any sub-committee, will have the power from time to time, to amend, modify, or supplement the Design Guidelines; provided, however, that any amendment to the Design Guidelines made by a sub-committee will only apply to the Improvements under the jurisdiction of such sub-committee, and during the Development Period, any such amendment, modification or supplement must be approved in advance and in writing by the Declarant. 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. In addition, the ACC will have the power and authority to impose a fee for the review of plans, specifications and other documents and information submitted to it pursuant to the terms of this Declaration. Such charges will be held by the ACC and used to defray the administrative expenses incurred by the ACC in performing its duties hereunder; provided, however, that any excess funds held by the ACC will be distributed to the Association at the end of each calendar year. The ACC will not be required to review any plans until a complete submittal package, as required by this Declaration and the Design Guidelines, is assembled and submitted to the ACC. The ACC will have the authority to adopt such additional procedural and substantive rules and guidelines (including, without limitation, the imposition of any requirements for certificates of compliance or completion relating to any Improvement and the right to approve in advance any contractor selected for the construction of Improvements), not in conflict with this Declaration, as it may deem necessary or appropriate in connection with the performance of its duties hereunder.

(d) Actions of the ACC. The ACC may, by resolution unanimously adopted in writing, designate one or more of its members, or an agent acting on its behalf, to take any action or perform any duties for and on behalf of the ACC, including the granting of variances. In the absence of such designation, the vote of a Majority of all of the members of the ACC taken at a duly constituted meeting will constitute an act of the ACC.

(e) Failure to Act. In the event that any plans and specifications are submitted to the ACC as provided herein, and the ACC fails either to approve or reject such plans and specifications for a period of sixty (60) days following such submission, rejection of

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such plans and specifications by the ACC will be presumed. In furtherance, and not in limitation, of the foregoing, any failure of the ACC to act upon a request for a variance will not be deemed a consent to such variance, and the ACC's written approval of all requests for variances will be expressly required.

SUBSECTION (f) AND SUBSECTION (g) BELOW APPLY ONLY AFTER EXPIRATION OR TERMINATION OF THE DEVELOPMENT PERIOD.

(f) Denial of an Application by the ACC. A decision by the ACC denying an application or request by an Owner for the construction of Improvements in the subdivision may be appealed to the Board. A written notice of the denial (the "ACC Denial Notice") must be provided to the Owner by certified mail, hand delivery, or electronic delivery. The notice must:

(i) Describe the basis for the denial in reasonable detail and changes, if any, to the application or Improvements required as a condition to approval; and

(ii) Inform the Owner that the Owner may request a hearing under Texas Property Code, Section 209.00505(e), on or before the thirtieth (30th) day after the date the ACC Denial Notice was mailed, if sent by certified mail, or otherwise delivered to the Owner.

(g) Review by the Board. If the ACC denies an Owner's application, as discussed in Section 7.2(f) above, the Owner may appeal the ACC's decision to the Board of Directors. The Owner must send a written request to the Board for a hearing. The Board shall hold a hearing under Texas Property Code, Section 209.00505(e), not later than the thirtieth (30th) day after the date the Board receives the Owner's request for a hearing and shall notify the Owner of the date, time, and place of the hearing not later than the tenth (10th) day before the date of the hearing. Only one (1) hearing is required by Texas Property Code, Section 209.00505(e).

During a hearing, the Board or the designated representative of the Association and the Owner or the Owner's designated representative will each be provided the opportunity to discuss, verify facts, and resolve the denial of the Owner's application or request for the construction of Improvements, and the changes, if any, requested by the ACC in the ACC Denial Notice.

The Board or the Owner may request a postponement. If requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties.

The Association or the Owner may make an audio recording of the hearing.

The Board may affirm, modify, or reverse, in whole or in part, any decision of the ACC as consistent with the Declaration.

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(h) Variances. The ACC may grant variances from compliance with any of the provisions of the Design Guidelines or this Declaration, when, in the opinion of the ACC, in its sole and absolute discretion, such variance is justified; however, all variances must be approved by the Declarant during the Development Period. All variances must be evidenced in writing and must be signed by at least a Majority of the members of the ACC. Each variance must also be Recorded; provided however, that failure to record a variance will not affect the validity thereof or give rise to any claim or cause of action against the ACC, including the Declarant or its designee, the Association, or the Board. If a variance is granted, no violation of the covenants, conditions, or restrictions contained in this Declaration or the Design Guidelines will be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance will not operate to waive or amend any of the terms and provisions of this Declaration or the Design Guidelines for any purpose except as to the particular property and in the particular instance covered by the variance, and such variance will not be considered to establish a precedent for any future waiver, modification, or amendment of the terms and provisions of this Declaration or the Design Guidelines.

(i) Duration of Approval. Unless otherwise directed by the ACC, the approval of the ACC of any plans and specifications, and any variances granted by the ACC, will be valid for a period of one hundred eighty (180) days only. If construction in accordance with such plans and specifications or variance is not commenced within such one hundred eighty (180) day period and diligently prosecuted to completion, the Owner will be required to resubmit such plans and specifications or request for a variance to the ACC, and the ACC will have the authority to re-evaluate such plans and specifications in accordance with this Section and may, in addition, consider any change in circumstances which may have occurred since the time of the original approval.

(j) No Waiver of Future Approvals. The approval of the ACC to any plans or specifications for any work done or proposed in connection with any matter requiring the approval or consent of the ACC will not be deemed to constitute a waiver of any right to withhold approval or consent as to any plans and specifications on any other matter, subsequently or additionally submitted for approval by the same or a different person, nor will such approval or consent be deemed to establish a precedent for future approvals by the ACC.

(k) Non-Liability of Committee Members. NEITHER DECLARANT, THE ACC, NOR ANY PARTNER, EMPLOYEE, DIRECTOR, OFFICER, COMMITTEE MEMBER, NOR AGENT WILL BE LIABLE TO ANY OWNER OR TO ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR INJURY ARISING OUT OF THE PERFORMANCE OF THE ACC'S DUTIES UNDER THIS DECLARATION.

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ARTICLE 8
MORTGAGE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots within the Property. The provisions of this *Article 8* apply to the Declaration and the Bylaws of the Association.

8.1 Notice of Action. An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates) (thereby becoming an "Eligible Mortgage Holder"), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is an eligible Mortgage held, insured, or guaranteed by such Eligible Mortgage Holder;

(b) Any delinquency in the payment of assessments or charges owed for a Lot subject to the Mortgage of such Eligible Mortgage Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Restrictions relating to such Lot or the Owner or Resident which is not cured within sixty (60) days; or

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

8.2 Examination of Books. The Association will permit Mortgagees to examine the books and records of the Association during normal business hours.

8.3 Taxes, Assessments and Charges. All taxes, Assessments and charges that may become liens prior to first lien mortgages under Applicable Law will relate only to the individual Lots and not to any other portion of the Property.

ARTICLE 9
GENERAL PROVISIONS

9.1 Term. The terms, covenants, conditions, restrictions, easements, charges, and liens set out in this Declaration will run with and bind the Property, and will inure to the benefit of and be enforceable by the Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Declaration is Recorded, and continuing through and including January 1, 2071, after which time this Declaration will be automatically extended for successive periods of ten (10) years unless a change (the word "change" meaning a termination, or change of term or renewal term) is approved in a resolution adopted by Members entitled to cast 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, written notice of which will be given to all Members at least thirty (30) days in advance and will set forth the purpose of such meeting; provided, however, that such change will be effective only upon the Recording of a certified copy of such resolution. The foregoing sentence

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shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. Notwithstanding any provision in this *Section 9.1* to the contrary, if any provision of this Declaration would be unlawful, void, or voidable by reason of any Applicable Law restricting the period of time that covenants on land may be enforced, such provision will expire twenty-one (21) years after the death of the last survivor of the now living, as of the date that this Declaration was Recorded, descendants of Elizabeth II, Queen of England.

9.2 Eminent Domain. In the event it becomes necessary for any public authority to acquire all or any part of the Common Area for any public purpose during the period this Declaration is in effect, the Board is hereby authorized to negotiate with such public authority for such acquisition and to execute instruments necessary for that purpose. Should acquisitions by eminent domain become necessary, only the Board need be made a party, and in any event the proceeds received will be held by the Association for the benefit of the Owners. In the event any proceeds attributable to acquisition of Common Area are paid to Owners, such payments will be allocated on the basis of Assessment Units and paid jointly to the Owners and the holders of Mortgages or deeds of trust on the respective Lot.

9.3 Amendment. This Declaration may be amended or terminated by the Recording of an instrument setting forth the amendment executed and acknowledged by (i) the Declarant, acting alone, during the Development Period; or (ii) by the president or secretary of the Association setting forth the amendment and certifying that such amendment has been approved by Declarant (until expiration or termination of the Development Period) and Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Association. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. No amendment will be effective without the written consent of Declarant, its successors or assigns, during the Development Period. Specifically, *and not by way of limitation,* Declarant may unilaterally amend this Declaration: (i) to bring any provision into compliance with Applicable Law; (ii) to enable any reputable title insurance company to issue title insurance coverage on any Lot; (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on Lots; or (iv) to comply with any requirements promulgated by a local, state or governmental agency, including, for example, the Department of Housing and Urban Development.

9.4 Conceptual Plans. All master plans, site plans, brochures, illustrations, information and marketing materials relating to the Property (collectively, the "Conceptual Plans") are conceptual in nature and are intended to be used for illustrative purposes only. The land uses and Improvements reflected on the Conceptual Plans are subject to change at any time and from time to time, and it is expressly agreed and understood that land uses within the Property may include uses which are not shown on the Conceptual Plans. Neither Declarant nor any Homebuilder nor other developer of any portion of the Property makes any representation or warranty concerning such land uses and Improvements shown on the Conceptual Plans or otherwise planned for the Property and it is expressly agreed and understood that no Owner will be entitled to rely upon the Conceptual Plans in making the decision to purchase any land or Improvements within the Property. Each Owner who acquires a Lot within the Property acknowledges that development of the Property will likely extend over many years, and agrees that the Association will not engage

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in, or use Association funds to support, protest, challenge, or make any other form of objection to development of the Property or changes in the Conceptual Plans as they may be amended or modified from time to time.

9.5 Enforcement. The Association and the Declarant will have the right to enforce, by a proceeding at law or in equity, the Restrictions. The Association and/or the Declarant may initiate, defend or intervene in any action brought to enforce any provision of this Declaration. Such right of enforcement will include both damages for and injunctive relief against the breach of any provision hereof. Every act or omission whereby any provision of the Restrictions is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated by any Owner of a Lot (at such Owner's own expense), Declarant or the Association. Any violation of any Applicable Law pertaining to the ownership, occupancy, or use of any portion of the Property is hereby declared to be a violation of this Declaration and subject to all of the enforcement procedures set forth herein. Failure to enforce any right, provision, covenant, or condition set forth in the Restrictions will not constitute a waiver of the right to enforce such right, provision, covenants or condition in the future. Failure of the Declarant or the Association to enforce the terms and provisions of the Restrictions shall in no event give rise to any claim or liability against the Declarant, the Association, or any of their partners, directors, officers, or agents. EACH OWNER, BY ACCEPTING TITLE TO ALL OR ANY PORTION OF THE PROPERTY, HEREBY RELEASES AND SHALL HOLD HARMLESS EACH OF THE DECLARANT, THE ASSOCIATION, AND THEIR PARTNERS, DIRECTORS, OFFICERS, OR AGENTS FROM AND AGAINST ANY DAMAGES, CLAIMS, OR LIABILITY ASSOCIATED WITH THE FAILURE OF THE DECLARANT OR THE ASSOCIATION TO ENFORCE THE TERMS AND PROVISIONS OF THE RESTRICTIONS.

9.6 Higher Authority. The terms and provisions of this Declaration are subordinate to Applicable Law, including any pre-existing Recorded restrictions or encumbrances affecting the Property. Generally, the terms and provisions of this Declaration are enforceable to the extent they do not violate or conflict with Applicable Law.

9.7 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 or entity.

9.8 Conflicts. If there is any conflict between the provisions of this Declaration, the Certificate, the Bylaws, or any Rules adopted pursuant to the terms of such documents, the provisions of this Declaration, the Certificate, the Bylaws, and the Rules, in such order, will govern.

9.9 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.

9.10 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, or each subsequent purchaser,

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accepts the same subject to all terms, restrictions, conditions, covenants, reservations, easements, liens and charges, and the jurisdiction rights and powers created or reserved by this Declaration or to whom this Declaration is subject, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared. 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.

9.11 Damage and Destruction. The Association shall undertake the following actions subsequent to damage or destruction to all or any part of the Common Area covered by insurance:

(a) Claims. Promptly after damage or destruction by fire or other casualty to all or any part of the Common Area covered by insurance, the Board, or its duly authorized agent, will proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair of the damage. Repair, as used in this *Section 9.11(a),* means repairing or restoring the Common Area to substantially the same condition as existed prior to the fire or other casualty.

(b) Repair Obligations. Any damage to or destruction of the Common Area will be repaired unless a Majority of the Board decides within sixty (60) days after the casualty not to repair. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair, or both, are not made available to the Association within said period, then the period will be extended until such information will be made available.

(c) Restoration. In the event that it should be determined by the Board that the damage or destruction of the Common Area will not be repaired and no alternative Improvements are authorized, then the affected portion of the Common Area will be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition.

(d) Special Assessment. If insurance proceeds are paid to restore or repair any damaged or destroyed Common Area, and such proceeds are not sufficient to defray the cost of such repair or restoration, the Board will levy a Special Assessment, as provided in *Article 6,* against all Owners. Additional Assessments may be made in like manner at any time during or following the completion of any repair.

(e) Proceeds Payable to Owners. In the event that any proceeds of insurance policies are paid to Owners as a result of any damage or destruction to any Common Area, such payments will be allocated based on Assessment Units and paid jointly to the Owners and the holders of Mortgages or deeds of trust on their Lots.

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9.12 No Partition. Except as may be permitted in this Declaration or amendments thereto, no physical partition of the Common Area or any part thereof will be permitted, nor will any person acquiring any interest in the Property or any part thereof seek any such judicial partition unless the portion of the Property in question has been removed from the provisions of this Declaration. This *Section 9.12* will not be construed to prohibit the Board from acquiring and disposing of tangible personal property or from acquiring title to real property that may or may not be subject to this Declaration.

9.13 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 or by mail, or as otherwise required by Applicable Law. If delivery is made by mail, it will be deemed to have been delivered on the third (3rd) 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.

9.14 View Impairment. Neither Declarant nor the Association guarantee or represent that any view over and across the Lots, or any open space or Common Area within the Property will be preserved without impairment. Neither the Declarant, the ACC, nor the Association shall have any obligation to relocate, prune, or thin trees or other landscaping. The Association (with respect to any Common Area) 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.

9.15 Safety and Security. Each Owner and Resident of a Lot and their respective guests and invitees shall be responsible for their own personal safety and the security of their property. The Association or the Declarant may, but shall not be obligated to, maintain or support certain activities within the Property designed to promote or enhance the level of safety or security which each person provides for himself or herself and his or her property. However, in no event shall the Association, the Declarant or their board members, directors, officers, committee members, employees, or agents be considered insurers or guarantors of safety or security within the Property nor shall the Association, the Declarant or their board members, directors, officers, committee members, employees, or agents be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures, including security monitoring systems, any gate, mechanism or system for limiting access to the Property or any portion thereof, cannot be compromised or circumvented; or that any such system 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 shall be responsible for informing any occupants of such Owner's Lot that the Association, the Declarant or their board members, directors, officers, committee members, employees, or agents are not insurers or guarantors of security or safety and that each person within the Property assumes all risks of personal injury and loss or damage to property, including any residences or Improvements constructed upon any Lot and the contents thereof, resulting from acts of third parties.

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9.16 PROPOSED Sanctuary East Public Improvement District. Declarant and Declarant Affiliates have filed a petition with the Village of Salado, Texas, to subject the Property (in whole or in part) to the terms and provisions of the Sanctuary East Public Improvement District (the "PID"). If the petition for the PID is approved and the Village of Salado issues an ordinance accepting such PID, the terms of the PID may further restrict use of a Lot and/or increase the property taxes owed by the Owners. The PID may be subject to future modifications or additions from time to time after the initial approval. Acceptance of an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, shall constitute acquiescence by the Owner of such Lot to the potential applicability of the PID and any such future modifications or additions thereto as may be approved from time to time by the Village of Salado. In the event of a conflict between the Restrictions and the PID, the terms of the PID shall control.

NOTICE TO OWNERS OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO A MUNICIPALITY OR COUNTY LEVYING ASSESSMENTS: The proposed Sanctuary East Public Improvement District will levy assessments against property located within the boundaries of the Sanctuary East Public Improvement District in accordance with the annual "Service and Assessment Plan" for the District. As a purchaser of property included in a District, you are obligated to pay an assessment to a municipality or county for an improvement project undertaken by a public improvement district under Subchapter A, Chapter 372, Local Government Code, or Chapter 382, Local Government Code. The assessment may be due annually or in periodic installments. All District assessments are in addition to Assessments levied by the Association. The annual Service and Assessment Plan for the District will be the final determination of the allocation of District assessments to Owners.

No Owner shall have any right to any reimbursements from the proposed Sanctuary East Public Improvement District. The Declarant retains all right, title and interest to any and all reimbursements from the proposed Sanctuary East Public Improvement District.

Each Owner agrees to cooperate with the Declarant and Association and to execute any requested documentation without undue delay for purposes of creation of the proposed Sanctuary East Public Improvement District, including but not limited to the construction of improvements on the Property, with the acknowledgement that the timing and details of which are not currently known, and may change as the Declarant develops the Property, the Sanctuary South Development and the Sanctuary North Development.

ARTICLE 10
EASEMENTS

10.1 Right of Ingress and Egress. Declarant, its agents, employees and designees will have a right of ingress and egress over and the right of access to the Common Area to the extent necessary to use the Common Area and the right to such other temporary uses of the Common Area as may be required or reasonably desirable (as determined by Declarant in its sole discretion) in connection with the construction and development of the Property. The Property shall be subject to a perpetual non-exclusive easement for the installation and maintenance of, including the right

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to read meters, service or repair lines and equipment, and to do everything and anything necessary to properly maintain and furnish the Community Systems and the facilities pertinent and necessary to the same, which easement shall run in favor of Declarant. Declarant shall have the right, but not the obligation, to install and provide the Community Systems and to provide the services available through the Community Systems to any and all Lots within the Property. Neither the Association nor any Owner shall have any interest therein. Any or all of such services may be provided either directly through the Association and paid for as part of the Assessments or paid directly to Declarant, any affiliate of Declarant, or a third party, by the Owner who receives the services. The Community Systems shall be the property of Declarant unless transferred by Declarant, whereupon any proceeds of such transfer shall belong to Declarant. Declarant shall have the right but not the obligation to convey, transfer, sell or assign all or any portion of the Community Systems or all or any portion of the rights, duties or obligations with respect thereto, to the Association or to any person or entity. The rights of Declarant with respect to the Community Systems installed by Declarant and the services provided through such Community Systems are exclusive, and no other person or entity may provide such services through the Community Systems installed by Declarant without the prior written consent of Declarant. In recognition of the fact that interruptions in Community Systems services will occur from time to time, no person or entity described above shall in any manner be liable, and no user of any Community System shall be entitled to any refund, rebate, discount or offset in applicable fees, for any interruption in Community Systems services, regardless of whether or not same is caused by reasons within the control of the then-provider of such services.

10.2 **Reserved 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 or any third party 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 reserves the right to relocate, make changes in, and additions to said easements, rights-of-way, dedications, limitations, reservations and grants for the purpose of most efficiently and economically developing the Property.

10.3 **Utility Easements**. Declarant hereby reserves unto itself and Declarant's successors and assigns a perpetual non-exclusive easement over and across the Property for: (i) the installation, operation and maintenance of utilities and associated infrastructure to serve the Property and any other property owned by Declarant or the Sanctuary Beneficiaries; (ii) the installation, operation and maintenance of cable lines and associated infrastructure for sending and receiving data and/or other electronic signals, security and similar services to serve the Property and any other property owned by Declarant or the Sanctuary Beneficiaries; and (iii) the installation, operation and maintenance of roadways, gates, walkways, pathways and trails, drainage systems, street lights, signage, and other Improvements to serve the Property and any other property owned by Declarant or the Sanctuary Beneficiaries. Declarant will be entitled to unilaterally assign the easements reserved hereunder to any third party who owns, operates or maintains the facilities and Improvements described in (i) through (iii) of this *Section 10.3*. The exercise of the easement reserved herein will not extend to permitting entry into any residence, nor will it unreasonably interfere with the use of any Lot or residence or Improvement constructed thereon.

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10.4 Roadway and Utility Easements. Declarant reserves the right to create, locate, relocate, construct, erect, and maintain or cause to be created, located, relocated, constructed, erected, and maintained in and on any portion of the Property then owned by Declarant or the streets maintained by the Association, or areas conveyed to the Association, or areas reserved or held as Common Area, roadways, access points for emergency access gates and all weather access roads, sewer lines, water lines, electrical lines and conduits, and other pipelines, conduits, wires, and any public utility function beneath or above the surface of the ground with the right of access to the same at any time for the purposes of access, repair and maintenance.

10.5 Fencing, Landscape, Monumentation and Signage Easement. Declarant hereby reserves an easement over and across the Property and the Common Area for the installation, operation, maintenance, repair, relocation, removal and/or modification of subdivision entry facilities, utilities, walls, streets, sidewalks, perimeter fencing, signs, monument signs and/or landscaping which serve the Property and the Common Area, and any other property owned by the Declarant or the Association. No improvements or structures shall be constructed on the easement areas unless otherwise approved by the Declarant. Declarant will have the right, from time to time, to Record a written notice which identifies the easement area for subdivision entry facilities, utilities, walls, streets, perimeter fencing, signs, sidewalks, monument signs and/or landscaping to which the easement reserved hereunder applies. Declarant may designate all or any portion of the easement area for subdivision entry facilities, utilities, walls, streets, perimeter fencing, signs, sidewalks, monument signs and/or landscaping as Common Area. The exercise of the easements reserved hereunder will not extend to permitting entry into any residence, nor will it unreasonably interfere with the use of any Lot or residence or Improvement constructed thereon.

10.6 Shared Amenities Reciprocal Easements. Certain nearby properties known as the "Sanctuary North Development" and "Sanctuary South Development" are intended to be developed for commercial use, mixed use or residential uses and made subject to restrictive covenants which may include property owners association for each development. The owners and residents within the Sanctuary South Development and Sanctuary North Development and the members of the applicable property owners associations (the "Sanctuary Beneficiaries") may, from time to time and at the discretion of Declarant, share certain facilities and amenities, including but not limited to roadways, parkland, drainage improvements, signage, monumentation, open space and/or landscaping (collectively, the "Shared Facilities and Amenities") with the Members and the Association. Declarant reserves the right to grant and convey easements to the Sanctuary Beneficiaries over and across Common Area or any portion of the Property which may be necessary or required for the Sanctuary Beneficiaries or District to utilize and/or maintain the Shared Facilities and Amenities; provided, however, that such easements may in no event unreasonably interfere with use of a Lot for residential purposes by an Owner thereof. Declarant reserves the right to (a) grant the Sanctuary Beneficiaries the right to access and/or use the Shared Facilities and Amenities, as applicable, located within the Property; (b) for any maintenance responsibilities not the responsibility of the District for the Shared Facilities and Amenities, to obligate the Sanctuary Beneficiaries to participate in performing the maintenance of the Shared Facilities and Amenities; (c) require the Sanctuary Beneficiaries to share in the expenses associated with the use and maintenance of the Shared Facilities and Amenities (provided such expense is not the obligation of the District); and (d) enter into with the Sanctuary Beneficiaries or cause the Association or District to enter into an agreement with the Sanctuary Beneficiaries to: (i) govern

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the rights and responsibilities of the Members, the Association, and the applicable property owners associations and their members regarding the use and maintenance of the Shared Facilities and Amenities, (ii) allocate costs for the operation, maintenance and reserves for the Shared Facilities and Amenities, and (iii) grant reciprocal easements for access, use, and maintenance of the Shared Facilities and Amenities (the "Cost and Use Sharing Agreement"). Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to pay any fee allocated under any future Cost and Use Sharing Agreement to the Association (or District, as applicable) as an Assessment to be levied and secured by a continuing lien on the Lot in the same manner as any other Assessment and Assessment lien arising under *Article 6* of this Declaration.

ARTICLE 11
DECLARANT AS ATTORNEY-IN-FACT

11.1 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 and the Sanctuary East Public Improvement District and to amend, modify, or terminate any easements, agreements or restrictive covenants benefitting an Owner(s) or the Property. 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. The aforesaid power shall be vested in Declarant, its successors and assigns, until the expiration or termination of the Development Period. Declarant hereby reserves for itself, its successors and assigns the right to execute on behalf of each Owner, Mortgagee, and third party claiming a legal or equitable interest in the Common Area, any such agreements, documents, amendments or supplements to the Restrictions which may be required by any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans (including, for example, the Federal Home Loan Mortgage Corporation) designated by Declarant or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Common Area or by any title insurance company selected by Declarant to insure title to any portion of the Common Area.

11.2 Re-platting or Modification of Plat. During the Development Period, Declarant, at its sole discretion and without a vote or the consent of any other party, reserves the right to replat the Property or to amend or modify the Plat(s) in order to assure a harmonious and orderly development of the Property. Each Owner, by holding title to a Lot, constitutes and irrevocably appoints the Declarant as its duly authorized attorney-in-fact with full power of substitution, to provide any necessary approval to exercise the powers set forth in this Section; however, any such re-platting or amendment of the Plat shall be with the purpose of efficiently developing the

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Property for the purposes herein provided or for compliance with any governmental regulation. Declarant's rights under this Section shall expire upon the expiration of the Development Period.

ARTICLE 12
DEVELOPMENT RIGHTS

12.1 Development by Declarant. It is contemplated that the Property will be developed pursuant to a plan, which may, from time to time, be amended or modified. Declarant reserves the right, but will not be obligated, to pursue the development, construction and marketing of the Property, the right to direct the size, shape, and composition of the Property, the right to create and/or designate Lots and Common Areas and to subdivide with respect to any of the Property pursuant to the terms of this *Section 12.1,* subject to any limitations imposed on portions of the Property by any applicable Plat. Collectively, the rights reserved to the Declarant as set forth in this Declaration shall be known as the "Development Rights," and Declarant hereby reserves the right and privilege for itself, and/or its assigns, to exercise the Development Rights, and any other rights reserved on behalf of the Declarant as set forth in this Declaration until twenty-four (24) months after the expiration or termination of the Development Period, except the right to appoint and remove Board members and officers of the Association which shall be governed by the provisions set out in *Section 4.3.* These rights may be exercised with respect to any portions of the Property and the Common Area. As each area is developed or dedicated, Declarant may designate the use, classification and such additional covenants, conditions and restrictions as Declarant may deem appropriate for that area.

12.2 Special Declarant Rights. Notwithstanding any provision of this Declaration to the contrary, at all times, Declarant will have the right and privilege: (i) to erect and maintain advertising signs (illuminated or non-illuminated), sales flags, other sales devices and banners for the purpose of aiding the sale of Lots in the Property; (ii) to maintain Improvements upon Lots as sales, model, management, business and construction offices; and (iii) to maintain and locate construction trailers and construction tools and equipment within the Property and the Common Area. The construction, placement or maintenance of Improvements by Declarant will not be considered a nuisance, and Declarant hereby reserves the right and privilege for itself to conduct the activities enumerated in this *Section 12.2* until two (2) years after expiration or termination of the Development Period.

12.3 Addition of Land. Declarant may, at any time and from time to time, add additional lands to the Property. Upon the filing of a notice of addition of land, such land will be considered part of the Property for purposes of this Declaration, and such added lands will be considered part of the Property subject to this Declaration and the terms, covenants, conditions, restrictions and obligations set forth in this Declaration, and the rights, privileges, duties and liabilities of the persons subject to this Declaration will be the same with respect to such added land as with respect to the lands originally covered by this Declaration, unless additional or different restrictions are included by Declarant with respect to such added lands. To add lands to the Property, Declarant will be required only to Record a notice of addition of land containing the following provisions:

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(a) A reference to this Declaration, which reference will state the document number or volume and initial page number of the Official Public Records of Bell County wherein this Declaration is Recorded;

(b) A statement that such land will be considered Property for purposes of this Declaration, and that all of the terms, covenants, conditions, restrictions and obligations of this Declaration will apply to the added land (unless otherwise provided in such notice of additional land); and

(c) A legal description of the added land.

12.4 Withdrawal of Land. Declarant may, at any time and from time to time, reduce or withdraw from the Property, and remove and exclude from the burden of this Declaration and the jurisdiction of the Association any portion of the Property. Upon any such withdrawal and removal this Declaration and the covenants, conditions, restrictions and obligations set forth herein will no longer apply to the portion of the Property withdrawn. To withdraw lands from the Property hereunder, Declarant will be required only to Record a notice of withdrawal of land containing the following provisions:

(a) A reference to this Declaration, which reference will state the document number or volume and initial page number of the Official Public Records of Bell County wherein this Declaration is recorded;

(b) A statement that the provisions of this Declaration will no longer apply to the withdrawn land; and

(c) A legal description of the withdrawn land.

12.5 Assignment of Declarant's Rights. Notwithstanding any provision in this Declaration to the contrary, Declarant may, by written instrument, assign, in whole or in part, any of its privileges, exemptions, rights and duties under this Declaration to any person or entity and may permit the participation, in whole, in part, exclusively, or non-exclusively, by any other person or entity in any of its privileges, exemptions, rights and duties hereunder.

ARTICLE 13
DISPUTE RESOLUTION

13.1 Introduction and Definitions. The Association, the Owners, Declarant, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this *Article 13* (collectively, the "Parties") agree to encourage the amicable resolution of disputes involving the Property and to avoid the emotional and financial costs of litigation and arbitration if at all possible. Accordingly, each Party hereby covenants and agrees that this *Article 13* applies to all Claims as hereafter defined. This *Article 13* may only be amended with the prior written approval of the Declarant, the Association (acting through a Majority of the Board), and Owners holding one hundred percent (100%) of the votes in the Association. As used in this *Article 13* only, the following words, when capitalized, have the following specified meanings:

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(a) "Claim" means:

(i) Claims relating to the rights and/or duties of Declarant, the Association, or the ACC, under the Restrictions.

(ii) Claims relating to the acts or omissions of the Declarant, the Association or a Board member or officer of the Association during Declarant's control and administration of the Association, and any claim asserted against the ACC.

(iii) Claims relating to the design or construction of the Community Systems, Common Area or any Improvements located on the Property.

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

(c) "Respondent" means any Party against which a Claim has been asserted by a Claimant.

13.2 Mandatory Procedures. Claimant may not initiate any proceeding before any administrative tribunal seeking redress of resolution of its Claim until Claimant has complied with the procedures of this *Article 13*. As provided in *Section 13.9* below, a Claim will be resolved by binding arbitration.

13.3 Claim Affecting Community Systems and Common Area. The Association does not have the power or right to institute, defend, intervene in, settle, or compromise litigation or administrative proceedings: (i) in the name of or on behalf of any Lot Owner (whether one or more); or (ii) pertaining to a Claim, as defined in *Section 13.1* above, relating to the design or construction of Improvements on a Lot (whether one or more). In the event the Association or a Lot Owner asserts a Claim related to the Community Systems or Common Area, as a precondition to providing the Notice defined in *Section 13.5*, initiating the mandatory dispute resolution procedures set forth in this *Article 13*, or taking any other action to prosecute a Claim related to the Community Systems or Common Area, the Association or a Lot Owner, as applicable, must:

(a) Independent Report on the Condition of the Community Systems or Common Area. Obtain an independent third-party report (the "Community Systems or Common Area Report") from a licensed professional engineer which: (i) identifies the Community Systems or Common Area subject to the Claim including the present physical condition of the Community Systems or Common Area; (ii) describes any modification, maintenance, or repairs to the Community Systems or Common Area performed by the Lot Owner(s) and/or the Association; and (iii) provides specific and detailed recommendations regarding remediation and/or repair of the Community Systems or Common Area subject to the Claim. For the purposes of this *Section 13.3*, an independent third-party report is a report obtained directly by the Association or a Lot Owner and paid for by the Association or a Lot Owner, as applicable, and not prepared by a person employed by or otherwise affiliated with the attorney or law firm that represents or will represent the Association or a Lot Owner in the Claim. As a precondition to providing the Notice described in *Section*

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13.5, the Association or Lot Owner must provide at least ten (10) days prior written notice of the inspection, calculated from the date of receipt of such notice, to each party subject to a Claim which notice shall identify the independent third-party engaged to prepare the Community Systems or Common Area Report, the specific Community Systems or Common Area to be inspected, and the date and time the inspection will occur. Each party subject to a Claim may attend the inspection, personally or through an agent. Upon completion, the Community Systems or Common Area Report shall be provided to each party subject to a Claim. In addition, before providing the Notice described in *Section 13.5*, the Association or the Lot Owner, as applicable, shall have permitted each party subject to a Claim the right, for a period of ninety (90) days, to inspect and correct, any condition identified in the Community Systems or Common Area Report.

(b) Claim by the Association - Owner Meeting and Approval. If the Claim is prosecuted by the Association, the Association must first obtain approval from Members holding sixty-seven percent (67%) of the votes in the Association to: (i) provide the Notice described in *Section 13.5*; (ii) initiate the mandatory dispute resolution procedures set forth in this *Article 13*; or (iii) take any other action to prosecute a Claim, which approval from Members must be obtained at a special meeting of Members called in accordance with the Bylaws. The notice of meeting required hereunder will be provided pursuant to the Bylaws but the notice must also include: (a) the nature of the Claim, the relief sought, the anticipated duration of prosecuting the Claim, and the likelihood of success; (b) a copy of the Community Systems or Common Area Report; (c) a copy of any proposed engagement letter, with the terms of such engagement between the Association and an attorney to be engaged by the Association to assert or provide assistance with the claim (the "Engagement Letter"); (d) a description of the attorney fees, consultant fees, expert witness fees, and court costs, whether incurred by the Association directly or for which it may be liable if it is not the prevailing party or that the Association will be required, pursuant to the Engagement Letter or otherwise, to pay if the Association elects to not proceed with the Claim; (e) a summary of the steps previously taken, and proposed to be taken, to resolve the Claim; (f) an estimate of the impact on the value of each Lot if the Claim is prosecuted and an estimate of the impact on the value of each Lot after resolution of the Claim; (g) an estimate of the impact on the marketability of each Lot if the Claim is prosecuted and during prosecution of the Claim, and an estimate of the impact on the value of each Lot during and after resolution of the Claim; (h) the manner in which the Association proposes to fund the cost of prosecuting the Claim; and (i) the impact on the finances of the Association, including the impact on present and projected reserves, in the event the Association is not the prevailing party. The notice required by this paragraph must be prepared and signed by a person other than, and not employed by or otherwise affiliated with, the attorney or law firm that represents or will represent the Association or Lot Owner, as applicable, in the Claim. In the event Members approve providing the Notice described in *Section 13.5*, or taking any other action to prosecute a Claim, the Members holding a Majority of the votes in the Association, at a special meeting called in accordance with the Bylaws, may elect to discontinue prosecution or pursuit of the Claim.

13.4 Claim by Lot Owners – Improvements on Lots. Notwithstanding anything contained herein to the contrary, in the event a warranty is provided to a Lot Owner by the

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Declarant or a Homebuilder relating to the design or construction of any Improvements located on a Lot, then this *Article 13* will only apply to the extent that this *Article 13* is more restrictive than such Lot Owner's warranty, as determined in the Declarant's sole discretion. If a warranty has not been provided to a Lot Owner relating to the design or construction of any Improvements located on a Lot, then this *Article 13* will apply. If a Lot Owner brings a Claim, as defined in *Section 13.1*, relating to the design or construction of any Improvements located on a Lot (whether one or more), as a precondition to providing the Notice defined in *Section 13.5*, initiating the mandatory dispute resolution procedures set forth in this *Article 13*, or taking any other action to prosecute a Claim, the Lot Owner must obtain an independent third-party report (the "Owner Improvement Report") from a licensed professional engineer which: (i) identifies the Improvements subject to the Claim including the present physical condition of the Improvements; (ii) describes any modification, maintenance, or repairs to the Improvements performed by the Lot Owner(s) and/or the Association; and (iii) provides specific and detailed recommendations regarding remediation and/or repair of the Improvements subject to the Claim. For the purposes of this *Section 13.4*, an independent third-party report is a report obtained directly by the Lot Owner and paid for by the Lot Owner, and not prepared by a person employed by or otherwise affiliated with the attorney or law firm that represents or will represent the Lot Owner in the Claim. As a precondition to providing the Notice described in *Section 13.5*, the Lot Owner must provide at least ten (10) days prior written notice of the inspection, calculated from the date of receipt of such notice, to each party subject to a Claim which notice shall identify the independent third-party engaged to prepare the Owner Improvement Report, the specific Improvements to be inspected, and the date and time the inspection will occur. Each party subject to a Claim may attend the inspection, personally or through an agent. Upon completion, the Owner Improvement Report shall be provided to each party subject to a Claim. In addition, before providing the Notice described in *Section 13.5*, the Lot Owner shall have permitted each party subject to a Claim the right, for a period of ninety (90) days, to inspect and correct, any condition identified in the Owner Improvement Report.

13.5 Notice. Claimant must notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely: (i) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (ii) the basis of the Claim (i.e., the provision of the Restrictions or other authority out of which the Claim arises); (iii) what Claimant wants Respondent to do or not do to resolve the Claim; and (iv) that the Notice is given pursuant to this *Section 13.5*. For Claims governed by Chapter 27 of the Texas Property Code, the time period for negotiation in *Section 13.6* below, is equivalent to the sixty (60) day period under Section 27.004 of the Texas Property Code. If a Claim is subject to Chapter 27 of the Texas Property Code, the Claimant and Respondent are advised, in addition to compliance with *Section 13.6*, to comply with the terms and provisions of Section 27.004 during such sixty (60) day period. *Section 13.6* does not modify or extend the time period set forth in Section 27.004 of the Texas Property Code. Failure to comply with the time periods or actions specified in Section 27.004 could affect a Claim if the Claim is subject to Chapter 27 of the Texas Property Code. The one hundred twenty (120) day period for mediation set forth in *Section 13.7* below, is intended to provide the Claimant and Respondent with sufficient time to resolve the Claim in the event resolution is not accomplished during negotiation. If the Claim is not resolved during negotiation, mediation pursuant to *Section 13.7* is required without regard to the monetary amount of the Claim.

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If the Claimant is the Association, the Notice will also include: (a) a true and correct copy of the Community Systems or Common Area Report; (b) a copy of the Engagement Letter; (c) copies of all reports, studies, analyses, and recommendations obtained by the Association related to the Community Systems or Common Area which forms the basis of the Claim; (d) a true and correct copy of the special meeting notice provided to Members in accordance with *Section 13.3(b)* above; and (e) reasonable and credible evidence confirming that Members holding sixty-seven percent (67%) of the votes in the Association approved providing the Notice. If the Claimant is not the Association and pertains to the Community Systems or Common Area, the Notice will also include a true and correct copy of the Community Systems or Common Area Report. If the Claimant is not the Association and pertains to Improvements on a Lot, the Notice will also include a true and correct copy of the Owner Improvement Report.

13.6 Negotiation. Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within sixty (60) days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually acceptable place and time to discuss the Claim. If the Claim involves all or any portion of the Property, then at such meeting or at some other mutually-agreeable time, Respondent and Respondent's representatives will have full access to the Property that is subject to the Claim for the purposes of inspecting the Property. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent's representatives and agents with full access to the Property to take and complete corrective action.

13.7 Mediation. If the parties negotiate, but do not resolve the Claim through negotiation within one hundred twenty (120) days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have thirty (30) additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must have at least five (5) years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the 30-day period, Respondent may submit the Claim to mediation in accordance with this *Section 13.7*.

13.8 Termination of Mediation. If the Parties do not settle the Claim within thirty (30) days after submission to mediation, or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may file suit or initiate arbitration proceedings on the Claim, as appropriate and permitted by this *Article 13*.

13.9 Binding Arbitration-Claims. All Claims must be settled by binding arbitration. Claimant or Respondent may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Claim not referred to arbitration as required by this *Section 13.9*.

(a) Governing Rules. If a Claim has not been resolved after mediation as required by *Section 13.7*, the Claim will be resolved by binding arbitration in accordance with the terms of this *Section 13.9* and the rules and procedures of the American Arbitration Association ("AAA") or, if the AAA is unable or unwilling to act as the arbitrator, then the

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arbitration shall be conducted by another neutral reputable arbitration service selected by Respondent in Bell County, Texas. Regardless of what entity or person is acting as the arbitrator, the arbitration shall be conducted in accordance with the AAA's "Construction Industry Dispute Resolution Procedures" and, if they apply to the disagreement, the rules contained in the Supplementary Procedures for Consumer-Related Disputes. If such rules have changed or been renamed by the time a disagreement arises, then the successor rules will apply. Also, despite the choice of rules governing the arbitration of any Claim, if the AAA has, by the time of Claim, identified different rules that would specifically apply to the Claim, then those rules will apply instead of the rules identified above. In the event of any inconsistency between any such applicable rules and this *Section 13.9*, this *Section 13.9* will control. Judgment upon the award rendered by the arbitrator shall be binding and not subject to appeal except as provided in *Section 13.9(d)*, but may be reduced to judgment or enforced in any court having jurisdiction. Notwithstanding any provision to the contrary or any applicable rules for arbitration, any arbitration with respect to Claims arising hereunder shall be conducted by a panel of three (3) arbitrators, to be chosen as follows:

(i) One arbitrator shall be selected by Respondent, in its sole and absolute discretion;

(ii) One arbitrator shall be selected by the Claimant, in its sole and absolute discretion; and

(iii) One arbitrator shall be selected by mutual agreement of the arbitrators having been selected by Respondent and the Claimant, in their sole and absolute discretion.

(b) Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this *Section 13.9* will limit the right of Claimant or Respondent, and Claimant and the Respondent will have the right during any Claim, to seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting upon any property, real or personal, that is involved in a Claim, including, without limitation, rights and remedies relating to: (i) exercising self-help remedies (including set-off rights); or (ii) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any party to submit the Claim to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

(c) Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this *Section 13.9*.

(d) Scope of Award; Modification or Vacation of Award. The arbitrator shall resolve all Claims in accordance with the applicable substantive law. The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope

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of this *Section 13.9* and subject to *Section 13.10* below (attorney's fees and costs may not be awarded by the arbitrator); provided, however, that for a Claim, or any portion of a Claim governed by Chapter 27 of the Texas Property Code, or any successor statute, in no event shall the arbitrator award damages which exceed the damages a Claimant would be entitled to under Chapter 27 of the Texas Property Code. In all arbitration proceedings the arbitrator shall make specific, written findings of fact and conclusions of law. In all arbitration proceedings the parties shall have the right to seek vacation or modification of any award that is based in whole, or in part, on (i) factual findings that have no legally or factually sufficient evidence, as those terms are defined in Texas law; (ii) conclusions of law that are erroneous; (iii) an error of federal or state law; or (iv) a cause of action or remedy not expressly provided under existing state or federal law. In no event may an arbitrator award speculative, consequential or punitive damages for any Claim.

(e) Other Matters. To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within one hundred eighty (180) days of the filing of the Claim for arbitration by notice from either party to the other. Arbitration proceedings hereunder shall be conducted in Bell County, Texas. The arbitrator shall be empowered to impose sanctions and to take such other actions as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure and Applicable Law. Each party agrees to keep all Claims and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the parties or by Applicable Law or regulation. In no event shall any party discuss with the news media or grant any interviews with the news media regarding a Claim or issue any press release regarding any Claim without the written consent of the other parties to the Claim.

13.10 Allocation of Costs. Notwithstanding any provision in this Declaration to the contrary, each party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation, Mediation, and Binding Arbitration sections above, including its attorney's fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator and arbitrator.

13.11 General Provisions. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim.

13.12 Period of Limitation.

(a) For Actions by an Owner. The exclusive period of limitation for any of the Parties to bring any Claim, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Owner discovered or reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design, four (4) years and one (1) day from the date that the Owner discovered or reasonably should have discovered evidence of the Claim; or (iii) for all Claims, the applicable statute of limitations under

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Texas law. In no event shall this *Section 13.12(a)* be interpreted to extend any period of limitations under Texas law.

(b) For Actions by the Association. The exclusive period of limitation for the Association to bring any Claim, including, but not limited to, a Claim of construction defect or defective design of any Common Area or Improvement, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Association or its agents discovered or reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design of a Common Area or Improvement, four (4) years and one (1) day from the date that the Association discovered or reasonably should have discovered evidence of the Claim; or (iii) for all Claims, the applicable statute of limitations under Texas law. In no event shall this *Section 13.12(b*) be interpreted to extend any period of limitations under Texas law.

13.13 Funding Arbitration and Litigation. The Association must levy a Special Assessment to fund the estimated costs of arbitration, including estimated attorney's fees, conducted pursuant to this *Article 13* or any judicial action initiated by the Association. The Association may not use its annual operating income or reserve funds or savings to fund arbitration or litigation, unless the Association's annual budget or a savings account was established and funded from its inception as an arbitration and litigation reserve fund.

[Signature page follows.]

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[SIGNATURE PAGE TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SANCTUARY EAST RESIDENTIAL COMMUNITY]

EXECUTED to be effective on the date this Declaration is Recorded.

DECLARANT:

SANCTUARY DEVELOPMENT COMPANY, LLC,
a Texas limited liability company

By: _____
Billie Hanks, Jr., Manager

THE STATE OF Texas §
§
COUNTY OF Tom Green §

This instrument was acknowledged before me this 30th day of September, 2021, by Billie Hanks, Jr., as Manager of Sanctuary Development Company, LLC, a Texas limited liability company, on behalf of said company.

_____
Notary Public – State of Texas

(SEAL)

NOTARY PUBLIC STATE OF TEXAS
RITA JEAN WHITT
Notary ID #4040399
My Commission Expires
April 28, 2024

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[OWNER CONSENT PAGE TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SANCTUARY EAST RESIDENTIAL COMMUNITY]

EXECUTED to be effective on the date this instrument is Recorded.

OWNER:

Billie Hanks, Jr.

THE STATE OF Texas §
§
COUNTY OF Tom Green §

This instrument was acknowledged before me on this 6th day of October 2021, by Billie Hanks, Jr.

(seal)

RITA JEAN WHITT
Notary ID #4040399
My Commission Expires
April 28, 2024

Notary Public, State of Texas

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Exhibit A

MATKINHOOVER
ENGINEERING
& SURVEYING

FIELD NOTES FOR A 101.31 ACRE TRACT OF LAND

A **101.31 acre** tract of land, out of the Edward Pitts Survey, Abstract 651, Bell County, Texas and being a portion of a called 178.0 acre tract of land as described in Volume 2497, Page 488, of the Deed Records of Bell County, Texas. Said **101.31 acre** tract being more particularly described by metes and bounds as follows:

BEGINNING at a point for the southeast corner of Salado Oaks, being a subdivision of record in Cabinet C, Slide 33-C, of the Plat Records of Bell County, Texas, in the north right-of-way line of Farm to Market Road 2268, as shown in Texas Department of Transportation (TxDOT) right-of-way map with CSJ No. 213-1-1, for the southwest corner of said 178.0 acre tract and the tract described herein;

THENCE: With the common line between said Salado Oaks and said 178.0 acre tract, the following two (2) courses:

1. **N 16° 30' 24" E**, a distance of **2099.54 feet**, to a point for the northeast corner of said Salado Oaks and a corner of the tract described herein, and
2. **N 73° 52' 06" W**, a distance of **116.81 feet**, to a point for the southeast corner of a called 9.058 acre tract of land as described in Document No. 2018-00001240, of the Real Property Records of Bell County, Texas, and a corner of the tract described herein;

THENCE: **N 16° 22' 14" E**, with the west line of said 178.0 acre tract, at 466.97 feet, passing a point for the northeast corner of said 9.058 acre tract and the southeast corner of Victorian Oaks Addition, being a subdivision of record in Cabinet A, Slide 37-B, of the Plat Records of Bell County, Texas, a total distance of **1207.09 feet**, to a point for the northeast corner of said Victorian Oaks Addition and a corner of the tract described herein;

THENCE: **N 73° 37' 19" W**, with the north line of said Victorian Oaks Addition, a distance of **99.99 feet**, to a point for the southeast corner of a called 0.32 acre tract of land described in Volume 1515, Page 317, of the Deed Records of Bell County, Texas, and a corner of the tract described herein;

THENCE: **N 16° 14' 11" E**, with the east line of said 0.32 acre tract, a distance of **140.00 feet**, to a point in the south right-of-way line of Royal Street, as shown in Cabinet C, Slide 177-C of the Plat Records of Bell County, Texas, for the northeast corner of said 0.32 acre tract and the northwest corner of the tract described herein;

THENCE: **S 73° 31' 55" E**, with the south right-of-way line of said Royal Street, a distance of **100.32 feet**, to a point for the southeast corner of Royal Street, and a corner of the tract described herein;

THENCE: **S 73° 33' 31" E**, with the north line of said 178.0 acre tract, at 1706.00 feet, passing a point for the southeast corner of a called 42.72 acre tract of record in Volume 1255, Page 537 of the Deed Records of Bell County, Texas, the southwest corner of a called 15.41 acre tract of land described in Volume 4910, Page 328, of the Deed Records of Bell County, Texas, a total distance of **2038.13 feet**, to a point for the northeast corner of the tract described herein;

THENCE: Over and across said 178.0 acre tract, the following thirty-three (**33**) courses:

1. **S 16° 26' 29" W**, a distance of **197.82 feet** to a point,
2. **S 78° 09' 24" W**, a distance of **251.87 feet** to a point,
3. **N 73° 33' 31" W**, a distance of **187.66 feet** to a point,
4. **S 46° 52' 14" W**, a distance of **195.61 feet** to a point,
5. **S 16° 26' 29" W**, a distance of **342.82 feet** to a point,
6. **S 31° 31' 00" W**, a distance of **288.83 feet** to a point,
7. **N 48° 29' 00" W**, a distance of **100.36 feet** to a point,
8. **S 41° 31' 00" W**, a distance of **172.28 feet** to a point,
9. **S 48° 29' 00" E**, a distance of **62.41 feet** to a point,

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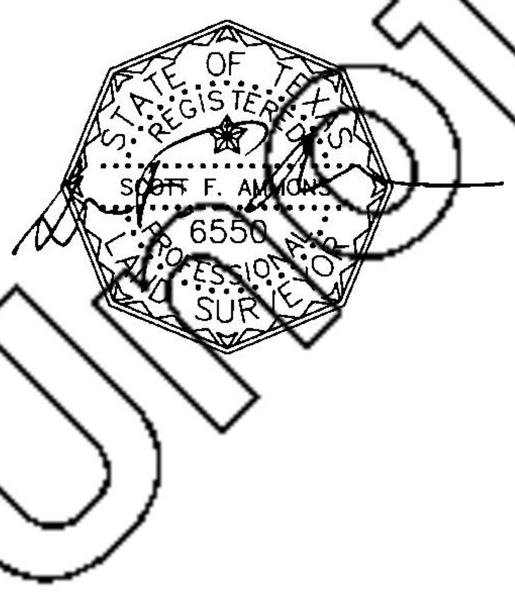
10. **S 58° 05' 10" E**, a distance of **38.49 feet** to a point,
11. **S 31° 31' 00" W**, a distance of **50.00 feet** to a point,
12. **N 58° 29' 00" W**, a distance of **41.35 feet** to a point,
13. **N 48° 29' 00" W**, a distance of **5.91 feet** to a point,
14. **S 41° 31' 24" W**, a distance of **101.15 feet** to a point,
15. **S 31° 30' 49" W**, a distance of **209.89 feet** to a point,
16. **S 16° 31' 00" W**, a distance of **131.43 feet** to a point,
17. **S 05° 10' 42" E**, a distance of **108.24 feet** to a point,
18. **S 16° 26' 36" W**, a distance of **315.00 feet** to a point,
19. **S 73° 33' 24" E**, a distance of **37.26 feet** to a point,
20. **S 15° 10' 17" E**, a distance of **89.22 feet** to a point,
21. **S 16° 26' 36" W**, a distance of **239.29 feet** to a point,
22. **S 66° 38' 16" W**, a distance of **65.39 feet** to a point,
23. **S 16° 20' 46" W**, a distance of **187.30 feet** to a point,
24. **S 52° 29' 23" W**, a distance of **366.41 feet** to a point,
25. **S 16° 30' 24" W**, a distance of **57.66 feet** to a point,
26. **N 73° 29' 36" W**, a distance of **125.00 feet** to a point,
27. **S 16° 30' 24" W**, a distance of **196.85 feet** to a point,
28. **S 48° 25' 40" W**, a distance of **156.91 feet** to a point,
29. **N 73° 27' 06" W**, a distance of **286.18 feet** to a point,
30. **S 61° 31' 39" W**, a distance of **10.60 feet** to a point,
31. **S 16° 30' 24" W**, a distance of **52.50 feet** to a point, and
32. **S 28° 28' 21" E**, a distance of **35.37 feet** to a point in the north right-of-way line of said Farm to Market Road 2268 and the south line of said 178.0 acre tract;

THENCE: N 73° 27' 06" W, with the north right-of-way line of said Farm to Market Road 2268 and the south line of said 178.0 acre tract, a distance of **493.35 feet**, to the **POINT OF BEGINNING** and containing **101.31 acres** of land situated in Bell County, Texas.

Note: The basis of bearing was established using the Trimble VRS Network, NAD (83), Texas State Plane Coordinate System, Central Zone, 4203, US Survey Foot, Grid.

Job # 17-4049 101.31 Acres

Date: October 5, 2020



Official Copy

Exhibit A

SANCTUARY EAST RESIDENTIAL COMMUNITY
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Bell County
Shelley Coston
County Clerk
Belton, Texas 76513

Instrument Number: 2021066540
As
RESTRICTIONS

Recorded On: October 12, 2021
Parties: SANCTUARY DEVELOPMENT COMPANY LLC
To EX PARTE
Comment:

Billable Pages: 62
Number of Pages: 63

(Parties listed above are for Clerks' reference only)

**** Examined and Charged as Follows ****

CLERKS RMF:	$5.00
COURT HOUSE SECURITY:	$1.00
RECORDING:	$249.00
Total Fees:	$255.00

********** **DO NOT REMOVE. 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
Instrument Number: 2021066540
Receipt Number: 232403
Recorded Date/Time: 10/12/2021 8:09:11 AM
User / Station: ramiremg - BCCCD0642

Record and Return To:
McLean & Howard, L.L.P.

I hereby certify that this instrument was filed on the date and time stamped hereon and was duly recorded in the Real Property Records in Bell County, Texas

Shelley Coston
Bell County Clerk

Official Copy