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STEUBING FARM AMENDED AND RESTATED SUB-DECLARATION

Residential

BEXAR COUNTY, TEXAS

THIS DOCUMENT AMENDS AND RESTATES IN ITS ENTIRETY THAT CERTAIN SUB-DECLARATION – UNIT 7, RECORDED AS DOCUMENT 20140150509 IN THE OFFICIAL PUBLIC RECORDS OF BEXAR COUNTY.

Declarant: Meritage Homes of Texas, an Arizona limited liability company.

Cross reference to Steubing Farm Master Covenant, recorded as Document No. 20130124408 in the Official Public Records of Bexar County, Texas, that certain Notice of Applicability of Steubing Farm Master Covenant, recorded as Document No. 20130124996 in the Official Public Records of Bexar County, Texas, that certain Notice of Applicability of Steubing Farm Master Covenant, recorded as Document No. 20140153378 in the Official Public Records of Bexar County, Texas, and that certain Steubing Farm Development Area Declaration Residential, recorded as Document No. 20130125455, in the Official Public Records of Bexar County, Texas.

STEUBING FARM
 AMENDED AND RESTATED SUB-DECLARATION
 RESIDENTIAL

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STEUBING FARM
AMENDED AND RESTATED SUB-DECLARATION
Residential

This Steubing Farm Amended and Restated Sub-Declaration (the "Sub-Declaration") is made by Meritage Homes of Texas, LLC, an Arizona limited liability company (the "Declarant"), and is as follows:

R E C I T A L S:

A. This Sub-Declaration is filed with respect to that certain real property located in Bexar County, Texas, described on Exhibit "A", attached hereto and incorporated herein by reference (the "Development Area").

B. Declarant previously Recorded that certain Sub-Declaration – Unit 7, recorded as Document No. 20140150509 in the Official Public Records of Bexar County Texas (the "Original Sub-Declaration"). Section 5.1 of the Original Sub-Declaration provides that the Declarant may unilaterally amend the Original Sub-Declaration during the Development Period. The Development Period has not yet expired. Declarant hereby amends and restates the Original Sub-Declaration in its entirety through the Recordation of this Sub-Declaration.

C. *Section 4.01* the Development Area Declaration (defined in *Article I* below) requires the consent of the Master Declarant. The Master Declarant has consented to the Recordation of this Sub-Declaration by its execution of this Sub-Declaration in the space provided below.

NOW, THEREFORE, it is hereby declared: (i) that the Development Area (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 Development Area and will be binding upon all parties having right, title, or interest in or to such portions of the Development Area 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 Development Area (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.

This Sub-Declaration uses notes (text set apart in boxes) to illustrate concepts and assist the reader. If there is a conflict between any note and the text of the Sub-Declaration, the text will control.

ARTICLE 1
DEFINITIONS

Terms used but not defined in this Sub-Declaration shall have the meaning subscribed to such terms in the Master Covenant on the date this Sub-Declaration is Recorded. The following words and phrases when used in this Sub-Declaration will have the meanings hereinafter specified:

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

"Assessment Unit" has the meaning set forth in *Section 3.08(b)*.

"Sub-Association" means STEUBING FARM RESIDENTIAL COMMUNITY, INC., a Texas non-profit corporation, which will be created by the Declarant to exercise the authority and assume the powers specified in *Article 2* and elsewhere in this Sub-Declaration. The failure of the Sub-Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Sub-Association, which derives its authority from this Sub-Declaration, the Certificate, the Bylaws, and Applicable Law.

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

"Bulk Rate Contract" or "Bulk Rate Contracts" means one or more contracts which are entered into by the Sub-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, landscape 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 Development Area. Each Bulk Rate Contract must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period.

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

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

"City" means the City of San Antonio, Bexar County, Texas.

"Common Area" means any property and facilities that the Sub-Association owns or in which it otherwise holds rights or obligations, including any property or facilities held by the Declarant for the benefit of the Sub-Association or its Members. Development Area or facilities held by the Declarant for the benefit of the Sub-Association or its Members will expressly include any portion of the Development Area designated by Plat to be maintained by the Sub-Association; provided, however, that Declarant reserves the right to designate such areas as Special Common Area, as defined below. If requested by the Declarant, the Sub-Association will execute any instrument or document required by the City to evidence the Sub-Association's acceptance of all or any portion of the Development Area for maintenance. Declarant reserves the right, from time to time and at any time, to designate by written and Recorded instrument portions of the Development Area being held by the Declarant for the benefit of the Sub-Association. Upon the filing of such designation, the portion of the Development Area identified therein will be considered Common Area for the purpose of this Sub-Declaration. Common Area also includes any property that the Sub-Association holds under a lease, license, or any easement in favor of the Sub-Association. 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. Declarant reserves the right to require that certain portions of the Common Area will be maintained by an Owner in lieu of the Sub-Association provided that the portion of such Common Area and responsibility for maintenance is identified and set forth in a Recorded instrument.

"Community Manual" means the community manual, which may be initially adopted and Recorded by the Declarant as part of the initial project documentation for the benefit of the Sub-Association. The Community Manual may include the Bylaws, rules and other policies governing the Sub-Association. The rules and other policies set forth in the Community Manual may be amended, from time to time, by the Declarant during the Development Period. Any amendment to Bylaws, rules and other policies governing the Sub-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 Development Area.

"Declarant" means Meritage Homes of Texas, LLC, an Arizona limited liability company, its successors or assigns; provided that any assignment(s) of the rights of Meritage

Homes of Texas, LLC, an Arizona limited liability company, as Declarant, must be expressly set forth in writing and Recorded. Notwithstanding any provision in this Sub-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 Sub-Declaration to any person. Declarant may also, by Recorded written instrument, permit any other person to participate in whole, in part, exclusively or non-exclusively, in any of Declarant's privileges, exemptions, rights and duties under this Sub-Declaration.

Note: Declarant enjoys special privileges to facilitate the development, construction, and marketing of the Development Area, and to direct the size, shape and composition of the Development Area. These special rights are described in this Sub-Declaration. Many of these rights do not terminate until either Declarant: (i) has sold all Lots which may be created out of the Development Area; or (ii) voluntarily terminates these rights by a Recorded written instrument. Declarant may also assign, in whole or in part, all or any of the Declarant's rights established under the terms and provisions of this Sub-Declaration to one or more third-parties.

"Development Area" means all of that certain real property described on Exhibit "A", attached hereto and incorporated herein by reference, subject to such additions thereto and deletions therefrom as may be made pursuant to *Section 8.03* and *Section 8.04* of this Sub-Declaration.

"Development Area Declaration" means the Steubing Farm Development Area Declaration Residential, recorded as Document No. 20130125455, in the Official Public Records of Bexar County, Texas.

"Development Period" means the period of time beginning on the date when this Sub-Declaration has been Recorded, and ending fifteen (15) years thereafter, 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 of time in which Declarant reserves the right to facilitate the development, construction, and marketing of the Development Area, or the right to direct the size, shape and composition of the Development Area. The Development Period is for a term of years and does not require that Declarant own any portion of the Development Area.

"Master Association" means the Steubing Farm Master Community, Inc., a Texas non-profit corporation.

"Master Association Assessments" means any charge, fee, or assessment levied by the Master Association pursuant to the Master Covenant or Applicable Law.

"Master Declarant" means the Declarant under the Master Covenant.

"Master Covenant" means the Steubing Farm Master Covenant, recorded as Document No. 20130124408, in the Official Public Records of Bexar County, Texas.

"Master Documents" means, singularly or collectively, as the case may be, the Master Covenant, the Development Area Declarations, Notices of Applicability, Design Guidelines, the certificate of formation and the bylaws of the Master Association, and any rules or regulations promulgated by the Master Association.

"Manager" has the meaning set forth in *Section 2.05(g)*.

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

"Regular Assessments" means assessments levied by the Board in accordance with *Section 3.02* of this Sub-Declaration.

"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 Sub-Declaration, Bylaws, Community Manual, or any rules and regulations promulgated by the Sub-Association pursuant to this Sub-Declaration, as adopted and amended from time to time.

"Service Area" means a group of Lots designated as a separate Service Area pursuant to this Sub-Declaration for purpose of receiving benefits or services from the Sub-Association which are not provided to all Lots. A Service Area may be comprised of more than one type of use or structure and may include noncontiguous Lots. A Lot may be assigned to more than one Service Area. Service Area boundaries may be established and modified as provided in *Section 4.02*.

"Service Area Assessments" means assessments levied against the Lots in a particular Service Area to fund Service Area Expenses, as described in *Section 3.05*.

"Service Area Expenses" means the estimated and actual expenses which the Sub-Association incurs or expects to incur for the benefit of Owners within a particular Service Area, which may include a reasonable reserve for capital repairs and replacements.

"Special Assessments" means assessments levied by the Board in accordance with *Section 3.03* of this Sub-Declaration.

"Special Common Area" means any interest in real property or improvements which is designated by Declarant in this Sub-Declaration or in any written instrument Recorded by

Declarant (which designation will be made in the sole and absolute discretion of Declarant) as Special Common Area which is assigned for the purpose of exclusive use and/or the obligation to pay Special Common Area Assessments attributable thereto, to one or more, but less than all of the Lots or Owners, and is or will be conveyed to the Sub-Association or as to which the Sub-Association will be granted rights or obligations, or otherwise held by the Declarant for the benefit of the Sub-Association. The Sub-Declaration or other written Recorded instrument will identify the Lots or Owners assigned to such Special Common Area and further indicate whether the Special Common Area is assigned to such parties for the purpose of exclusive use and the payment of Special Common Area Assessments, or only for the purpose of paying Special Common Area Assessments attributable thereto. By way of illustration and not limitation, Special Common Area might include such things as private drives and roads, entrance facilities and features, monumentation, or signage, walkways or landscaping.

"Special Common Area Expenses" means the estimated and actual expenses which the Sub-Association incurs or expects to incur to operate, maintain, repair and replace Special Common Area, which may include a reasonable reserve for capital repairs and replacements.

"Special Common Area Assessments" means assessments levied against the Lots as described in Section 3.04.

"Steubing Farm Reviewer" has the meaning set forth in the Master Covenant.

"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

STEUBING FARM RESIDENTIAL COMMUNITY, INC.

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

2.02 Membership.

(a) Mandatory Membership. Any person or entity, upon becoming an Owner, will automatically become a Member of the Sub-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. Within thirty (30) days after acquiring legal title to a Lot, if requested by the Board, an Owner must provide the Sub-Association with: (1) a copy of the recorded deed by which the Owner has acquired title to the Lot; (2) the Owner's address, email address, phone number, and driver's license number, if any; (3) any Mortgagee's name and address; and (4) the name, phone number, and email address of any Resident other than the Owner.

(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, or the Declarant's designee, 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 Sub-Association to suspend the Member's right to use the Common Area for any period during which any Assessment against such Member's Lot remains past due and for any period during which such member is in violation of any provision of this Sub-Declaration;

(iii) The right of the Declarant during the Development Period, and the Board thereafter to grant easements or licenses over and across the Common Area or to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for any purpose;

(iv) With the advance written approval of the Declarant during the Development Period, the right of the Board to borrow money for the purpose of improving the Common Area and, in furtherance thereof, mortgage the Common Area;

(v) With the advance written approval of the Declarant during the Development Period, the right of the Board to promulgate rules regarding the use of the Common Area and any Improvements thereon; and

(vi) The right of the Sub-Association to contract for services with any third parties on such terms as the Board may determine, except that during the Development Period, all such contracts must be approved in advance and in writing by the Declarant.

(c) Easement of Enjoyment – Special Common Area. Each Owner of a Lot which has been assigned use of Special Common Area in a Recorded instrument will have a right and easement of enjoyment in and to all of such Special Common Area for its intended purposes, and an access easement, if applicable, by and through such Special Common Area, which easement will be appurtenant to and will pass with title to such Owner's Lot, subject to *Section 2.02(b)* above, and subject to the following restrictions and reservations:

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

(ii) The right of Declarant to grant additional Lots use rights in and to Special Common Area in a subsequently filed Recorded instrument;

(iii) The right of the Sub-Association to suspend the Member's rights to use the Special Common Area for any period during which any Assessment against such Member's Lot remains past due and for any period during which such Member is in violation of any provision of this Sub-Declaration;

(iv) The right of the Declarant during the Development Period, and the Board thereafter to grant easements or licenses over and across the Special Common Area or to dedicate or transfer all or any part of the Special Common Area to any public agency, authority or utility for any purpose;

(v) With the advance written approval of the Declarant during the Development Period, the right of the Board to borrow money for the purpose of improving the Special Common Area and, in furtherance thereof, mortgage the Special Common Area;

(vi) With the advance written approval of the Declarant during the Development Period, the right of the Board to promulgate rules regarding the use of the Special Common Area and any Improvements thereon; and

(vii) The right of the Sub-Association to contract for services with any third parties on such terms as the Board may determine, except that during the Development Period, all such contracts must be approved in advance and in writing by the Declarant.

2.03 Governance. The Board will consist of at least three (3) persons elected at the annual meeting of the Sub-Association, or at a special meeting called for such purpose. Notwithstanding the foregoing provision or any provision in this Sub-Declaration to the contrary, Declarant will have the sole right to appoint and remove all members of the Board until the tenth (10th) anniversary of the date this Sub-Declaration is Recorded. Not later than the tenth (10th) anniversary of the date this Sub-Declaration is Recorded, or sooner as determined by Declarant, the Board shall hold a meeting of Members of the Sub-Association for the purpose of electing one-third (1/3) 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 (2/3) of the Board from and after the Initial Member Election Meeting until expiration or termination of the Development Period.

2.04 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 2.03*) and on all other matters to be voted on by the Members will be calculated as set forth below.

(a) **Owner Votes.** Each Owner of Lot will be allocated one (1) vote for each Lot so owned. In the event of the re-subdivision of any Lot into two or more Lots: (i) the number of votes to which such Lot is entitled will be increased as necessary to retain the ratio of one (1) vote for each Lot resulting from such re-subdivision, e.g., each Lot resulting from the re-subdivision will be entitled to one (1) vote; and (ii) each Lot resulting from the re-subdivision will be allocated one (1) Assessment Unit. In the event of the consolidation of two (2) or more Lots for purposes of construction of a single residence thereon, voting rights and Assessments will continue to be determined according to the number of original Lots contained in such consolidated Lot.

(b) **Declarant Votes.** In addition to the votes to which Declarant is entitled by reason of *Section 2.04(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. Declarant may cast votes allocated to the Declarant pursuant

to this Section and shall be considered a Member for the purpose of casting such votes, and need not own any portion of the Development Area as a pre-condition to exercising such vote.

(c) Co-Owner Votes. If there is more than one Owner of a Lot, the vote for such Lot shall be exercised as the co-Owners holding a Majority of the ownership interest in the Lot determine among themselves and advise the Secretary of the Sub-Association in writing prior to the close of balloting. Any co-Owner may cast the vote for the Lot, and majority agreement shall be conclusively presumed unless another co-Owner of the Lot protests promptly to the President or other person presiding over the meeting or the balloting, in the case of a vote taken outside of a meeting. In the absence of a majority agreement, the Lot's vote shall be suspended if two or more co-Owners seek to exercise it independently. In no event will the vote for such Lot exceed the total votes to which such Lot is otherwise entitled pursuant to this *Section 2.04*.

2.05 Powers. The Sub-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 Sub-Declaration. Without in any way limiting the generality of the two preceding sentences, a Majority of the Board, acting on behalf of the Sub-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 rules, regulations, policies, Bylaws and Community Manual, as applicable, which are not in conflict with this Sub-Declaration, as it deems proper, covering any and all aspects of the Development Area the Common Area or the Special Common Area (including the operation, maintenance and preservation thereof) or the Sub-Association. Any rules, policies, the Bylaws and the Community Manual and any modifications thereto 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 Sub-Association's functions.

(c) Records. To keep books and records of the Sub-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 2* below.

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

(f) 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 or Special Common Area. Until expiration or termination of the Development Period, any grant or conveyance under this *Section 2.05(f)* must be approved in advance and in writing by the Declarant. In addition, the Sub-Association is (with the advance written approval of the Declarant during the Development Period) and the Declarant are expressly authorized and permitted to convey easements over and across Common Area or Special Common Area for the benefit of property not otherwise subject to the terms and provisions of this Sub-Declaration.

(g) Manager. To retain and pay for the services of a person or firm (the "Manager"), which may include Declarant or any affiliate of Declarant, to manage and operate the Sub-Association, including its property, to the extent deemed advisable by the Board. Personnel may be employed directly by the Sub-Association or may be furnished by the Manager. To the extent permitted by Applicable Law, the Board may delegate any other duties, powers and functions to the Manager. In addition, the Board may adopt transfer fees, resale certificate fees or any other fees associated with the provision of management services to the Sub-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 THE MANAGER OF ANY SUCH DUTY, POWER OR FUNCTION SO DELEGATED.**

(h) Development Area 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 Development Area, Common Area, Special Common Area, private or public recreational facilities, easements, roads, roadways, rights-of-ways, signs, parks, parkways, median strips, sidewalks, paths, trails, ponds, and lakes.

(i) Other Services and Properties. To obtain and pay for any other property, services, permits or other governmental approvals, and to pay any other taxes or assessments that the Sub-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.

(j) Construction on Common Area and Special Common Area. To construct new Improvements or additions to any property owned, leased, or licensed by the Sub-Association, including but not limited to the Common Area and the Special Common Area, subject to the approval of the Board and the Declarant until expiration or termination of the Development Period.

(k) 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, Special Common Area, Improvement, 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 Sub-Association, or the Members. During the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Declarant.

(l) Development Area 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 Sub-Association hereunder must be approved in advance and in writing by the Declarant.

(m) Authority with Respect to the Restrictions. To do any act, thing or deed that is necessary or desirable, in the judgment of the Board, to implement, administer or enforce any of the Restrictions. Any decision by the Board to delay or defer the exercise of the power and authority granted by this *Section 2.05(m)* will not subsequently in any way limit, impair or affect ability of the Board to exercise such power and authority.

(n) Membership Privileges. To establish rules governing and limiting the use of the Common Area, Special Common Area, and any Improvements thereon as well as the use, maintenance, and enjoyment of the Lots. All rules governing and limiting the use of the Common Area, Special Common Area, and any Improvements thereon must be approved in advance and in writing by the Declarant during the Development Period.

2.06 Acceptance of Common Area and Special Common Area. The Sub-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 and Recorded instrument portions of the property held by the Declarant for the benefit of the Sub-Association. Upon the filing of such designation, the portion of the

property identified therein will be considered Common Area or Special Common Area for the purpose of this Sub-Declaration. Declarant and its assignees may transfer or convey to the Sub-Association interests in real or personal property within or for the benefit of the Development Area or the general public, and the Sub-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 the Declarant, any third party, and/or property not otherwise subject to the terms and provisions of this Sub-Declaration. Such property will be accepted by the Sub-Association and thereafter will be maintained as Common Area or Special Common Area, as applicable, by the Sub-Association for the benefit of the Development Area and/or the general public subject to any restrictions set forth in the deed or other instrument transferring or assigning such property to the Sub-Association. Upon Declarant's written request, the Sub-Association will re-convey to Declarant any unimproved real property that Declarant originally conveyed to the Sub-Association for no payment to the extent conveyed in error, as determined in the sole and absolute discretion of the Declarant.

2.07 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 Sub-Association, the Sub-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 such person is, or was, a director, officer, committee member, employee, servant or agent of the Sub-Association against expenses, including attorneys' fees, reasonably incurred by such person 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: (a) 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 Sub-Association; or (b) with respect to any criminal 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 Sub-Association or, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

2.08 Insurance. The Board may purchase and cause to be maintained, at the expense of the Sub-Association, insurance on behalf of any person who is acting as a director, officer, committee member, employee, servant or agent of the Sub-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 Sub-Association would have the power to indemnify such person against such liability or otherwise.

2.09 Bulk Rate Contracts. Without limitation on the generality of the Sub-Association powers set out in *Section 2.05* hereinabove (except that during the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Declarant), the Sub-Association will have the power to enter into Bulk Rate Contracts at any time and from time to time. During the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Declarant. The Sub-Association may enter into Bulk Rate Contracts 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 the 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 Sub-Association may, at its option and election, add the charges payable by such Owner under such Bulk Rate Contract to the Assessments (Regular, Special, Service Area, Special Common Area, or Individual, as the case may be) 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 Sub-Association will be entitled to collect such charges by exercising the same rights and remedies it would be entitled to exercise under this Sub-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 Sub-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 Sub-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 Sub-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.

2.10 Community Systems. The Sub-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 Sub-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 2.10* must be approved in advance and in writing by the Declarant.

2.11 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, or any other portion of the Development Area 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.

2.12 Administration of Common Area and the Special Common Area. The administration of the Common Area or the Special Common Area by the Sub-Association shall be in accordance with the provisions of Applicable Law, and the Restrictions, Master Documents, 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 the Special Common Area or by any title insurance company selected by Declarant to insure title to any portion of the Common Area. Declarant and/or its assignees may construct and maintain upon portions of the Common Area or the Special 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 Development Area, 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 or the Special Common Area for access and shall have the right to use such facilities and to conduct such activities at no charge.

2.13 Maintenance Provided by Sub-Association. The Sub-Association shall not be liable for injury or damage to person or property caused by the elements or by the Owner or Resident of any Lot or any other person or resulting from any utility, rain, snow or ice which may leak or flow from any portion of Common Area, Special Common Area, or Service Area, or from any pipe, drain, conduit, appliance or equipment which the Sub-Association is responsible to maintain hereunder. The Sub-Association shall not be liable to any Owner or Resident of any Lot for loss or damage, by theft or otherwise, of any property, which may be stored in or upon

any of the Common Area, Special Common Area, or Service Area or any Lot. The Sub-Association shall not be liable to any Owner or Resident, for any damage or injury caused in whole or in part by the Sub-Association's failure to discharge its responsibilities under this Sub-Declaration. No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Sub-Association to take some action or perform some function required to be taken or performed by the Sub-Association under this Sub-Declaration or for inconvenience or discomfort arising from the making of repairs or Improvements which are the responsibility of the Sub-Association or from any action taken by the Sub-Association to comply with any law ordinance or with any order or directive of any municipal or other governmental authority.

ARTICLE 3 COVENANT FOR ASSESSMENTS

3.01 Assessments.

(a) Established by the Board. Assessments established by the Board pursuant to the provisions of this *Article 3* will be levied against each Lot in amounts determined pursuant to *Section 3.08* below. The total amount of Assessments will be determined by the Board pursuant to *Sections 3.02* through *3.07*.

(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 Sub-Association against each such Lot and all Improvements thereon (such lien, with respect to any Lot not in existence on the date hereof, will be deemed granted and conveyed at the time that such Lot is created). The Sub-Association may enforce payment of such Assessments in accordance with the provisions of this Article.

(c) Declarant Subsidy. Declarant may, but is not obligated to, reduce Assessments which would otherwise be levied against Lots for any fiscal year by the payment of a subsidy to the Sub-Association. Any subsidy paid to the Sub-Association by Declarant may be treated as a contribution or a loan, in Declarant's sole and absolute discretion. The payment of a subsidy in any given year will not obligate Declarant to continue payment of a subsidy to the Sub-Association in future years.

3.02 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 Sub-Association (the "Regular Assessments") which sets forth: (i) an estimate of the expenses to be incurred by the Sub-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, the cost of providing street and other lighting, the cost of administering and enforcing the Restrictions; and (ii) an estimate of the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, and giving due consideration to any expected income and any surplus from the prior year's fund; and which (iii) excludes the operation, maintenance, repair and management costs and expenses associated with any Service Area and Special Common Area. 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 Assessment by any Owner, the Sub-Association may at any time, and from time to time, levy further Assessments in the same manner. All such Regular Assessments will be due and payable to the Sub-Association annually on or before the first day of the month, or in such other manner as the Board may designate in its sole and absolute discretion.

3.03 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 Sub-Association under the Restrictions. The amount of any Special Assessments will be at the sole discretion of the Board. In addition to the Special Assessments authorized above, the Sub-Association may, in any fiscal year, levy a Special Assessment 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 or Special Common Area. Any Special Assessment levied by the Sub-Association for the purpose of defraying, in whole or in part, costs of any construction, reconstruction, repair or replacement of capital improvement upon the Common Area will be levied against all Owners based on Assessment Units. Any Special Assessments levied by the Sub-Association for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any Special Common Area will be levied against all Owners who have been assigned the obligation to pay Special Common Area Assessments and will be allocated among such Owners based on Assessment Units.

3.04 Special Common Area Assessments. Prior to the beginning of each fiscal year, the Board will prepare a separate budget covering the estimated expenses to be incurred by the Sub-Association to operate, maintain, repair, or manage any Special Common Area. The budget will be an estimate of the amount needed to operate, maintain, repair and manage such Special Common Area including a reasonable provision for contingencies and an appropriate replacement reserve, and will give due consideration to any expected income and surplus from the prior year's fund. The level of assessments levied to pay for expenses associated with a

Special Common Area (the "Special Common Area Assessments") will be 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 non-payment of any individual Special Common Area Assessment, the Sub-Association may at any time, and from time to time, levy further Special Common Area Assessments in the same manner as aforesaid. All such Special Common Area Assessments will be due and payable to the Sub-Association at the beginning of the fiscal year or during the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

3.05 Service Area Assessments. Prior to the beginning of each fiscal year, the Board will prepare a separate budget for each Service Area reflecting the estimated Service Area Expenses to be incurred by the Sub-Association in the coming year which may include a reasonable provision for contingencies and an appropriate replacement reserve. The total amount of assessments levied to pay for Service Area Expenses for each Service Area (the "Service Area Assessments") will be allocated either: (i) equally; (ii) based on Assessment Units; or (iii) based on the benefit received among all Lots within the benefited Service Area as determined in the absolute discretion of the Board, and will be levied as a Service Area Assessment. All amounts that the Sub-Association collects as Service Area Assessments will be expended solely for the benefit of the Service Area for which they were collected and will be accounted for separately from the Sub-Association's general funds.

3.06 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 Restrictions; 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 Sub-Association on a per-Lot basis; and "pass through" expenses for services to Lots provided through the Sub-Association and which are paid by each Lot according to the benefit received.

3.07 Working Capital Assessment. Each Owner (other than Declarant) will pay a one-time working capital assessment (the "Working Capital Assessment") to the Sub-Association in such amount as may be determined by Board from time to time in its sole and absolute discretion. Such Working Capital Assessment need not be uniform among all Lots, and the Sub-Association 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 Sub-Association may use the working capital to discharge operating expenses. The levy of any Working Capital Assessment will be effective only upon the Recordation of a written notice, signed by the Directors, 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 Sub-Association's or Master Association's Assessment lien; (ii) transfer to, from, or by the Sub-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. In the event of any dispute regarding the application of the Working Capital Assessment to a particular Owner, the Declarant's during the Development Period, and thereafter the Board's, determination regarding the application of the exemption will be binding and conclusive without regard to any contrary interpretation of this Section 3.07. The Working Capital Assessment will be in addition to, not in lieu of, any other Assessments levied in accordance with this Article 3 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 Sub-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 Board, with the written approval of the Declarant during the Development Period, will have the power to 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.

3.08 Amount of Assessment.

(a) Assessments to be Levied. The Board shall levy Assessments against each "Assessment Unit" (as defined in Section 3.08(b) below). Unless otherwise provided in this Sub-Declaration, Assessments levied pursuant to Section 3.02 and Section 3.03 shall be levied uniformly against each Assessment Unit allocated to a Lot. Special Common Area Assessments levied pursuant to Section 3.04 will be levied uniformly against each Assessment Unit allocated to a Lot that has been assigned the obligation to pay Special Common Area Assessments for specified Special Common Area. Service Area Assessments levied pursuant to Section 3.05 will be levied either: (i) equally; (ii) based on

Assessment Units allocated to the Lots within the Service Area; or (iii) based on the benefit received among all Lots within the Service Area to which such Service Area Assessment relates.

(b) Assessment Unit. Each Lot will constitute one "Assessment Unit" unless otherwise provided in *Section 3.08(c)* and *Section 3.08(d)*.

(c) Assessment Exemption. Notwithstanding anything in this Sub-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 Development Area or Lot from Assessments; or (ii) delay the levy of Assessments against any un-platted, unimproved or improved portion of the Development Area or Lot, or (iii) reduce the levy of Assessments against any unplatted, unimproved or improved portion of the Development Area or Lot. In the event Declarant elects to delay or reduce Assessments pursuant to this Section, the duration of the delay or the amount of the reduction will be set forth in a Recorded written instrument. Declarant may terminate, extend, or modify any delay or reduction set forth in a previously Recorded instrument by the Recordation of a replacement instrument. Declarant or the Board may also exempt any portion of the Development Area which is dedicated and accepted by public authority from Assessments.

3.09 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.

3.10 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, in addition to the late charge referred to in the preceding paragraph, 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 late charges,

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.

3.11 Assessment Lien and Foreclosure. The payment of all sums assessed in the manner provided in this Article is, together with late charges as provided in *Section 3.09* and interest as provided in *Section 3.10* hereof and all costs of collection, including attorney's fees as herein provided, secured by the continuing Assessment lien granted to the Sub-Association pursuant to *Section 3.01(b)* above, and will bind each Lot in the hands of the Owner thereof, and such Owner's heirs, devisees, 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 and governmental assessment liens; (ii) all sums secured by a Recorded first mortgage lien or Recorded 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; (iii) home equity loans or home equity lines of credit which are secured by a Recorded second mortgage lien or Recorded second deed of trust lien of record; (iv) assessment liens pursuant to *Section 5.11* of the Master Covenant; or (v) as otherwise required by Applicable Law; provided that, in the case of subparagraphs (ii), (iii), and (v) above, such Mortgage was Recorded before the delinquent Assessment was due. The Sub-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 shall be signed by an authorized officer, agent or attorney of the Sub-Association. The Sub-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 authorized officers, agents, or attorneys of the Sub-Association and will be Recorded. Each Owner, by accepting a deed or ownership interest to a Lot subject to this Sub-Declaration, will be deemed conclusively to have granted a power of sale to the Sub-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 Sub-Association may have pursuant to Applicable Law and under this Sub-Declaration, including the rights of the Sub-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, such Owner will be required to pay the costs, expenses and reasonable attorney's fees incurred. The Sub-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 Sub-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 3.11*, the Sub-Association will upon the request of the Owner, and at such Owner's cost, 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 Sub-Association has already foreclosed such lien. Such release will be signed by an authorized officer, agent, or attorney of the Sub-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 Sub-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, equity or otherwise, terminate, in such manner as the Board deems appropriate, any utility or cable service provided through the Sub-Association and not paid for directly by an Owner or Resident to the utility or service 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 Owner's tenant 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 Sub-Declaration to the Sub-Association, the Owner will pay such amounts to the Sub-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 Sub-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.

3.12 Exemption from Assessments. The following areas will be exempt from the Assessments provided for in this Article:

- (a) All area dedicated and accepted by public authority;
- (b) The Common Area and the Special Common Area; and
- (c) Any portion of the Development Area owned by Declarant.

3.13 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 an Owner's or Resident's guests, agents or invitees pursuant to the *Fine and Enforcement Policy* adopted by the Board. Any fine and/or charge levied in accordance with this Section 3.13 will be considered an Individual Assessment pursuant to this Sub-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 Sub-Association from property damage or destruction of Common Area, Special Common Area, or any facilities caused by the Owner, Resident, or their guests, agents, or invitees. The Manager 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 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 3.10 hereof and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Sub-Association pursuant to Section 3.01(b) of this Sub-Declaration. Unless otherwise provided in this Section 3.13, the fine and/or damage charge will be considered an Assessment for the purpose of this Article and will be enforced in accordance with the terms and provisions governing the enforcement of assessments pursuant to this Article 3.

3.14 Collection of Master Association Assessments under the Master Covenant

Owners shall be required to pay Master Association Assessments pursuant to the Master Covenant. Owners shall be responsible for payment of any Master Association Assessments levied against such Owner's individual Lot pursuant to the Master Covenant, which payment shall be made to the Sub-Association. The Sub-Association will collect such Master Association Assessments and remit same to the Master Association prior to the time when payment thereof is required by the terms and provisions of the Master Covenant. If the Sub-Association fails to timely collect any portion of the Master Association Assessments due from an Owner, then the Master Association may collect such Master Association Assessments allocated to the Owner on its own behalf and enforce the lien reserved in the Master Covenant for the payment of Master

Association Assessments without joinder of the Sub-Association. The Sub-Association's right to collect the Master Association Assessments on behalf of the Master Association is a license from the Master Association which may be revoked at any time, and from time to time, at the sole and absolute discretion of the board of the Master Association.

3.15 Lien Rights Under Master Covenant. In addition to the lien rights granted to the Sub-Association pursuant to the terms and provisions of this Sub-Declaration, in accordance with *Article 5* of the Master Covenant, each Owner of a Lot also encumbered by the Master Covenant, 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 Master Association Assessments in accordance with the terms and provisions of the Master Covenant. Each Master Association Assessment is a charge on the Lot and is secured by a continuing lien on the Lot as set forth in the Master Covenant. An express lien on such Lot has been granted and conveyed by the Master Declarant under the Master Covenant to the Master Association to secure the payment of the Master Association Assessments. Each Owner of a Lot also encumbered by the Master Covenant is advised to review the Master Covenant (and, in particular, *Article 5* of the Master Covenant) for more information concerning the liens granted to secure payment of the Master Association Assessments.

ARTICLE 4 CONSTRUCTION RESTRICTIONS

4.01 Construction of Improvements. 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 any other Development Area, unless approved in advance and in writing by the Steubing Farm Reviewer in accordance with the Master Covenant.

4.02 Provision of Benefits and Services to Service Areas.

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

(b) Petition by Owners. In addition to Service Areas which Declarant may designate, any group of Owners may petition the Board to designate their Lots as a Service Area for the purpose of receiving from the Sub-Association: (i) special benefits or services which are not provided to all Lots; or (ii) a higher level of service than the Sub-Association otherwise provides. Upon receipt of a petition signed by Owners of a Majority of the Lots within the proposed Service Area, the Board will investigate the terms upon which the requested benefits or services might be provided and notify the Owners in the proposed Service Area of such terms and associated expenses, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge will apply at a uniform rate per Lot among all Service Areas receiving the same service). Notwithstanding the foregoing, until expiration or termination of the Development Period, the Declarant shall have the right to withhold its consent for any petition to designate Lots as a Service Area in Declarant's sole and absolute discretion. If approved by the Board, the Declarant during the Development Period, and the Owners of at least sixty-seven percent (67%) of the total number of votes held by all Lots within the proposed Service Area, the Sub-Association will provide the requested benefits or services on the terms set forth in the proposal or in a manner otherwise acceptable to the Board. The cost and administrative charges associated with such benefits or services will be assessed against the Lots within such Service Area as a Service Area Assessment.

(c) The Sub-Association may, from time to time, include additional components of Improvements or Lots, or remove components of Improvements or Lots from a Service Area; however, unless otherwise approved by the Declarant during the Development Period, in no event may the Sub-Association at any time remove from any Service Area components of any Improvements or Lots previously designated as a Service Area under this Sub-Declaration. During the Development Period, any addition to a Service Area must also be approved by the Declarant. After expiration or termination of the Development Period, any addition or removal of components of Improvements or Lots must be approved by two-thirds (2/3) of the total number of votes held by all Lots within a Service Area. During the Development Period, the Service Area may be modified or amended by the Declarant, acting alone. Any modification or amendment to the Service Area must be recorded in the Official Public Records of Tarrant County, Texas.

**ARTICLE 5
MORTGAGE PROVISIONS**

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots within the Development Area. The provisions of this Article apply to the Sub-Declaration and the Bylaws of the Sub-Association.

5.01 Notice of Action. An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Sub-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 Development Area or which affects any Lot on which there is an eligible Mortgage held, insured, or guaranteed by such Eligible Mortgage Holder; or

(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 Sub-Association.

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

5.03 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 Development Area.

**ARTICLE 6
GENERAL PROVISIONS**

6.01 Term. The terms, covenants, conditions, restrictions, easements, charges, and liens set out in this Sub-Declaration will run with and bind the Development Area, and will inure to the benefit of and be enforceable by the Sub-Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Sub-Declaration is Recorded, and continuing through and including

January 1, 2065, after which time this Sub-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 Sub-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 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 6.01* to the contrary, if any provision of this Sub-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 document is first Recorded, descendants of Elizabeth II, Queen of England.

6.02 Eminent Domain. In the event it becomes necessary for any public authority to acquire all or any part of the Common Area or Special Common Area for any public purpose during the period this Sub-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 Sub-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 first Mortgages or deeds of trust on the respective Lot. In the event any proceeds attributable to acquisition of Special Common Area are paid to Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area, such payment will be allocated on the basis of Assessment Units and paid jointly to such Owners and the holders of first Mortgages or deeds of trust on their respective Lot.

6.03 Amendment. This Sub-Declaration may be amended or terminated by the Recording of an instrument executed and acknowledged by: (i) Declarant acting alone with the advance written consent of the Master Declarant; or (ii) by the president and secretary of the Sub-Association setting forth the amendment and certifying that such amendment has been approved by Declarant (until expiration or termination of the Development Period), the consent of the Master Declarant (until expiration or termination of the Development Period as defined in the Master Covenant), and Members entitled to cast at least sixty-seven percent (67%) of the total number of votes entitled to be cast by members of the Sub-Association.

6.04 Enforcement. Except as otherwise provided herein, any Owner of Lot, at such Owner's own expense, Declarant, and the Sub-Association will have the right to enforce, by a proceeding at law or in equity, the Restrictions. The Sub-Association and/or the Declarant may initiate, defend or intervene in any action brought to enforce any provision of the Restrictions. 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 Sub-Association. Any violation of any Applicable Law pertaining to the ownership, occupancy, or use of any portion of the Development Area is hereby declared to be a violation of this Sub-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 Sub-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 Sub-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.

6.05 Higher Authority. The terms and provisions of this Sub-Declaration are subordinate to Applicable Law. Generally, the terms and provisions of this Sub-Declaration are enforceable to the extent they do not violate or conflict with Applicable Law.

6.06 Severability. If any provision of this Sub-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 Sub-Declaration, or, to the extent permitted by Applicable Law, the validity of such provision as applied to any other person or entity.

6.07 Conflicts. If there is any conflict between the provisions of this Sub-Declaration, the Certificate, the Bylaws, or any rules adopted pursuant to the terms of such documents, the provisions of this Sub-Declaration, the Certificate, the Bylaws, and the rules, in such order, will govern. In the event of any conflict between the terms and provisions of the Restrictions, and the terms and provisions of the Master Documents, the terms and provisions of the Master Documents will control.

6.08 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.

6.09 Acceptance by Grantees. Each grantee of Declarant of a Lot or other real property interest in the Development Area, by the acceptance of a deed of conveyance, or each subsequent purchaser, 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 Sub-Declaration or to whom this Sub-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 Development Area, and will bind any person having at any time any interest or estate in the Development Area, and will inure to the benefit of each Owner in like manner as though the provisions of this Sub-Declaration were recited and stipulated at length in each and every deed of conveyance.

6.10 Damage and Destruction. The Sub-Association shall undertake the following actions subsequent to damage or destruction to all or any part of the Common Area or Special 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 or the Special 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 6.10(a)*, means repairing or restoring the Common Area or Special 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 or the Special 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 Sub-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 or Special Common Area will not be

repaired and no alternative Improvements are authorized, then the affected portion of the Common Area or Special Common Area will be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Sub-Association in a neat and attractive condition.

(d) Special Assessment for Common Area. 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 3*, against all Owners. Additional Assessments may be made in like manner at any time during or following the completion of any repair.

(e) Special Assessment for Special Common Area. If insurance proceeds are paid to restore or repair any damaged or destroyed Special Common Area, and such proceeds are not sufficient to defray the cost of such repair or restoration, the Board will levy a Special Common Area Assessment, as provided in *Article 3*, against all Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area. Additional Assessments may be made in like manner at any time during or following the completion of any repair.

(f) 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 first Mortgages or deeds of trust on their Lots.

(g) Proceeds Payable to Owners Responsible for Special Common Area. In the event that any proceeds of insurance policies are paid to Owners as a result of any damage or destruction to Special Common Area, such payments will be allocated based on Assessment Units and will be paid jointly to the Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area and the holders of first Mortgages or deeds of trust on their Lots.

6.11 No Partition. Except as may be permitted in this Sub-Declaration or amendments thereto, no physical partition of the Common Area or Special Common Area or any part thereof will be permitted, nor will any person acquiring any interest in the Development Area or any part thereof seek any such judicial partition unless the portion of the Development Area, the Common Area, or Special Common Area in question has been removed from the provisions of this Sub-Declaration pursuant to *Section 8.04* below. This *Section 6.11* 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 Sub-

Declaration, nor will this provision be constructed to prohibit or affect the creation of a condominium regime in accordance with the Texas Uniform Condominium Act.

6.12 Notices. Any notice permitted or required to be given to any person by this Sub-Declaration shall be in writing and shall be considered as properly given if (a) mailed by first class United States mail, postage prepaid; (b) by delivering same in person to the intended addressee; (c) by delivery to an independent third party commercial delivery service for same day or next day delivery and providing for evidence of receipt at the office of the intended addressee; or (d) by prepaid telegram, telex, E-mail, or facsimile to the addressee and providing for evidence of receipt at the office of the intended addressee. Notice so mailed shall be effective upon its deposit with the United States Postal Service or any successor thereto; notice sent by such a commercial delivery service shall be effective upon delivery to such commercial delivery service; notice given by personal delivery shall be effective only if and when received by the addressee; and notice given by other means shall be effective when received at the office or designated place or machine/equipment of the intended addressee. For purposes of notice the address of each Owner shall be the address of the Lot or such other address as provided by the Owner to the Sub-Association, and the address of each Mortgagee shall be the address provided to the Sub-Association; provided, however, that any party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days' notice to the Sub-Association.

6.13 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 within the Development Area, the Common Area or Special Common Area. The Sub-Association may, but shall not be obligated to, maintain or support certain activities within the Development Area, the Common Area or Special Common Area 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, neither the Sub-Association nor the Declarant nor their Directors, employees, or agents shall in any way be considered insurers or guarantors of safety or security within the Development Area, the Common Area or Special Common Area, nor shall either 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 or any gate, mechanism or system for limiting access to the Development Area, the Common Area or Special Common Area, 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 Residents of such Owner's Lot that the Sub-Association, its Board, its employees, agents, and committees, and the Declarant are not insurers or guarantors of security or safety and that each person within the Development Area 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.

ARTICLE 7 EASEMENTS

7.01 Right of Ingress and Egress. Declarant, its agents, employees, designees, successors or assigns will have a right of ingress and egress over and the right of access to the Common Area or the Special Common Area to the extent necessary to use the Common Area or the Special Common Area and the right to such other temporary uses of the Common Area or the Special 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 Development Area. The Development Area shall be subject to a perpetual non-exclusive easement for the installation and maintenance of, including the right 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 Development Area. Neither the Sub-Association nor any Owner shall have any interest therein. Any or all of such services may be provided either directly through the Sub-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 Sub-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 cable television and other 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.

7.02 Reserved Easements. All dedications, limitations, restrictions, easements, rights-of-way, licenses, leases, encumbrances and reservations shown on any Plat or otherwise Recorded against the Development Area and all grants and dedications of easements, rights-of-

way, restrictions and related rights made by Declarant or any third party prior to the Development Area becoming subject to this Sub-Declaration are incorporated herein by reference and made a part of this Sub-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. Specifically, and not by way of limitation, the Development Area is subject to the terms and provisions of the Master Documents. The Master Documents include specific requirements pertaining to the use and development of the Development Area. **EACH OWNER IS ADVISED TO REVIEW THE MASTER DOCUMENTS TO ENSURE STRICT COMPLIANCE WITH THE TERMS AND PROVISIONS THEREOF.** This Sub-Declaration is not intended to modify the terms and provisions of the Master Documents and, to the extent of any conflict between any of the Restrictions and the Master Documents, the terms and provisions of the Master Documents will control. Declarant reserves the right to relocate, make changes in, and additions to said dedications, limitations, restrictions, easements, rights-of-way, licenses, leases, encumbrances, reservations and other grants for the purpose of developing the Development Area.

7.03 Improvements, Roadway and Utility Easements. Declarant hereby reserves unto itself and Declarant's agents and employees, a perpetual non-exclusive easement under, over and across the Development Area, or any areas conveyed or maintained by the Sub-Association, including but not limited to any Service Area, or any areas reserved or held as Common Area or the Special Common Area for the installation, operation, maintenance, repair, relocation, removal and/or modification of any Improvements, roadways, walkways, pathways, street lighting, sewer lines, water lines, utility lines, drainage or storm water lines, and/or other pipelines, conduits, wires, and/or any public utility function on, beneath or above the surface of the ground that serve the Development Area, and any other property owned by Declarant, with the right of access to the same at any time. 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 this *Section 7.03*. 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. In addition, Declarant may designate all or any portion of the easements or facilities constructed therein as Common Area, Special Common Area, or a Service Area.

7.04 Subdivision Entry and Fencing Easement. Declarant reserves for itself and the Sub-Association, an easement over and across the Development Area for the installation, operation, maintenance, repair, relocation, removal and/or modification of certain subdivision entry facilities, walls, and/or fencing which serves the Development Area. Declarant will have the right, from time to time, to Record a written notice which identifies the subdivision entry facilities, walls, and/or fencing to which the easement reserved hereunder applies. Declarant may designate all or any portion of the subdivision entry facilities, walls, and/or fencing as

Common Area, Special Common Area, or Service Area by Recorded written notice. 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.

7.05 Landscape and Monument Sign Easement. Declarant hereby reserves for itself and the Sub-Association an easement over and across the Development Area, the Common Area and the Special Common Area for the installation, operation, maintenance, repair, relocation, removal and/or modification of signs, monument signs and/or landscaping which serve the Development Area, the Common Area and the Special Common Area, and any other property owned by the Declarant. Declarant will have the right, from time to time, to Record a written notice which identifies those portions of the Development Area, the Common Area and the Special Common Area to which the easement reserved hereunder applies. Declarant may designate all or any portion of the easement areas reserved hereunder as Common Area, Special Common Area, or Service 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.

ARTICLE 8 DEVELOPMENT RIGHTS

8.01 Development by Declarant. It is contemplated that the Development Area 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 Development Area, the right to direct the size, shape, and composition of the Development Area, the right to create and/or designate Lots, Common Area, Special Common Area, and Service Areas and to subdivide all or any portion of the Development Area, subject to any limitations imposed on portions of the Development Area by any applicable Plat. Collectively, the rights reserved to the Declarant as set forth in this Sub-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 Sub-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 Sub-Association which shall be governed by the provisions set out in *Section 2.03*. These rights may be exercised with respect to any portions of the Development Area, the Common Area, or the Special Common Area. The exercise of the Development Rights are subject to the terms, provisions, and limitations of any applicable provisions of the Master Documents.

8.02 Special Declarant Rights. Notwithstanding any provision of this Sub-Declaration to the contrary, until expiration or termination of the Development Period, the Declarant for itself, and for its agents, employees, successors, and assigns, may construct, use, and maintain such facilities and conduct such activities upon portions of the Common Area and other property owned by the Declarant, in the Declarant's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Lots in the Development Area or other property owned by the Declarant. Such permitted facilities and activities shall include business offices, signs, flags (whether hung from flag poles or attached to a structure), model homes, construction offices, sales offices, parking facilities, exterior lighting features or displays, and special events, any or all of which may be located in permanent or temporary structures, or outside of any structure. The Declarant and authorized builders whom the Declarant may designate shall have easements for access to and use of such facilities at no charge. Such right shall specifically include the right of the Declarant and its designees to use Common Area facilities for an information center and/or for administrative, sales, and business offices at no charge and to restrict use or access to such facilities by the Sub-Association, its members and others as long as they are being used for such purpose. There shall be no limit on the number or location of such facilities, except as otherwise restricted by Applicable Law.

8.03 Addition of Land. Declarant may, at any time and from time to time, add additional lands to the Development Area. Upon the filing of a notice of addition of land (the "Notice of Addition of Land"), such land will be considered part of the Development Area for the purposes of this Sub-Declaration, and such added lands will be considered part of the Development Area subject to this Sub-Declaration and the terms, covenants, conditions, restrictions and obligations set forth in this Sub-Declaration, and the rights, privileges, duties and liabilities of the persons subject to this Sub-Declaration will be the same with respect to such added land as with respect to the lands originally covered by this Sub-Declaration. To add lands to the Development Area, Declarant will be required only to Record a Notice of Addition of Land containing the following provisions:

(a) A reference to this Sub-Declaration, which reference will state the document number or volume and initial page number where this Sub-Declaration is Recorded;

(b) A statement that such land will be considered Development Area for purposes of this Sub-Declaration, and that all of the terms, covenants, conditions, restrictions and obligations of this Sub-Declaration will apply to the added land;

(c) A legal description of the added land;

(d) If applicable, any amendment, modification, or supplementation of the restrictions set forth in the Sub-Declaration which will apply to such land.

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

(a) A reference to this Sub-Declaration, which reference will state the document number or volume and initial page number where this Sub-Declaration is recorded;

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

(c) A legal description of the withdrawn land.

8.05 Notice of Plat Recordation. Declarant may, at any time and from time to time, file a notice of plat recordation (a "Notice of Plat Recordation"). A Notice of Plat Recordation is Recorded for the purpose of more clearly identifying specific Lots subject to the terms and provisions of this Sub-Declaration after portions of the Development Area are made subject to a Plat. Unless otherwise provide in the Notice of Plat Recordation, portions of the Development Area included in the Plat identified in the Notice of Plat Recordation, but not shown as a residential Lot on such Plat, shall be automatically withdrawn from the terms and provisions of this Sub-Declaration (without the necessity of complying with the withdrawal provisions set forth in *Section 8.04*). Declarant shall have no obligation to Record a Notice of Plat Recordation and failure to Record a Notice of Plat Recordation shall in no event remove any portion of the Development Area from the terms and provisions of this Sub-Declaration.

8.06 Assignment of Declarant's Rights. Notwithstanding any provision in this Sub-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 Sub-Declaration or otherwise arising under the Restrictions 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.

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

DECLARANT:

MERITAGE HOMES OF TEXAS, LLC, an Arizona limited liability company

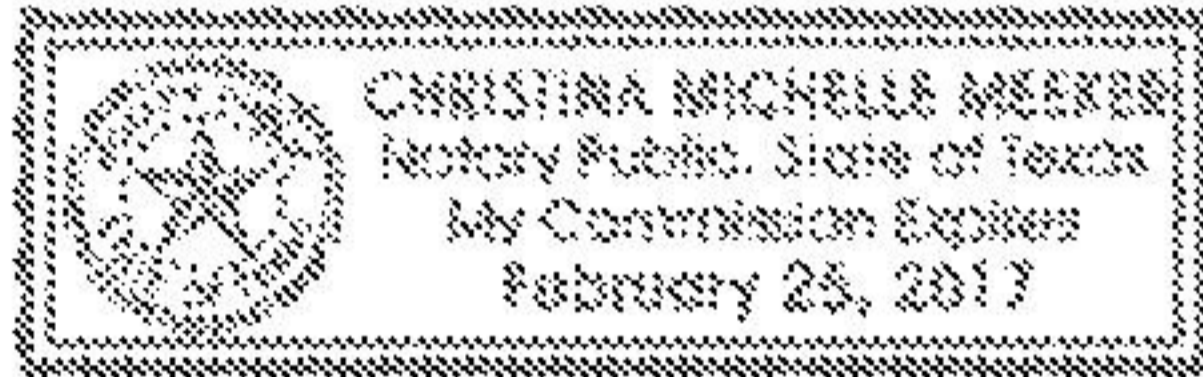
By: [Signature]
Name: JEREMY FLACH
Its: Authorized Signatory

THE STATE OF Texas §

COUNTY OF Bexar §

This instrument was acknowledged before me this 11 day of December, 2015 by Jeremy Flach, the _____ of Meritage Homes of Texas, LLC, an Arizona limited liability company, on behalf of said limited liability company.

(SEAL)



[Signature]
Notary Public Signature

EXHIBIT "A"

DESCRIPTION OF PROPERTY

Lots 1-18, Block 4, Lots 1-21, Block 44, and Lots 1-59, Block 45, STEUBING FARM UNIT-7 (ENCLAVE), a subdivision in Bexar County according to the map or plat thereof recorded as Document No. 20140077687 of the Official Public Records of Bexar County, Texas; AND

Lots 51-95, Block 38 and Lots 6-14, Block 39, STEUBING FARM UNIT-3B (ENCLAVE), a subdivision in Bexar County according to the map or plat thereof recorded as Document No. 20150217574 of the Official Public Records of Bexar County, Texas.

Doc# 20150239120
Pages 43
12/14/2015 2:53PM
e-Filed & e-Recorded in the
Official Public Records of
BEXAR COUNTY
GERARD C. RICKHOFF
COUNTY CLERK
Fees \$190.00

STATE OF TEXAS
COUNTY OF BEXAR
This is to Certify that this document
was e-FILED and e-RECORDED in the Official
Public Records of Bexar County, Texas
on this date and time stamped thereon.
12/14/2015 2:53PM
COUNTY CLERK, BEXAR COUNTY TEXAS



Gerard C. Rickhoff