

**DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR  
TWIN HILLS**

AFTER RECORDING RETURN TO:

Twin Hills HOA, Inc.  
218 West Wall Street  
Grapevine TX 76051

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Unofficial Copy

**DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR  
TWIN HILLS**

STATE OF TEXAS           §  
  §           KNOW ALL PERSONS BY THESE PRESENTS:  
COUNTY OF TARRANT   §

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR TWIN HILLS (as may be amended from time to time, the "Declaration") is made by DFD TWIN HILLS LP, a Texas limited partnership ("Declarant").

**WITNESSETH:**

Declarant, as the owner of the real property described in Exhibit A, intend by recording this Declaration in the Official Public Records of Tarrant County, Texas, to create a general plan of development for a single-family home planned community known as Twin Hills. This Declaration provides for the overall development, administration, maintenance, and preservation of the real property now and hereafter comprising the Property (as hereinafter defined). An integral part of the development plan is the creation of the Twin Hills HOA, Inc., a Texas non-profit corporation whose members shall be all owners of real property subject to this Declaration, to own, operate, and/or maintain various common areas and community improvements and to administer and enforce the covenants, conditions, restrictions, and easements set forth in this Declaration.

NOW, THEREFORE, Declarant hereby declares that the property described in Exhibit A, and any additional property which is subjected to this Declaration in the future in accordance with Article XIV of this Declaration, shall be owned, conveyed, used, occupied and otherwise encumbered subject to this Declaration, which shall run with the title to such property. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of the Property, their heirs, successors, successors-in-title, and assigns.

**ARTICLE I  
DEFINITIONS**

The terms used in this Declaration are intended to have their normal, commonly understood definitions, unless otherwise specified. In order to minimize repetition, avoid confusion, and explain key concepts, some terms are capitalized to indicate they have special definitions. Whenever used in capitalized form, those terms have the following meanings:

- (a) "Architectural Control Committee" and/or "ACC" shall mean and refer to the architectural review body for the Property, as described in Article III.
  
- (b) "Association" shall mean and refer to the Twin Hills HOA, Inc., a Texas non-profit corporation whose Certificate of Formation is attached hereto as Exhibit B, and which shall have the right to enforce this Declaration.

(c) "Board of Directors" or "Board" shall mean and refer to the body selected as provided in the Bylaws, being responsible for the general governance and administration of the Association and this Declaration.

(d) "Builder" shall mean and refer to any person or entity who has acquired a Lot or Lots for the purpose of constructing a residence thereon for later sale to consumers.

(e) "Bylaws" shall mean and refer to the Bylaws of the Twin Hills HOA, Inc. which are attached hereto as Exhibit C, as may be amended from time to time.

(f) "City" shall mean and refer to the City of Arlington, Texas, in which the Property is located.

(g) "Common Properties" shall mean all real property (including improvements thereon) now or hereafter owned, leased or controlled by the Association, or to which the Association holds possessory or use rights, for the common use and enjoyment of the Owners (hereinafter defined) including, but not limited to such property which may be: (i) conveyed to the Association in fee simple title, (ii) leased to the Association, (iii) perimeter walls/fences, entry features, landscape or maintenance easements granted or dedicated to the Association by plat or other written instrument, and (v) any other real property or improvement the Association, at the sole discretion of the Board, decides to maintain.

(h) "Community-Wide Standard" shall mean the standard of conduct, maintenance and appearance, including landscaping, generally prevailing throughout the Property, or the minimum standards established pursuant to the Design Guidelines, Rules and Board resolutions, whichever is the highest standard. Declarant initially shall establish such standard. The Association, through its Board, shall ensure that the Community-Wide Standard established by the Declaration for the Property shall continue after the termination or expiration of the Class B membership. The Community-Wide Standard may contain objective elements, such as specific lawn or house maintenance requirements, and subjective elements, such as matters subject to the Board's discretion. The Community-Wide Standard may or may not be in writing. The Community-Wide Standard may evolve as development progresses and as the Property changes. The Community-Wide Standard shall not fall below the level established for the Property as of the date the Class B membership terminates or expires.

(i) "County" shall mean and refer to Tarrant County, Texas.

(j) "Declarant" shall mean and refer to not only DFD Twin Hills LP, a Texas limited partnership, but also any successor, alternate or additional Declarant as appointed by DFD Twin Hills LP, as successor, alternate or additional Declarant by written instrument, filed of record in the office of the County Clerk, specifically setting forth that such successor, alternate or additional Declarant is to have, in whole or in part, together with DFD Twin Hills LP, the Declarant's rights, duties, obligations and responsibilities for all or a specific portion of the Property. The term "Declarant" shall not include any person or entity who purchases a Lot or Lots from Declarant

unless such purchaser is specifically assigned, by a separate recorded instrument, some or all of the Declarant's rights under this Declaration as to the conveyed property or this Declaration.

(k) "Design Guidelines" shall mean and refer to the design standards and guidelines adopted by the Declarant, as may be amended in accordance with Article III without the need to amend the Declaration, representing the minimum specifications for the construction of all residences, additions to such residences, and other improvements associated with each residence including, without limitation, other structures or improvements located on a residential Lot, and the minimum requirements for landscaping to be installed and maintained on each Lot. The Design Guidelines are an integral part of this Declaration and the development plan for the Property. All Builders and prospective Owners or those desirous of constructing a residence on a Lot are strongly encouraged to obtain a current copy of the Design Guidelines prior to preparing plans and specifications for submission to the Reviewer for approval.

(l) "Development Period" shall mean and refer to that period of time during which Declarant owns at least one (1) Lot.

(m) "Final Plat" shall mean, initially, the map or plat of Twin Hills according to the Map or Plat thereof recorded as Document No. D214263298 of the Plat Records of Tarrant County, Texas, and any future recorded subdivision maps or plats covering additional real property made subject to this Declaration, as such Final Plats may be amended from time to time.

(n) "Lot" shall mean and refer to any one (1) of the enumerated plots or tracts of land shown upon a Final Plat, and "Lots" shall mean and refer to more than one (1) of same.

(o) "Member" shall mean and refer to a member of the Association, as described in Article VIII.

(p) "Open Space" shall mean and refer to Lots 1X and 24X, Block 1, Lots 1X and 34X, Block 2 and Lot 1X, Block 3.

(q) "Owner" shall mean and refer to each and every person or business entity (whether one or more), including Declarant (so long as applicable), that is a record owner of a fee or undivided fee interest in any Lot; provided, however, that (i) the term "Owner" or "Owners" shall not include any person or entity who holds a bona fide lien or interest in a Lot as security merely for the performance of an obligation (specifically including, but not limited to, any mortgagee or trustee under a mortgage or deed of trust) unless and until such mortgagee, beneficiary or trustee has acquired title to such Lot pursuant to foreclosure or any proceeding in lieu thereof; and (ii) with respect to any matter requiring the vote, consent, approval or other action of an Owner, each Lot shall be entitled to only one (1) vote except as provided for in Section 8.2 herein.

(r) "Property" shall mean and refer to the real property described on the Final Plat of Twin Hills, a copy of which is attached hereto and made a part hereof as Exhibit A, any improvements now or hereafter situated thereon, and any and all additional real property (and the

improvements thereon) which Declarant hereafter subjects to this Declaration, in accordance with Article XV hereof.

**ARTICLE II**  
**CONSTRUCTION OF IMPROVEMENTS AND USE OF LOTS**

Section 2.1 Residential Use. The Property shall be used for single-family residential purposes with a small home office permitted within the residence as set out in this Declaration. No building or other structure shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single-family residence per Lot, which residence may not exceed forty feet (40'), and a private garage as provided below. Any building or structure to be placed or constructed on a Lot is subject to approval in writing by the Reviewer under Article III.

Section 2.2 Single-Family Use. Each residence may be occupied only by persons living and cooking together as a single housekeeping unit, together with any household employees. Except for families consisting of persons related by blood, adoption, or marriage, no more than two persons per bedroom may occupy the same residence on a regular and consistent basis.

Section 2.3 Garage Required. Each residence shall have an enclosed garage and shall conform to the requirements set forth in the Design Guidelines. The garage shall conform in design and materials with the main structure.

Section 2.4 Driveways. All driveways shall be surfaced with concrete.

Section 2.5 Uses Specifically Prohibited.

(a) No temporary dwelling, shop, storage building, trailer or mobile home of any kind or any improvement of a temporary character shall be permitted on any Lot except (i) children's playhouses and other play equipment, dog houses, greenhouses, gazebos and buildings for storage of lawn maintenance equipment, which may be placed on a Lot subject to approval in accordance with Article III and provided no part of any such structure is visible from any front or side street, and (ii) the Builder may have temporary improvements (such as a sales office and/or construction trailer) on a given Lot during construction of the residence on that Lot or on a different Lot as agreed to between the Builder and Declarant and/or as otherwise set out in the Design Guidelines. No building material of any kind or character shall be placed or stored upon the Property until the Owner thereof is ready to commence construction of improvements, and then such material shall be placed within the property lines of the Lot upon which the improvements are to be erected.

(b) Except as otherwise provided in this Section, no vehicle may be parked or left upon any portion of a Lot except in a garage or on a driveway. Except as provided below, the following vehicles may not be parked on any street within the Property and may be parked only in an enclosed garage: recreational vehicles, mobile homes, trailers, campers, stored vehicles, trucks with tonnage in excess of one (1) ton, commercial vehicles

in excess of one (1) ton, and unlicensed or inoperable vehicles. "Sports utility vehicles" and "mini-vans" (as such vehicles are commonly referred to, as determined in the Board's discretion) and pick-up trucks shall be treated as automobiles and may be parked outside of enclosed garages. This Section shall not apply to parking necessary for conducting emergency vehicle repairs, or to parking for construction, service, and delivery vehicles for periods necessary to perform the services or make a delivery.

Notwithstanding the above, for purposes of cleaning, loading, unloading (for a period of 24 hours prior to departure and upon return from a trip), and short-term and visitor parking, any vehicle may be parked outside of an enclosed garage temporarily and irregularly to accommodate such use. The Board, in its discretion, may enact additional rules governing such temporary, irregular use or, in the absence of specific rules, shall have discretion in determining what constitutes permissible parking under such circumstances. Additionally, each Owner and resident must abide by the City's parking ordinances.

As used in this Section, the term "vehicles" includes, without limitation, automobiles, trucks, boats, trailers, motorcycles, campers, vans, and recreational vehicles.

(c) No vehicle of any size which transports flammable or explosive cargo may be kept or parked on the Property at any time, except for use by or on behalf of Declarant in connection with the development of the Property or by a Builder or contractor in connection with the construction of improvements on a Lot.

(d) No animals or livestock shall be raised, bred or kept on the Property for commercial purposes or for food. Dogs, cats or other household pets may be kept for the purpose of providing companionship for the private family; however, those pets which are permitted to roam free, or, in the sole discretion of the Board, constitute a nuisance to the occupants of other Lots shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may, at its sole discretion, remove or otherwise provide for the removal of the pet. Notwithstanding anything contained herein to the contrary, the Board in its sole discretion and without incurring any further duty or obligation to owners and occupants within the Property, may decide to take no action and refer complaining parties to the appropriate municipal or governmental authorities for handling and final disposition. Pets shall be kept on a leash or otherwise confined inside a fenced area whenever outside the residence. Pets shall be registered, licensed and inoculated as required by law and must be properly tagged for identification. It is the Owner's responsibility to keep their Lot clean and free of pet debris and to pick up and properly dispose of their pet's waste wherever deposited. Notwithstanding anything seemingly herein to the contrary, no more than four (4) household pets will be permitted on each Lot. Reptiles, goats, sheep, hogs, swine, pigs (including, but not limited to, pot belly pigs), monkeys, chickens, ducks, peacocks, pigeons and guinea fowl shall not be deemed to be household pets and are expressly prohibited.

(e) No Lot or other area on the Property shall be used as a dumping ground for rubbish or a site for the accumulation of unsightly materials of any kind, including, without

limitation broken or rusty equipment, disassembled or inoperative cars, other vehicles or discarded appliances and furniture. Trash, garbage or other waste shall be kept in sanitary containers which shall not be visible from the street. Materials incident to construction of improvements may be stored on Lots during construction so long as construction progresses without undue delay.

(f) No air-conditioning apparatus shall be installed on the ground in front of a residence. No air-conditioning apparatus shall be attached to any wall or window of a residence. All air-conditioning equipment must be installed in the rear yard or on the side yard.

(g) The erection, construction, placement or installation of any television, radio or other electronic tower, serial, antenna, satellite dish or device of any type for the reception or transmission of radio or television broadcast signals or other means of communication upon a Lot or upon any improvement thereon is prohibited, except that this prohibition shall not apply to those antennae specifically covered by 47 C.F.R. Part 1, Subpart S, Section 1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time. The Board shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae.

To the extent that reception of an acceptable signal would not be impaired or the cost of installation would not be unreasonably increased, an antenna permissible pursuant to the Declaration or the rules of the Association may only be installed in a side or rear yard location, not visible from the street or neighboring property, and integrated with the residence and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations, including zoning, land-use and building regulations.

(h) No Lot or improvement thereon shall be used for commercial or manufacturing purposes of any kind other than a small home office. Nothing in this subparagraph shall prohibit a Builder's use of a residence as a sales office until the last residence owned by such Builder within the Property is sold and closed. Nothing in this subparagraph shall prohibit an Owner's use of a residence for quiet, inoffensive activities such as a small home office, tutoring or giving lessons such as art or music, so long as such activities are consistent with the residential character of the Property, do not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of others within the Property, as determined in the Board's discretion, and do not materially increase the number of cars parked on the street.

(i) No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between three feet (3') and six feet (6') above the roadway shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street right-of-way lines and a line connecting them at points ten feet (10') from the intersection of the street right-of-way lines, or, in the case of a rounded property corner, from the intersection

of the street right-of-way lines as extended. The same sight-line limitations shall apply on any Lot within ten feet (10') feet from the intersection of a street right-of-way line with the edge of a private driveway. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

(j) Except for children's playhouses, dog houses, greenhouses, gazebos and buildings for storage of lawn maintenance equipment which specifically conform with the Design Guidelines and the requirements of Section 2.5 (a) herein, no building previously constructed elsewhere shall be moved onto any Lot, it being the intention that only new construction be placed and erected thereon.

(k) No sign of any kind shall be displayed to the public view on any Lot, except: (i) political signs (only one sign per candidate or ballot item that is no larger than four feet by six feet) which may be placed on the Lot no earlier than ninety (90) days prior to an election and which must be removed within ten (10) days after the election for which such sign is displayed; (ii) one (1) professional security service sign of not more than one square foot; (iii) one (1) sign of not more than five square feet advertising the property for rent or sale during any period that the Lot actually is for rent or sale; (iv) signs used by a Builder to advertise the Property during the construction and sales period, each of which shall, in any event, comply with all statutes, laws or ordinances governing same; or (v) school spirit and church membership signs of not more than one square foot unless otherwise approved by the Board of Directors. The Board of Directors or its agents shall have the right to remove any sign, billboard or other advertising structure that does not comply with the above, and in so doing shall not be subject to any liability for trespass or otherwise in connection with such removal.

(l) The drying of clothes in public view is prohibited.

(m) Wood used for fireplace, barbeque, or other use must be stacked neatly and screened from public view. The Owner is responsible for ensuring that such wood stack is kept free of rodents.

(n) No Owner shall perform, fail to perform, or permit anything to be done or not done on such Owner's Lot which would violate any laws, statutes, ordinances or regulations of any kind or character.

**Section 2.6 Minimum Floor Area.** The total air-conditioned living area of the main residential structure constructed on each Lot, as measured to the outside of exterior walls but exclusive of garages, porches, and patios and detached accessory buildings, shall be not less than 1,700 square feet.

**Section 2.7 Fences and Walls.** A fence or wall shall be constructed on each Lot as set out in the Design Guidelines. Any such fence or wall installed as part of the original construction

on a Lot must be repaired and replaced by the Owner of such Lot except the masonry perimeter wall shall be maintained by the Association.

Section 2.8 Building Materials. The building materials to be used for each residence and other structure, if any, must conform to the requirements set out in the Design Guidelines. Allowed roofing materials shall be set forth exclusively in the Design Guidelines.

Section 2.9 Mailboxes and Address Blocks. Mailboxes and addresses shall be standardized throughout the Property in accordance with the Design Guidelines.

Section 2.10 Landscaping. Each Builder of a residence upon each Lot shall, before the first occupancy of a house, sod grass to cover the entire front, side and rear yard, install irrigation and plant the minimum size and number of shrubs in the front yard against the foundation of the house as required by the Design Guidelines. All trees shall be approved trees in accordance with the Design Guidelines. Thereafter, each Owner of a Lot shall have the responsibility to properly maintain such landscaping and, if necessary, shall replace such landscaping in accordance with the Design Guidelines. The terms and conditions of this Declaration and the Design Guidelines shall be deemed subordinate to the landscaping provisions of the City's subdivision ordinance, and shall not serve to penalize or restrict water conserving landscapes or require landscape materials that do not comply with the City's subdivision ordinance. The Declarant and/or the Association shall have the right but not the obligation, to be exercised at its sole option, to remove and replace dead trees and landscaping and charge the costs thereof to the Owner's account as a special individual assessment under Section 10.7 below.

Section 2.11 Design Guidelines. In addition to any requirements set forth in this Declaration, all Owners are required to comply with the Design Guidelines in the construction of improvements within the Property and with respect to the installation, maintenance and replacement of trees and landscaping within the Property.

### ARTICLE III ARCHITECTURAL CONTROL

#### Section 3.1 Review Authority.

(a) General. No structure shall be placed, erected or installed upon any Lot, and no improvements (including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements and planting or removal of landscaping materials) shall take place except in compliance with this Article and the Design Guidelines, and only after receiving written approval of the Architectural Control Committee as required herein. Declarant reserves the right to implement and enforce additional application, permitting, review, testing and inspection requirements and procedures not contained herein relating to national or uniform codes pertaining to building, electrical, plumbing and any other aspect of construction or development as deemed necessary by Declarant.

(b) Declarant. Declarant shall have exclusive authority to administer, review and act upon all applications for architectural and other improvements within the Property until the termination of the Development Period, unless Declarant earlier terminates its rights under this Section in a recorded instrument. Until the Declarant's exclusive authority as provided herein has expired, Declarant shall act as the ACC and/or appoint individuals to the ACC. Declarant may designate or engage one or more persons or entities to act on its behalf with respect to some or all matters coming within the purview of this Article III. In reviewing and acting upon any request for approval, Declarant or its designee shall act solely in Declarant's interest and owe no duty to any other person. Declarant is not required to hold meetings or keep minutes relating to its review under this Article.

Declarant may from time to time delegate or assign all or any portion of its rights under this Article to any other person, entity or committee, including the Architectural Control Committee. Any such delegation shall be in writing, shall specify the delegated responsibilities, and shall be subject to (i) Declarant's right to revoke such delegation at any time and reassume its prior jurisdiction, and (ii) Declarant's right to veto any decision which it determines, in its discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of other entities shall be limited to such matters as Declarant specifically delegates.

(c) Architectural Control Committee. Upon the expiration or termination of Declarant's rights under this Article, the Board of Directors shall designate the members of the ACC, who may be removed and replaced at the Board's discretion. The ACC shall consist of at least three persons. Members of the ACC need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers, or similar professionals, who may be compensated in such manner and amount, if any, as the Board may establish.

Unless and until such time as Declarant delegates any of its reserved rights to the Board of Directors or Declarant's rights under this Article expire or terminate, the Association shall have no jurisdiction over architectural matters.

(d) Reviewer. The entity having "approval rights" in a particular case, whether Declarant or its designee or the ACC, shall be referred to as the "Reviewer".

(e) Fees; Assistance. The Reviewer may establish and charge reasonable fees for its review of applications and shall require that such fees be paid in advance. If such fees or charges, including those set forth under Section 3.3 below, are not paid in advance, the Reviewer shall have no obligation whatsoever to review any such related application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers, or other professionals. The Board may include the compensation of such persons in the Association's annual operating budget.

Section 3.2 Review Requirements. No building, wall, pool or other structure shall be commenced, erected, installed, placed, or substantially altered on any Lot, nor shall any exterior

painting of (other than repainting a structure the same or similar color), exterior addition to, or substantial alteration of, such items be made until all plans and specifications and a plot plan have been submitted to and approved in writing by the Reviewer.

The Reviewer is authorized and empowered to consider and review any and all aspects of construction and landscaping which may, in the reasonable opinion of the Reviewer, adversely affect the living enjoyment of one (1) or more Owners or the general value of the Property.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed exterior design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that aesthetic determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations are not subject to judicial review so long as they are made in good faith and in accordance with the required procedures.

### Section 3.3 Procedure for Approval.

PRIOR TO THE COMMENCEMENT OF ANY CONSTRUCTION BY ANY PERSON OR ENTITY, THE BUILDER OR CONTRACTOR SHALL OBTAIN FROM THE CITY A BUILDING PERMIT AND SHALL BE RESPONSIBLE FOR PAYMENT OF ANY RELATED FEES OWING OR TO BE OWED TO THE CITY OR COUNTY. THIS REQUIREMENT NOT ONLY APPLIES TO ORIGINAL CONSTRUCTION BUT TO POOL INSTALLATIONS, MODIFICATIONS OR ADDITIONS TO EXISTING STRUCTURES OF IMPROVEMENTS. FAILURE TO OBTAIN SUCH PERMIT OR PAY SUCH FEES PRIOR TO INITIATION OF CONSTRUCTION SHALL BE CAUSE FOR THE REVIEWER OR THE ASSOCIATION TO REQUEST AND OBTAIN EMERGENCY TEMPORARY RELIEF TO RESTRAIN ALL ASPECTS OF CONSTRUCTION.

In addition to the foregoing requirement, final plans and specifications shall be submitted in duplicate by certified mail, return receipt requested or hand delivery to the Reviewer. The plans and specifications shall show the nature, kind, shape, height, materials and location of all landscaping and improvements. The application shall specify in writing any requested variances from the requirements set forth in this Declaration, the Design Guidelines, or any Community-Wide Standard. The Reviewer is authorized to request the submission of samples of proposed construction materials and such other information as they reasonably deem necessary to make their determination. At such time as the plans and specifications meet the approval of the Reviewer, one complete set of plans and specifications will be retained by the Association, for up to three (3) years only, and the other complete set of plans shall be marked "Approved", signed by a representative of the Reviewer and returned to the Lot Owner or his designated representative. If disapproved by the Reviewer, one set of such plans shall be returned marked "Disapproved" and shall be accompanied by a reasonable statement of the reasons for disapproval, which statement shall be signed by a representative of the Reviewer. Any modification of the approved set of plans and specifications must again be submitted to the Reviewer for its approval. The Reviewer's

approval or disapproval, as required herein, shall be in writing. Any reliance upon a verbal approval of any plans by the Reviewer shall be wholly unjustified, at the risk of the Lot Owner and subject to any subsequent or otherwise conflicting written response by the Reviewer.

If the Reviewer fails to approve or disapprove any such plans and specifications or modification thereto within twenty (20) business days after the date of submission of all information the Reviewer requires, the submission shall be deemed to have been denied. Any Builder who is constructing residences on multiple Lots shall have the option of submitting a master set of final plans and specifications for all of the residences it intends to construct within the Property to the Reviewer in accordance with the provisions of this paragraph. Once the master set of plans has been approved, the Builder shall be allowed to construct residences in accordance with such approved plans and no further submittals shall be required unless material deviations have been made to such approved plans.

The Reviewer may, but is not obligated to, permit or require that plans be submitted or considered in stages, in which case, a final decision shall not be required until after the final, required submission stage.

As part of any approval, the Reviewer may require that construction in accordance with approved plans commence within a specified time period. If construction does not commence within the required period, the approval shall expire and the Owner must reapply for approval before commencing any activities. Once commenced, construction must be diligently pursued to completion. Unless otherwise specified in writing in the notice of approval, all construction work shall be completed within sixty (60) days of commencement unless the Reviewer, in its sole and absolute discretion, grants an extension in writing. If approved work is not completed within the required time, it shall be in violation of this Article and shall be subject to enforcement action.

Also as a part of the review process, the Reviewer may require that the construction of any improvement be inspected on a periodic basis prior to completion for compliance with the plans, codes adopted by the Declarant and other matters relating to the quality or method of construction; provided, however, no more than three (3) inspections shall take place prior to completion of construction. The Association may conduct such inspections or, in the alternative, it may contract with third parties for such purposes. The Owner on whose Lot the construction is taking place shall be responsible for the payment of costs relating to any such inspection.

**Section 3.4 Standards.** The Reviewer shall have sole discretion with respect to taste, design and all standards specified herein. One objective of the Reviewer is to prevent unusual, radical, curious, odd, bizarre, peculiar or irregular structures from being built on the Property. The Reviewer shall have the sole authority to interpret and amend the Design Guidelines, subject to Declarant's approval for so long as Declarant or any Builder owns any portion of the Property and, thereafter, subject to the approval of the Board. The Reviewer, after having received approval from the Board, may also from time to time publish and promulgate bulletins regarding architectural standards, which shall be fair, reasonable and uniformly applied and shall carry forward the spirit and intention of this Declaration.

**Section 3.5 Requests for Variance.** Upon submission of a written narrative request for same, the Reviewer may, from time to time, in its sole discretion, permit Owners and Builders to construct, erect or install improvements which are in variance from the requirements of this Declaration or which may be contained in the Design Guidelines. In any case, however, such variances shall be in basic conformity and shall blend effectively with the general architectural style and design of the community. No member of the ACC or the Board, or the Association or Declarant shall be liable to any Owner or other person claiming by, through, or on behalf of any Owner, for any claims, causes of action, or damages arising out of the granting or denial of, or other action or failure to act upon, any variance request by any Owner or any person acting for or on behalf of any Owner. Each request for a variance submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a variance to any Owner shall not constitute a waiver of the Reviewer's right to strictly enforce the Declaration and the Design Guidelines against any other Owner. Each such written request must identify and set forth in narrative detail the specific restriction or standard from which a variance is sought and describe in complete detail the exact nature of the variance sought. Any grant of a variance by the Reviewer must be in writing and must identify in narrative detail both the standard from which a variance is being sought and the specific variance being granted.

**Section 3.6 Liability of Reviewer.** Neither Declarant, the Board of Directors, the Architectural Control Committee, nor any of their respective members, officers, employees, designees, contractors, administrators, inspectors and agents, shall have any liability whatsoever for decisions made in accordance with this Article so long as such decisions are made in good faith and are not arbitrary or capricious. The plans or the site plan submitted to the Reviewer shall be the responsibility of the Owner of the Lot to which the improvements relate, and the Reviewer shall have no obligation to check for errors in or omissions from any such plans with regard to compliance with any city codes, ordinances, regulations or other laws, whether or not the same relate to Lot lines, building lines, construction requirements, easements or any other matter not contained in this Declaration or the Design Guidelines. Review and approval of any plans pursuant to this Article may be based on purely aesthetic considerations. The Reviewer is not responsible for the structural integrity or soundness of approved construction or modifications, for compliance with building codes and other governmental requirements.

**THE ASSOCIATION HEREBY UNCONDITIONALLY AND PERPETUALLY INDEMNIFIES AND HOLDS DECLARANT, THE BOARD, THE ARCHITECTURAL CONTROL COMMITTEE, AND THEIR RESPECTIVE MEMBERS, EMPLOYEES, DESIGNEEES, ADMINISTRATORS, INSPECTORS, CONTRACTORS, AND AGENTS HARMLESS FROM AND AGAINST ANY CLAIMS, LIABILITIES, LOSS, DAMAGE, COSTS AND EXPENSES, INCLUDING BUT NOT LIMITED TO ATTORNEYS' FEES, IN CONNECTION WITH OR ARISING OUT OF ANY ACTIONS OR INACTIONS TAKEN HEREUNDER BY THE REVIEWER, IRRESPECTIVE OF WHETHER OR NOT THE REVIEWER, ITS EMPLOYEES, CONTRACTORS, AGENTS AND OTHER INDIVIDUALS OR ENTITIES EMPLOYED BY THE REVIEWER ACTED NEGLIGENTLY OR WITH WILLFUL MISCONDUCT.**

Section 3.7 Special Rights of Declarant. Notwithstanding anything to the contrary contained herein, any Lot owned by Declarant, shall not be subject to the provisions of this Article III and Declarant shall not be required to submit plans and specifications, etc. to the Architectural Control Committee nor obtain the consent, permission or approval of the Architectural Control Committee for the matters otherwise required pursuant to this Article III, and the consent, permission or approval of the Architectural Control Committee shall be deemed given for plans and specifications, plot plans and the like to be used by Declarant, or Declarant's assigns, in the construction of any residence on any Lot owned or sold to a Builder by Declarant. **DECLARANT ALSO RETAINS SPECIAL AND UNIQUE RIGHTS AND PRIVILEGES IN ARTICLE XII THAT TAKE PRECEDENCE OVER ALL OTHER ARTICLES OR SECTIONS IN THIS DECLARATION.**

**ARTICLE IV**  
**FENCING AND LANDSCAPING**

Section 4.1 Fences, Walls and Screening Landscaping. Declarant and/or the Association shall have the right, but not the obligation, to erect and install fences, walls and/or screening landscaping within that portion of any Lot situated along the perimeter of the Property or on Lots adjacent to Common Properties, as shown on a Final Plat. Any such fence, wall, screening landscaping or sprinkler system shall be the property of the Association and maintained by the Association. The Design Guidelines shall contain all construction and material requirements for the fences and walls.

Section 4.2 Landscaping. Declarant and/or the Association shall have the right to grade, plant or landscape, and/or change such grading, planting and landscaping on any portion of the Property not comprising any portion of a Lot and, without limitation whatsoever, to do all things necessary within the Property to obtain full compliance with the Design Guidelines.

Section 4.3 Easement. Declarant and the Association shall have, and hereby reserve, the right and easement to enter upon the Common Properties and those Lots which are situated along the perimeter of the Property and/or the Common Properties, as shown on a Final Plat for the purpose of exercising the discretionary rights set forth in this Article IV.

Section 4.4 Declarant's Discretion. Notwithstanding any provisions herein to the contrary, Declarant shall never be obligated to erect, install, maintain, repair or replace any fences, walls, sprinkler systems, grading, planting or landscaping on the Property.

Section 4.5 Fifteen (15) Year Limitation. The provisions of this Article IV regarding Declarant's rights shall terminate and be of no further force and effect from and after that date which is fifteen (15) years after the recording of this Declaration. The rights of the Association shall continue throughout the term hereof.

**ARTICLE V**  
**LOT MAINTENANCE BY OWNERS**

Section 5.1 Lot Maintenance. After the installation of the landscaping on a Lot, the Owner of the Lot shall thereafter maintain the yard and Parkway (as defined in the Design Guidelines) in a sanitary and attractive manner, including adequate watering, immediate replacement of dead vegetation and trees, and edging of the street curbs that run along the Lot boundary lines and any other requirements in accordance with the Design Guidelines. The Owner's obligation to maintain the yard and Parkway as provided herein is subject to any provisional municipal water restrictions in effect. Yards and Parkway must be kept mowed and trimmed at regular intervals so as to maintain the Lot in a neat and attractive manner. No vegetables shall be grown in any portion of a Lot yard that faces a street or is not screened by fencing built in accordance with the terms hereof. The terms and conditions of this Declaration shall be deemed subordinate to the landscaping provisions of the City's subdivision ordinance, and shall not serve to penalize or restrict water conserving landscapes or require landscape materials that do not comply with the City's subdivision ordinance.

Section 5.2 Maintenance of Improvements. Each Owner shall maintain the exterior of all buildings, fences, walls and other improvements on his Lot in good condition and repair, and shall replace worn and/or rotten parts, and shall regularly repaint all painted surfaces, re-stain all stained surfaces and shall not permit the roofs, rain gutters, down spouts, exterior walls, windows, doors, walks, driveways, parking areas or other exterior portions of the improvements to deteriorate in an unattractive manner. All fences shall be kept neat, clean and in good repair. Any fence which is damaged, leaning, or otherwise not in good repair shall be immediately repaired.

**ARTICLE VI**  
**ENFORCEMENT**

Section 6.1 Special Enforcement Rights of the Board of the Association. In the event an Owner fails to comply with any provision of this Declaration or the Design Guidelines, including but not limited to any requirement contained in Article V, then, prior to the Board or the Association enforcing the compliance of such failure or seeking against such Owner remedies in accordance with this Declaration (or such other remedies as may be available to the Board and/or the Association at law or in equity), the Board shall first be obligated to give such Owner notice of such failure and a reasonable time, as determined by the Board, after the date of such notice in which to cure such violation or failure. If the Owner shall not have corrected such failure within such reasonable time after the giving of such notice, the Board of Directors shall have the right but not the obligation, to assess monetary fines and enter upon the Lot and to bring the Lot, and any improvements thereon, into full compliance with this Declaration and the Design Guidelines. All costs and expenses incurred by the Association in connection with correcting any such failure shall be borne by the Owner. If any Owner does not promptly reimburse the Association for all such costs, expenses and violation fines assessed after receipt of written request for same, the Board shall have the right to assess the Owner for same plus interest, such assessment, interest and fines being a special individual assessment under the provisions of Section 10.7 below. The notice and

hearing provisions contained herein do not apply if the Association files suit seeking a temporary restraining order or temporary injunctive relief.

Section 6.2 Enforcement. In addition to but not in lieu of the enforcement rights set forth in Section 6.1, the Board of Directors may impose sanctions for violation of this Declaration (including any rules, guidelines or standards adopted pursuant to the Declaration) in accordance with the applicable procedures set forth in any policy or procedure adopted by the Board. Such sanctions may include all remedies available at law and/or in equity and all remedies herein, including, without limitation, the following:

(a) Fines. The Board of Directors may impose reasonable monetary fines as individual special assessments which shall constitute a lien upon the Owner of the Lot related to or connected with the alleged violation. The Owner shall be liable for the actions of any occupant, guest, or invitee of the Owner of such Lot.

(b) Right to Require Removal. The Board of Directors may require an Owner, at the Owner's expense, to remove any dead tree or landscaping from an Owner's Lot which does not comply with the Design Guidelines and to restore or install the necessary trees or landscaping as required by the Design Guidelines and, upon failure of the Owner to do so, the Board of Directors or its designee shall have the right to enter the Lot, remove and cure the violation without such action being deemed a trespass and charge the costs thereof to the Owner's account as an individual special assessment in accordance with Section 10.7 below.

(c) Levy Individual Special Assessment. The Board of Directors may levy an individual special assessment in accordance with Section 10.7 to cover costs incurred by the Association in bringing a Lot into compliance with this Declaration or the Design Guidelines.

(d) Lawsuit, Injunction or Damages. The Board of Directors may bring a suit at law or in equity to enjoin any violation or to recover monetary damages, or both.

Failure by Declarant or the Board of Directors, to enforce any covenant, condition, agreement or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In addition to the Association's enforcement rights, this Declaration may be enforced by any aggrieved Owner.

The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case: (i) the Association's position is not strong enough to justify taking any or further action; (ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; (iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify

expending the Association's resources; or (iv) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Except as hereinafter provided, the City shall not have any right or obligation whatsoever to enforce the terms and conditions of the Declaration, the Design Guidelines, the rules and regulations of the Association, or any dedicatory instrument of the Association.

## ARTICLE VII AMENDMENT AND TERMINATION

Section 7.1 Amendment. Declarant may amend the Declaration for any reason without the consent or joinder of any party or without the need to call a meeting of the Association during the Development Period. After the Development Period, the Declaration may be amended by an instrument containing such amendment(s) and recorded in the Official Public Records of the County, provided, that such amendment shall first be approved by the affirmative vote or written consent of the Association's Members representing at least 67% of the total votes allocated to Owners in the Association. Furthermore, Declarant or the Board may, at its sole discretion and without a vote or the consent of any other party, modify, amend, or repeal this Declaration: (i) as necessary to bring any provision into compliance with any applicable statute, governmental rule, regulation, or judicial determination; (ii) as necessary to comply with the requirements of VA, or HUD (Federal Housing Administration), FHLMC or FNMA or any other applicable governmental agency or secondary mortgage market entity, or (iii) as necessary for clarification or to correct technical, typographical or scrivener's errors; provided, however, any amendment pursuant to clause (ii) and/or (iii) immediately above must not have a material adverse effect upon any right of any Owner. Any amendment to this Declaration must be recorded in the Official Public Records of the County. Any and all amendments shall be filed of record in the Official Public Records of the County.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant (or the assignee of such right or privilege). If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that the Owner has the authority to consent, and no contrary provision in any mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Section 7.2 Termination. At any time following the expiration of the Development Period, the Owners may terminate and extinguish this Declaration in its entirety by executing an instrument terminating this Declaration and recording same in the Official Public Records of the County, provided, however, that (i) such termination and extinguishment shall first be approved by the affirmative vote or written consent of the Owners of at least 75% of the Lots; and (ii) any such termination must first be approved by the City.

**ARTICLE VIII**  
**MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION**

Section 8.1 Membership. Every Owner of a Lot shall automatically be a Member of the Association. Membership shall be appurtenant to each Lot and may not be separated from ownership of any Lot which is subject to assessment hereunder.

Section 8.2 Classes of Membership. The Association shall have two (2) classes of voting membership:

CLASS A. Class A Members shall all be Members with the exception of the Class B Member. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership; provided, however, that in the event that more than one (1) person holds such interest or interests in any Lot, even though all such persons shall be Members, there shall be only one (1) vote for such Lot, which shall be exercised as they, among themselves, determine (but in no event shall more than one (1) vote be cast with respect to any such Lot).

CLASS B. The Class B Member(s) shall be Declarant. Until the expiration of the Development Period, the Class B Member shall have the sole right to appoint or elect the Board of Directors of the Association. During the Development Period, the Declarant may, at its sole option, appoint an Advisory Committee consisting of no more than three (3) Class A Members whose sole function and authority shall be to provide input to the Board of Directors with regard to matters affecting the Class A Members. The Class B Member shall have ten (10) votes for each Lot it owns.

Section 8.3 Quorum and Notice Requirements.

(a) Except as expressly provided herein to the contrary, any action of the Members shall require the assent of a majority of the votes of those Association Members who are present at a meeting, in person or by proxy, written notice of which shall be given to all Members not less than ten (10) days nor more than forty-five (45) days in advance of such meeting.

(b) A quorum is required for any action referred to in Section 8.3(a) and, unless otherwise provided, for any action for which a percentage vote at a meeting is required. A quorum shall be determined as set forth in this Section 8.3. The first time a meeting is called, whether regular or special, the presence at the meeting of Members, or of proxies, entitled to cast at least ten percent (10%) of all of the votes of the Association's Members, without regard to class, shall constitute a quorum. If the required quorum is not present at the initial meeting, additional meetings may be called, subject to the notice requirement hereinabove set forth. At such adjourned or subsequent meeting at which a quorum shall be present or represented, any business may be transacted which may have been transacted at the meeting as originally notified.

(c) Except as specifically set forth in this Declaration, notice, voting and quorum requirements of any action to be taken by the Association shall be set forth in its Bylaws, as same may be amended from time to time.

Section 8.4 Right of Inspection. Each Owner shall have the right to inspect the financial records and books of the Association in accordance with the Association's Policy for Inspection and Copying of Documents adopted by the Board of Directors consistent with applicable law.

## ARTICLE IX THE COMMON PROPERTIES

Section 9.1 Initial Common Properties. The Common Properties may include but are not limited to, and by way of illustration only, all aspects of the entry features, entry monuments and walls, landscaping, irrigation for same and the land on which such entry features are situated, detention or retention ponds, screening walls, gates, fences and other structures, whether or not shown on a Final Plat, or as deemed necessary by Declarant, each as may be leased, maintained or owned by the Association. The foregoing list is intended to illustrate examples of Common Properties and under no circumstance shall such list impose any obligation on the Declarant or the Association to purchase, install or construct any such features or amenities.

Section 9.2 Additional Common Properties. Additional property may be added to the Common Properties hereunder upon the sole discretion of Declarant during the Development Period. Thereafter, additional property may be added to the Common Properties hereunder upon the affirmative vote of sixty percent (60%) of the votes of those Association Members who are voting, in person or by proxy, at a meeting duly called for such purpose.

Section 9.3 Acceptance and Control of Common Properties. Declarant, or any third-party at the request of Declarant, may transfer to the Association, and the Association shall accept as Common Properties, personal property and/or fee title or other property interests in any improved or unimproved real property included within the Property described in Exhibit A or any other real property made subject to this Declaration in the future. Upon Declarant's written request, the Association shall transfer back to Declarant any unimproved real property originally conveyed to the Association for no payment, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

Section 9.4 Extent of Members' Easement in the Common Properties. Each Member shall have a right and easement of access, use and enjoyment in and to the Common Properties which is subject to the following:

- (a) The right of the Association to prescribe regulations governing the use, operation and maintenance of the Common Properties;
- (b) The right of the Association to take such steps as are reasonably necessary to protect the Common Properties against foreclosure;

(c) The right of the Association to suspend the right of any individual to use any of the Common Properties and/or common facilities for any period during which any assessment against a Lot resided upon or owned by such individual remains unpaid, and for any period not to exceed sixty (60) days for an infraction of the rules and regulations of the Association, the Declaration, or the Design Guidelines.

Section 9.5 Dedication of the Common Properties. The Board of Directors shall have the right at any time to dedicate or transfer all or any part of the Common Properties to any public agency, authority or utility for such purposes and upon such conditions as the Board of Directors may determine with the written approval of the City.

## ARTICLE X COVENANT FOR ASSESSMENTS

Section 10.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner hereby covenants and agrees, and each purchaser of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association (or to a mortgage company or other collection agency designated by the Association) the following: (a) annual assessments or charges; (b) acquisition assessments; (c) special assessments for capital improvements; (d) individual special assessments (including, without limitation interest and fines) levied against individual Owners for violations of the Declaration, Design Guidelines, or the Community-Wide Standard or to reimburse the Association for extra costs for maintenance and repairs caused by the willful or negligent acts of the individual Owner, his tenant(s) occupying his Lot, if applicable, and their respective family, agents, guests and invitees, or for costs incurred by the Association resulting from any Owner failing to comply with the terms and provisions hereof. All such assessments shall be fixed, established and collected as hereinafter provided.

The annual, acquisition, special, reserve fund, and individual special assessments, together with such interest thereon, late charges, collection fees and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon each Lot against which each such assessment is made. Each such assessment, together with late charges, collection fees, collection costs, such interest thereon and cost of collection thereof, including attorneys' fees, as hereinafter provided, shall also be the continuing personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

Section 10.2 Purpose of Assessments. The assessments levied by the Association shall be used as follows: (a) for the purpose of promoting the interests of the Association and in particular for the improvement, repair and maintenance of the perimeter walls, monuments, perimeter screening walls or fences which are subject to a wall maintenance easement as set forth on the Final Plat (including retaining walls upon which such fences are installed), landscaping and irrigation, or any other properties, services and facilities devoted to this purpose and comprising or directly relating to the use and enjoyment of the Common Properties, including, but not limited, to the payment of taxes on and insurance in connection with the Common Properties, and the repair, replacement and additions thereto; (b) for paying the cost of labor, equipment (including

the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties; (c) for carrying out the duties of the Board of Directors of the Association as set forth in Article XI hereafter including, but not limited to, the payment by the Association of all assessments and charges payable in connection with sewer, water and garbage pickup services and the installation and maintenance of lighting (if any) of the Common Properties; (d) for paying the cost of maintenance of the monument sign for the Property, if any; or (e) for carrying out the purposes of the Association as stated in its Certificate of Formation.

**Section 10.3 Basis and Amount of Annual Assessments.**

(a) The initial Annual Assessment for each Lot shall be established by the Board of Directors including a cost projection for the maintenance of the Common Properties based on eventual build-out of the Property. The initial Annual Assessment will not be based on calculations which include funds from the Declarant which will be unavailable upon the termination of the Development Period. The maximum annual assessment for each Lot for the year 2015 shall be Seven Hundred and No/100 Dollars (\$700.00). The amount of the annual assessment and any applicable special assessment shall be disclosed to Owners at the time of purchase through a Resale Certificate obtained pursuant to Section 207.003 of the Texas Property Code, as amended, or any successor statute.

(b) Commencing with the year 2016, and in each year thereafter, the Board of Directors may set the maximum annual assessment for the following year for each Lot at an amount no more than twenty percent (20%) above the assessment for the previous year. Should the Board of Directors determine that an increase in assessments greater than twenty percent (20%) is necessary to properly meet the purpose of the assessments as set forth in Section 10.2 above, but not limited only to those items listed, such increased assessment shall be approved by the affirmative vote of sixty percent (60%) of the votes of those Association Members who are voting, in person or by proxy, at a meeting duly called for such purpose.

**Section 10.4 Acquisition Assessments.** At any time record title is transferred to a new Owner (excluding a Builder), an acquisition assessment shall be paid at closing to the Association by such new Owner at closing in the amount of Two Hundred Fifty and No/100 Dollars (\$250.00) for each Lot acquired. Acquisition assessments shall be in addition to, not in lieu of, any other assessment provided for herein. Acquisition assessments are not refundable and shall be available for all necessary expenditures of the Association as determined by the Board. In addition to the foregoing but still considered an assessment hereunder, the Association or its managing agent may charge a reasonable transfer fee and a reasonable fee for producing a Resale Certificate and documents of the Association as required under the Texas Property Code, such fees to be paid no later than closing of the sale of any Lot to a new Owner (excluding a Builder).

**Section 10.5 Special Assessments.** The Association may also levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the costs of any construction or reconstruction, maintenance, unexpected repair or

replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto; provided that any such assessment shall be approved by the affirmative vote of sixty percent (60%) of the votes of those Association Members who are voting, in person or by proxy, at a meeting duly called for such purpose.

Section 10.6 Reserve Fund Assessments. The Board of Directors may also levy in any assessment year a reserve fund assessment, applicable to that year only, for the purpose of replenishing the Reserve Fund set forth in Section 10.08 below.

Section 10.7 Individual Special Assessments, Interest and Fines. In the event that any Owner fails to comply with the provisions of this Declaration, the Design Guidelines, or the Community-Wide Standard and/or the Association incurs any cost or expense in either enforcing said provisions against any such Owner or in carrying out the obligations of any such Owner, the Association shall have the right to assess against such Owner and the Lot of such Owner an individual special assessment in the amount of all such costs incurred by the Association plus interest and/or in the amount of any violation fine(s) levied by the Board. Individual special assessments, interest and fines are to be paid by the applicable Owner upon demand by the Association.

Section 10.8 Reserve Fund. The Board of Directors of the Association shall establish and maintain a Reserve Fund for maintaining and, if directed by the City, removing any portion of the Common Properties.

The Reserve Fund may be established and replenished through Annual Assessments, Acquisition Assessments or Reserve Fund Assessments. The Reserve Fund shall be maintained in a separate restricted account and under no circumstances shall the Reserve Fund be commingled with any other funds or accounts of the Association. So long as the Board exercises business judgment in determining the amount of the reserve fund, the amount held in reserves shall be considered adequate.

Section 10.9 Uniform Rate of Assessments. The annual, acquisition, special and reserve fund assessments (excepting therefrom individual special assessments) shall be fixed at a uniform rate for all Lots.

Section 10.10 Date of Commencement and Due Dates of Assessments. The obligation to pay assessments commences as to each Lot (a) upon acquisition of record title to a Lot by the first Owner thereof other than Declarant; or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The initial annual assessment levied on each Lot shall be adjusted according to the number of days remaining in the fiscal year at the time assessments commence on the Lot. Annual assessments shall be payable in advance on the first (1<sup>st</sup>) business day of each January; provided, if the Board so elects, annual assessments may be paid in monthly, quarterly, or semi-annual installments. The Board may require advance payment of all or any portion of the annual assessment at closing of the transfer of title to a Lot. The due date or dates, if it is to be paid in installments, of any special assessment under Section 10.5 shall be fixed in the respective resolution authorizing such assessment.

Section 10.11 Duties of the Board of Directors with Respect to Assessments.

(a) The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Owner.

(b) Only if such assessment is an amount different from that charged for the previous year, written notice of the assessment shall thereupon be delivered or mailed to every Owner subject thereto (according to the Association's then current records).

(c) The Board of Directors shall, upon demand, cause to be furnished to any Owner liable for said assessments a certificate in writing signed by an officer or agent of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid. A reasonable charge may be made by the Board or the Association's managing agent for the issuance of such certificates.

Section 10.12 Assessment Lien to Secure Charges and Assessments. All assessments, interest, late charges, collection fees and attorneys' fees, as provided for herein, shall constitute and be secured by a separate and valid and subsisting assessment lien, hereby created and fixed, and which shall exist upon and against each Lot and all improvements and fixtures thereon, for the benefit of the Association. Notwithstanding any other provision hereof, the lien to secure the payment of assessments or any other sums due hereunder and any other lien which the Association may have on any Lot pursuant to this Declaration shall be subordinate to the lien or equivalent security interest of any first lien mortgage or deed of trust on any Lot. The foreclosure of any such superior lien under the power of sale of any mortgage, deed of trust or other security instrument, or through court proceedings in which the Association has been made a party, shall extinguish the liens securing maintenance charges or assessments or any other sums due hereunder which became due and payable prior to such foreclosure date, but no such foreclosure shall free any Lot from the liens securing assessments thereafter becoming due and payable, nor shall the liability of any Owner personally obligated to pay maintenance charges or assessments which become due prior to such foreclosure be extinguished by any foreclosure, nor shall the lien for future assessments or charges be affected in any manner.

Section 10.13 Effect of Nonpayment of Assessment. If any assessment is not paid within thirty (30) days from the due date thereof, the same shall bear interest from the due date until paid at the highest nonusurious rate allowed under the laws of the State of Texas, or other applicable law, or if no such limitation imposed then at the rate of fifteen percent (15%) per annum, and if placed in the hands of an attorney for collection or if collected through probate or other judicial proceedings, there shall be reimbursed to the Association its reasonable attorneys' fees. Should any assessment provided for herein be payable in installments, the Association may accelerate the entire assessment and demand immediate payment thereof. In addition, a late charge shall be assessed against the non-paying Owner for each month that any assessment remains unpaid. The late charge shall be in the amount of Twenty-Five and No/100 Dollars (\$25.00) per

month and shall serve to reimburse the Association for administrative expenses and time involved in collecting and processing delinquent assessments. The Association's managing agent shall be entitled to charge an Owner a monthly collection fee to compensate managing agent for its efforts in collecting delinquent assessments. The Association, in the Board's discretion, shall have the right to waive any part of or all of such interest and/or fees.

**Section 10.14 Collection and Enforcement.** The Association shall have a lien on each Lot securing payment of any assessment, together with interest thereon as provided herein, reasonable attorneys' fees, late charges, collection fees and costs incurred in the collection of same and the enforcement of said lien. The Board of Directors shall take such action as it deems necessary to collect assessments and may settle and compromise the same if deemed appropriate in the exercise of the Board's business judgment. Such liens shall be effective as and in the manner provided for herein and shall have the priorities established in this Declaration.

The Board of Directors may bring an action at law against any Owner personally obligated to pay an assessment or foreclose the lien against such Owner's Lot, or both, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Board of Directors of the Association or its agent the right and power to bring all actions against such Owner personally for the collection of such assessments as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including, but not limited to, nonjudicial foreclosure pursuant to Texas Property Code Section 51.002 in force and effect on the date of this Declaration, or in accordance with the prescribed manner for foreclosure of deed of trust liens provided by any future amendment to such Section 51.002 or any other statute or article enacted in substitution therefor, and such Owner hereby expressly grants to the Board of Directors a private power of sale in connection with said lien. The Board is hereby appointed trustee, unless and until the Board of Directors shall designate a substitute or successor trustee, as hereinafter provided, to post the required notices as provided by law and conduct such foreclosure sale. The lien provided for in this Section shall be in favor of the Association and shall have the same effect as though each Owner had expressly granted to the Association a deed of trust lien as well as a security interest in said Lot to secure the payment of the assessments provided for herein. In addition to such notices as required by the aforesaid statute, the trustee shall mail to the Owner of a Lot for which the assessment has not been paid, a copy of the notice of assessment lien prior to the date any notice of sale is posted, by certified, return receipt requested, at the Lot or such other address as the Board has been advised in writing for receipt of notices under this Declaration.

At any foreclosure, judicial or nonjudicial, the Association shall be entitled to bid up to the amount of its lien, together with costs and attorneys' fees, and to apply as a cash credit against its bid all sums due the Association covered by the lien foreclosed. All foreclosure sales provided for herein shall be subject to any superior liens and encumbrances of record and the then existing statutory right of redemption in favor of the former Owner. From and after any such foreclosure, the former Owner or Owners, their heirs and assigns, shall forthwith upon the making of such sale surrender and deliver possession of the property so sold to the purchaser at such sale, and in the event of their failure to surrender possession of said property upon demand, the purchaser, or his heirs or assigns, shall be entitled to institute and maintain an action for forcible detainer of said

property in the Justice of the Peace Court in the Justice Precinct in which such Lot, or any part thereof, is situated. The Board of Directors in any event is hereby authorized to appoint a substitute trustee, or a successor trustee, to act in the place of the trustee without any formality other than the designation in writing of a substitute or successor trustee; and the authority hereby conferred by the Board of Directors shall extend to the appointment of other successor and substitute trustees successively until the delinquent assessment or assessments have been paid in full, or until said property is sold, and each substitute and successor trustee shall succeed to all the rights and powers of the original trustee appointed by the Board of Directors or its agents.

Section 10.15 Homestead. By acceptance of a deed thereto, the Owner and spouse thereof, if married at the time of the conveyance or subsequently married, of a Lot shall be deemed to have waived any exemption from liens created by this Declaration or the enforcement thereof by foreclosure or otherwise, which may otherwise be available by reason of the homestead exemption provisions of Texas law, if for any reason such are applicable. This Section is not intended to limit or restrict in any way the lien or rights granted to the Association by this Declaration, but construed in its favor.

Section 10.16 Omission of Assessments. The omission of the Board of Directors, before the expiration of any assessment period, to fix the assessments hereunder for that or the next assessment period, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent assessment period, but the assessment fixed for the preceding assessment period shall continue until a new assessment is fixed or levied by the Board.

Section 10.17 Maintenance Fund; Working Capital Fund. The Association may, but is not obligated to, establish and maintain a maintenance fund for the periodic maintenance of the Common Properties. Subject to the provisions of Section 10.3 above, the Board may at any time ratably increase or decrease the amounts of regular annual assessments in accordance with this Declaration to such level as shall be reasonably necessary in the judgment of the Board to cover obligations of the Association under this Declaration, including provisions for reasonable reserves. So long as the Board exercises business judgment in determining the amount or necessity of the reserve fund, the amount held in reserves shall be considered adequate.

Section 10.18 Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein:

- (a) All properties dedicated and accepted by the local public authority and devoted to public use; and
- (b) All Common Properties and property owned by the Association.

Section 10.19 Declarant's Assessment. Notwithstanding any provision of this Declaration or the Certificate of Formation or Bylaws to the contrary, during the Development Period the Declarant may, on an annual basis, elect either to pay annual assessments on its unsold Lots or pay the difference between: (a) the Association's operating expenses otherwise to be

funded by annual assessments (after applying all income received by the Association from other sources); and (b) the sum of the revenues of the Association from all sources. Upon ninety (90) days notice to the Association, the Declarant may change its election hereunder during the fiscal year. "All sources" includes, but is not limited to, revenues from the operation of Common Properties, capital contributions, accounting service fees, property management fees, guest fees, user fees, and the assessments levied against the owners of Lots, other than the Declarant. Such difference, herein called the "deficiency", shall not include any reserve for replacements, operating reserves, depreciation reserves, capital expenditures or special assessments, and Declarant shall not be responsible, in any event, for any reserve for replacements, operating reserves, depreciation reserves, capital expenditures or special assessments. Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" consideration of services or materials, or by a combination of these. After termination of the Class B membership, Declarant shall pay assessments on its unsold Lots in the same manner as any other Owner.

**ARTICLE XI  
GENERAL POWERS OF THE  
BOARD OF DIRECTORS OF THE ASSOCIATION**

Section 11.1 Power and Duties. Except as provided in Article XII below, the Board, for the benefit of the Association, the Property and the Owners, shall have the right to do all things which are necessary or advisable in connection with enforcing the provisions of this Declaration. Such powers shall include, but shall not be limited to, the following:

(a) Paying assessments and charges for sewer, water and garbage pickup services for the Properties, if any, the installation and maintenance charges for street lighting for the Property, if any, and taxes, assessments and other charges which shall properly be assessed or charged against the Common Properties.

(b) Performing maintenance on the Common Properties which may include, without limitation, the following: (a) maintenance of any driveways, private roadways, walkways and sidewalks; (b) maintenance of grounds, including care of trees, shrubs and grass, lighting systems, sprinkler systems (if installed) and similar facilities on the Common Properties; and (c) maintenance of the entry monument(s) and any screening walls or fences constructed around the perimeter of the Property; provided, further, that in the event that the need for maintenance or repair is caused through the willful or negligent act of any Owner, his family, his guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject.

(c) Managing and maintaining the Common Properties and full maintenance of a utility service for the Common Properties; the furnishing and upkeep of any desired personal property for use in the Common Properties.

(d) Purchasing a policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association, in an amount not less than \$250,000.00 to indemnify against

the claim of one person, \$500,000.00 against the claims of two or more persons in any one occurrence, and property damage insurance in an amount not less than \$50,000.00 per occurrence; which policy or policies shall contain an endorsement providing that the rights of the named insured shall not be prejudiced with respect to actions against other named insureds; provided, that under no circumstances shall the Board be authorized to provide or pay for fire, casualty, or other insurance insuring the interest of any Owner in his Lot.

(e) Executing all replats of the Property and all declarations of ownership for tax assessment purposes with regard to the Common Properties on behalf of all Owners.

(f) Borrowing funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit.

(g) Entering into contracts, maintaining one or more bank accounts, and generally exercising all the powers necessary or incidental to the operation and management of the Association, expressly including the power to enter into management and maintenance contracts.

(h) Protecting or defending the Common Properties from loss or damage by suit or otherwise, and to provide adequate reserves for replacements.

(i) Making reasonable rules and regulations for the operation of the Common Properties and amend them from time to time, provided that any rule or regulation may be amended or repealed by the vote of at least sixty percent (60%) of those Members present, in person or by proxy, at a meeting called for such purpose (without limiting the generality of the foregoing language, the rules and regulations may provide for limitations on use of the Common Properties during certain periods by youthful persons, visitors or otherwise).

(j) Adjusting the amount, collecting and using any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, assessing the Members in proportionate amounts to cover the deficiency.

(k) Enforcing the provisions of this Declaration, the Design Guidelines, any Community-Wide Standard, and any rules made hereunder, and to enjoin and seeking damages from any Owner for violation of such provisions or rules.

(l) Exercising the rights granted to the Association in this Declaration, including, without limitation, all rights of the Board, the Association, and the ACC relating to architecture, design, and construction review and inspections under Article III.

The Association may exercise any right or privilege given to it expressly or by reasonable implication by this Declaration, the Bylaws, or the Articles of Incorporation, and may take action reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in such documents or by law, all of the Association's rights and powers may be exercised by the Board without a vote of the membership.

The Board may institute, defend, settle, or intervene on the Association's behalf in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Common Properties, enforcement of this Declaration, or any other civil claim or action. **However, the Board shall exercise business judgment in determining whether to take any such action under particular circumstance and shall have no legal duty to institute litigation under any circumstances on behalf of or in the name of the Association or the Members.**

**Section 11.2 Board Power, Exclusive.** The Board shall have the exclusive right to contract for all goods, services and insurance, payment for which is to be made from the maintenance fund, and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein.

**Section 11.3 Owner's Obligations to Repair.** Except for those portions of each Lot constituting the Common Properties, each Owner shall at his sole cost and expense, maintain and repair his Lot and the improvements situated thereon, keeping the same in good condition and repair. In the event that any Owner shall fail to maintain and repair his Lot and such improvements as required hereunder, the Association, in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternative remedies, shall have the right but not the obligation, subject to the notice and cure provisions of Section 6.1 above, through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon, and each Owner (by acceptance of a deed for his Lot) hereby covenants and agrees to repay to the Association the cost thereof immediately upon demand, and the failure of any such Owner to pay the same shall carry with it the same consequences as the failure to pay any assessments hereunder when due.

**Section 11.4 Maintenance Contracts with Owners.** The Board, on behalf of the Association, shall have full power and authority to contract with any Owner for the performance by or for the Association of services pursuant to the terms hereof (including, but not limited to, the maintenance and repair of fences owned by any such Owner), such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and to the best interest of the Association; provided, however, that same must be commercially reasonable in all circumstances.

**Section 11.5 Liability of the Board of Directors.** The Association shall indemnify every officer, director, and committee member against all damages and expenses, including attorneys' fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding if approved by the Board of Directors at the time of such settlement) to which he or she may be a party by reason of being or having been an officer, director, or committee member.

**OFFICERS, DIRECTORS, AND COMMITTEE MEMBERS SHALL NOT BE LIABLE FOR ANY MISTAKE OF JUDGMENT, NEGLIGENCE OR OTHERWISE, EXCEPT FOR THEIR OWN INDIVIDUAL WILLFUL MISFEASANCE, MALFEASANCE, MISCONDUCT, OR BAD FAITH. The Association's officers and**

directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association. The Association shall indemnify and forever hold each such officer, director, and committee member harmless from any and all liability to others on account of any such contract, commitment, or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as an Association expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 11.6 Notice and Hearing Procedures Prior to the Initiation of Certain Types of Actions by the Association. Except as set forth in paragraph (c) below, prior to filing suit to enforce the provisions of this Declaration, the Design Guidelines, any Community-Wide Standard or rules promulgated hereunder, the Association shall comply with the notice and hearing procedures set forth in subsections (a) and (b) below.

(a) Notice. The Association shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the action which the Association proposes or intends to take unless the violation is corrected within a reasonable time after the date of the written notice, and (iii) a period of not less than thirty (30) calendar days within which the alleged violator may present a written request for a hearing. If a timely request for a hearing is not made within the thirty (30) day period, the Association may proceed with the action. If the violation is abated within the time period set forth in the written notice, the Association shall suspend the proposed action unless a similar violation occurs within six (6) months from the date of the written notice. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Owner.

(b) Hearing. If a hearing is requested within the allotted thirty (30) day period, the hearing shall be held before a committee appointed by the Board consisting of three (3) persons, all of whom shall be Owners or residents of the Property or representatives of the Declarant. A representative of the Association shall be afforded a reasonable opportunity to make a statement describing the alleged violation and to present any evidence or witnesses to support its statement. The alleged violator shall also be afforded a reasonable opportunity to be heard and to present any evidence or witnesses on his or her behalf. At the conclusion of all statements and presentations, the committee may close the hearing and retire to discuss the evidence and to render a judgment as to whether, in fact, a violation has occurred. The committee shall notify the Association and the alleged violator in writing of its determination within five (5) days after the hearing. If the committee determines that a violation has occurred, the Association may pursue any and all remedies described in its original notice of the violation. The alleged violator shall have the opportunity to appeal the decision of the committee to the Board in accordance with Section 209.007 of the Texas Residential Property Owners Act, Texas Property Code, as it may be amended.

(c) Applicability. The notice and hearing procedures set forth in this Section shall not apply to any claim: (i) upon which the Board deems it necessary to obtain emergency injunctive relief; (ii) pertaining to the collection of assessments; or (iii) where the Association decides to exercise its right of self-help to cure the violation after written notice to the Owner and an opportunity to cure.

**ARTICLE XII**  
**AUTHORITY AND CONTROL BY DECLARANT**

Section 12.1 Declarant Rights. Notwithstanding anything herein to the contrary, during the Development Period, Declarant shall have the sole right, but not the obligation, in its sole discretion, at any time, effective as of the date hereof, to facilitate the development, construction and marketing of the Property, to direct the size, shape, and composition of the development including, but not limited to, the right to control, perform and/or conduct the following:

- (a) amend the Design Guidelines and the Community-Wide Standard, in whole or in part;
- (b) enforce the provisions of this Declaration;
- (c) review, determine and enforce the architectural control of the Lots; and
- (d) assign its rights and obligations under this Declaration to any entity at any time, in whole or in part.

Declarant's rights set forth above are absolute in its sole discretion and do not require the approval, consent, or joinder of (i) any Owner, (ii) the Association, (iii) the Board of Directors, or (iv) any committees or other parties which may be established with respect hereto. At such time as Declarant no longer owns a Lot within the Property, all of such rights of enforcement shall revert to the Board of Directors of the Association.

In the event any other provision in this Declaration is in contradiction to this Article XII, in whole or in part, this Article XII shall prevail.

Section 12.2 Easement to Inspect and Right to Correct. Declarant reserves for itself and others it may designate the right but not the obligation, to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the Property, including Lots, and a nonexclusive easement of access throughout the Property to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Lot shall be only after reasonable notice to the Owner and no entry into a residence or other structure on a Lot shall be permitted without the Owner's consent, which consent shall not unreasonably be withheld, conditioned, or delayed.

Section 12.3 Right to Develop. Declarant and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Property for the purpose

of making, constructing, and installing such improvements to the Property, as Declarant deems appropriate in its discretion.

**Section 12.4 Construction Activities.**

**All Owners, occupants, and users of Lots are hereby placed on notice that Declarant, Builders and/or their agents, contractors, subcontractors, licensees, and other designees, shall conduct development and construction activities within the Property and that such activities shall be conducted in phases and may cause disturbance and disruption which impact the use and enjoyment of a Lot.**

**By the acceptance of a deed or other conveyance or mortgage, leasehold, license, or other interest, and by using any portion of a Lot or the Property generally, the Owners and all occupants and users of Lots acknowledge, stipulate, and agree: (a) that such activities shall not be deemed nuisances, or noxious or offensive activities, under any applicable covenants or at law generally; (b) not to enter upon, or allow their children or other persons under their control or direction to enter upon, or allow their children or other persons under their control or direction to enter upon (regardless of whether such entry is a trespass or otherwise) any property within or in proximity to the Lot where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours); (c) that Declarant and all of its agents, contractors, subcontractors, licensees, and other designees, shall not be liable but, rather, shall be held harmless for any and all losses, damages (compensatory, consequential, punitive, or otherwise), injuries, or deaths arising from or relating to the aforesaid activities; (d) that any purchase or use of any portion of a Lot has been and will be made with full knowledge of the foregoing; and (e) this acknowledgment and agreement is a material inducement to Declarant to sell, convey, lease, and/or allow the use of Lots within the Property.**

**Section 12.5 Changes in Development Plan. Each Owner acknowledges that the Property is a planned community, the development of which is likely to extend over many years, and agrees that the Association shall not engage in, or use Association funds to support any protest, challenge, or other form of objection to (a) changes in uses or density of property within the Property, or (b) changes in the development plan of the Property.**

**Each Owner acknowledges and agrees that the present plans and themes for the Property's development may change and that it has not relied on any representation, warranty, or assurance by any person: (a) that any Lots, or other property or facilities will or will not be added, modified, or eliminated within the Property; or (b) as to the financial or other impact of such action on any Owner. Each Owner acknowledges and agrees that it is not entitled to rely upon and has not received or relied upon any representations, warranties, or guarantees whatsoever as to: (a) the design, construction, completion, development, use, benefits, or value of the Property; or (b) the**

number, types, sizes, prices, or designs of any residential structures or improvements built or to be built in any part of the Property.

Section 12.6 Dispute Resolution Involving Declarant.

(a) Right to Correct. Prior to the Association or any Member commencing any proceeding to which Declarant is a party, including but not limited to an alleged defect of any improvement, Declarant shall have the right to be heard by the Members, or the particular Member, and to access, inspect, correct the condition of, or redesign any portion of any improvement as to which a defect is alleged or otherwise correct the alleged dispute.

(b) Alternative Method for Resolving Disputes. Declarant, its officers, directors, employees and agents; the Association, its officers, directors and committee members; all persons subject to this Declaration; any Builder, its officers, directors, employees and agents; and any person not otherwise subject to this Declaration who agrees to submit to this Section 12.6 (each such entity being referred to as a "Bound Party") agree to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances or disputes described in Section 12.6 (c) (collectively, the "Claims") to the mandatory procedures set forth in Section 12.6 (d).

(c) Claims. Those Claims between any of the Bound Parties, regardless of how the same might have arisen, relating to the quality of design or construction of improvements within the Property including the Common Properties or based upon any statements, representations, promises, or warranties made by or on behalf of any Bound Party, shall be subject to the provisions of this Section 12.6.

(d) Mandatory Procedures.

(i) Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (the Claimant and Respondent referred to herein being individually, as a "Party", or, collectively, as the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

- (a) the nature of the Claim, including the persons involved and Respondent's role in the Claim;
- (b) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises;
- (c) the proposed remedy; and
- (d) the fact that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

(ii) Negotiations and Mediation.

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

(b) If the parties do not resolve the Claim within thirty (30) days after the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have two (2) days to submit the Claim to mediation under the auspices of the American Arbitration Association ("AAA") in accordance with the AAA's Commercial or Construction Industry Mediation Rules, as appropriate.

(c) If Claimant does not submit the Claim to mediation within such time, or does not appear for mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(d) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation, or within such other time as determined by the mediator or agreed to by the Parties, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation Notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator. If the Parties agree to a resolution of any Claim through negotiations or mediation in accordance with this Section and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate arbitration proceedings to enforce such agreement, without the need to again comply with the procedures set forth in this Section. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

(iii) Binding Arbitration.

(a) Upon Termination of Mediation, Claimant shall thereafter be entitled to initial final, binding arbitration of the Claim under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Arbitration Rules, as appropriate. Such Claims shall not be decided by or in a court of law. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. If the claimed amount exceeds \$250,000, the dispute shall be heard and determined by three (3) arbitrators. Otherwise, unless mutually agreed to by the Parties, there shall be one (1) arbitrator. Arbitrators shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.

(b) Each Party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees or arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the non-contesting Party shall be awarded reasonable attorneys' fees and expenses incurred in defending such contest. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator(s).

(c) The award of the arbitrator(s) shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties.

**ARTICLE XIII**  
**OBLIGATIONS OF BOARD OF DIRECTORS**

Section 13.1 Obligations of Board of Directors. Notwithstanding anything herein to the contrary, and so long as Declarant is acting on behalf of the Board of Directors as further described in Section 13.2 below, the sole responsibility and obligation of the Board of Directors shall be to maintain the corporation books of the Association and maintain the Association in good corporate standing with Secretary of State of the State of Texas and in good standing with the Office of the Comptroller of Public Accounts of the State of Texas.

Section 13.2 Liability for Association Operations. The Association shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless Declarant (including its successors, and assigns) from and against any and all losses, claims, demands, damages, costs, and expenses

of whatever kind or nature (including, without limitation, reasonable attorneys' fees and costs at all tribunal levels and whether or not suit is instituted, including those incurred in establishing the right to be indemnified, defended, and held harmless pursuant hereto), which relate to or arise out of Association management and operations, including, without limitation, improvement, maintenance, and operation of amenities and other portions of the Common Properties and the collection of assessments.

**Section 13.3 No Liability for Third Party Acts.**

**OWNERS AND OCCUPANTS OF LOTS, AND THEIR RESPECTIVE GUESTS AND INVITEES, ARE RESPONSIBLE FOR THEIR OWN PERSONAL SAFETY AND FOR THEIR PROPERTY WITHIN THE PROPERTY. THE ASSOCIATION MAY BUT IS NOT OBLIGATED TO MAINTAIN OR SUPPORT CERTAIN ACTIVITIES WITHIN THE PROPERTY WHICH PROMOTE OR ENHANCE SAFETY OR SECURITY WITHIN THE PROPERTY. HOWEVER, THE ASSOCIATION, AND DECLARANT SHALL NOT IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SAFETY OR SECURITY WITHIN THE PROPERTY, NOR SHALL THEY 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 FIRE PROTECTION, BURGLAR ALARM, OR OTHER SECURITY MONITORING SYSTEMS, OR ANY MECHANISM OR SYSTEM FOR LIMITING ACCESS TO THE PROPERTY, CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR 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 ITS TENANTS AND ALL OCCUPANTS OF ITS LOT THAT THE ASSOCIATION, THE BOARD AND ITS COMMITTEES, AND DECLARANT ARE NOT INSURERS OR GUARANTORS OF SECURITY OR SAFETY AND THAT EACH PERSON WITHIN THE PROPERTY ASSUMES ALL RISKS OF PERSONAL INJURY AND LOSS OR DAMAGE TO PROPERTY, INCLUDING LOTS AND THE CONTENTS OF LOTS, RESULTING FROM ACTS OF THIRD PARTIES.**

**ARTICLE XIV  
GENERAL PROVISIONS**

**Section 14.1 Mortgages. It is expressly provided that the breach of any of the conditions contained herein shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value, as to the same premises or any part thereof encumbered by such mortgage or deed of trust, but said conditions shall be binding thereto as to Lots acquired by foreclosure, trustee's sale or otherwise, as to any breach occurring after such acquisition of title.**

Section 14.2 Term. This Declaration shall be enforceable by Declarant, the Association, any aggrieved Owner, and their respective legal representatives, heirs, successors, and assigns until December 31, 2050, after which time this Declaration shall extend automatically for successive 10-year periods unless terminated in accordance with Section 7.2 herein.

Section 14.3 Severability. If any provision herein contained shall be invalid, which invalidity shall not be presumed until the same is determined by the final (*i.e.*, non-appealable) judgment or order of a court of competent jurisdiction, such invalidity shall in no way affect any other provision hereof, each of which shall remain in full force and effect.

Section 14.4 Binding Effect. This Declaration is for the mutual benefit of, and shall be binding upon, each and every person acquiring any part of the Property, it being understood that the covenants, conditions, restrictions, easements, and other provisions contained in this Declaration are not for the benefit of the owner of any land except that which is a part of the Property. This Declaration, when executed, shall be filed of record in the Official Public Records of the County, so that each and every Owner or purchaser of any portion of the Property is on notice of the covenants, conditions, restrictions, easements, and other provisions herein contained.

Section 14.5 Notices. Any notices or correspondence to an Owner shall be addressed to the street address of the Lot or to such other address as is specified by any such Owner in writing to the Association. The burden shall be on the Owner to prove that such written notification was duly given and delivered to the Association as provided below. Any notices or correspondence to the Association shall be addressed to the registered office of the Association as shown by the records of the Secretary of State for the State of Texas or to such other address as is specified by the Association in writing to the Owners.

Except as this Declaration or the Bylaws otherwise provide, all notices, demands, bills, statements, or other communications under this Declaration or the Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or by private carrier; if sent by United States mail; or, if the intended recipient has given its prior written authorization to use such method of delivery, by facsimile or electronic mail with written confirmation of transmission.

Notices sent in accordance with this Declaration shall be deemed to have been duly given and effective:

- (i) sent by United States mail, when deposited with the U.S. Postal Service, correctly addressed, with first class postage prepaid;
- (ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; or
- (iii) if sent by facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation.

Section 14.6 Transfer Under Deed of Trust. Upon any transfer of Declarant's interest in and to the Property, or any part thereof, under the terms of any deed of trust lien upon the Property, whether voluntary or involuntary, by foreclosure, deed in lieu of foreclosure or otherwise, all rights, title and interests of Declarant under this Declaration, shall be transferred to and devolve upon the party to whom the Property or any part thereof, is thereby conveyed.

Section 14.7 Notice of Transfer. If at any time a Lot is sold, the new Owner shall have the sole obligation to promptly notify the Association of the name and address of the new Owner and shall be responsible for any cost, charge or expense added to the account of such Owner which may have otherwise been avoided if the above information was promptly delivered to the Association.

Section 14.8 No Liability for Trespass. Whenever the Association, the Board of Directors or Declarant exercises any right hereunder and in connection therewith enters upon any Lot, such parties shall not be liable for trespass upon such Lot.

Section 14.9 Lien Priority. Notwithstanding any other provision of the Declaration, the lien to secure the payment of assessments and any other lien which the Association may have on any Lot pursuant to the Declaration for (a) assessments or other charges becoming payable on or after the date of recordation of the first mortgage or deed of trust on any Lot, or (b) any fees, late charges, fines or interest that may be levied by the Association in connection with unpaid assessments, shall be subordinate to the lien or equivalent security interest of any legitimate third-party first lien mortgage or deed of trust on any Lot, if any. Any foreclosure of any such superior lien under the power of sale of any mortgage, deed of trust or other security instrument, or through court proceedings in which the Association has been made a party, shall extinguish the liens securing maintenance charges or assessments which became due and payable prior to such foreclosure date, but no such foreclosure shall free any Lot from the liens securing assessments thereafter becoming due and payable, nor shall the liability of any Owner personally obligated to pay maintenance charges or assessments which become due prior to such foreclosure be extinguished by any foreclosure, nor shall the lien for future assessments or charges be affected in any manner. Any such maintenance charges or assessments which are extinguished pursuant to the foregoing provision shall be reallocated and assessed to all Lots as a common expense.

Section 14.10 Use of Common Properties.

EACH OWNER, BY ACCEPTANCE OF A DEED TO ANY PORTION OF THE PROPERTY MADE SUBJECT TO THIS DECLARATION, ACKNOWLEDGES THAT THE USE OF ANY PORTION OF THE COMMON PROPERTIES INVOLVES RISK OF PERSONAL INJURY OR DAMAGE TO PROPERTY.

Each Owner acknowledges, understands, and covenants to inform his or her family members, and tenants and other occupants of Owner's property that Declarant, the Association, the Board and any committees, and Builders constructing homes and other improvements within the Property are not insurers of personal safety. EACH PERSON USING ANY PORTION OF THE COMMON PROPERTIES ASSUMES ALL RISKS OF PERSONAL INJURY, DEATH,

AND LOSS OR DAMAGE TO PROPERTY, RESULTING FROM THE USE OF ANY PORTION OF THE COMMON PROPERTIES. Each Owner agrees that Declarant, the Association, the Board and committees, and Builders within the community shall not be liable to any person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury or death, destruction of property, trespass, loss of enjoyment, or any other wrong or entitlement to remedy based upon, due to, arising from, or otherwise relating to the use of any portion of the Common Properties, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, the Association, or any Builder within the community. THE FOREGOING RELEASE IS INTENDED TO RELEASE THE SPECIFIED PARTIES FROM LIABILITY FOR THEIR OWN NEGLIGENCE.

EACH OWNER ACKNOWLEDGES AND AGREES THAT THE ABOVE RELEASE FROM LIABILITY IS CONSIDERATION FOR, AND A CONDITION TO, THE USE OF THE COMMON PROPERTIES WITHIN THE PROPERTY AND THAT THIS ACKNOWLEDGMENT AND AGREEMENT IS A MATERIAL INDUCEMENT TO DECLARANT AND BUILDERS TO SELL, CONVEY, LEASE, AND/OR ALLOW THE USE OF LOTS WITHIN THE PROPERTY.

Section 14.11 Construction of Declaration and All Association Documents. The provisions of this Declaration and all other documents of the Association shall be liberally construed to give effect to its intended purpose. All doubts regarding the meaning, significance or effect of a provision in this Declaration or other documents of the Association, shall be resolved in favor of the operation of the Association and its enforcement of the Declaration.

Section 14.12 Release in Favor of the City. On behalf of the Association, the Owners, the Declarant, and each of their heirs, representatives, executors, administrators, devisees, personal representatives, successors or assigns, as the case may be, the City is hereby released from, and under no circumstances shall have any liability for, the maintenance of the Common Properties, the condition of the Common Properties, or any damages, injuries (including death), or other liability whatsoever resulting from the Common Properties.

#### **ARTICLE XV** **EXPANSION OF THE PROPERTY**

Section 15.1 Expansion of the Property. Declarant, in its sole discretion and without the approval of any other party, may from time to time subject this Declaration to additional real property by recording in the Official Public Records of the County, a Supplemental Declaration describing the additional real property to be subjected to this Declaration. Any such Supplemental Declaration executed by Declarant and the owner of such additional property, if other than Declarant, and filed of record in the Official Public Records of the County shall not require the consent or approval of any other Owner or other person in order to be fully enforceable and effective to cause such additional real property to be incorporated herein. Nothing in this Declaration shall be construed to require Declarant to subject additional real property to this Declaration.

Section 15.2 Additional Covenants and Easements. Declarant, in its sole discretion and without the approval of any other party, may from time to time subject any portion of the Property, whether now or hereafter a part of this Declaration, to additional covenants and easements, including, without limitation, covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through the assessments, as described herein. Such additional covenants and easements may be set forth in a Supplemental Declaration subjecting such property to this Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the Property, whether now or hereafter a part of this Declaration, in order to reflect the different character and intended use of such Property. Any such Supplemental Declaration which is executed by Declarant and filed of record in the Official Public Records of the County shall not require the consent or approval of any other Owner or other person in order to be fully enforceable and effective to cause such additional covenants and easements to be incorporated herein.

Section 15.3 Effect of Recording Supplemental Declaration. A Supplemental Declaration shall be effective upon the recording of same in the Official Public Records of the County unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration.

[SIGNATURE PAGE TO FOLLOW]

Unofficial

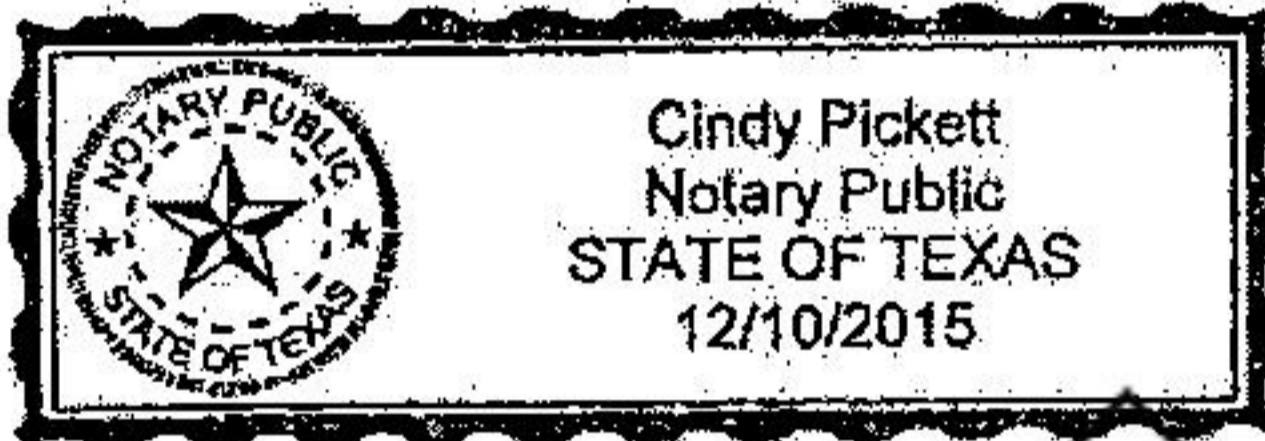
EXECUTED this 25 day of September, 2015.

DECLARANT:  
DFD Twin Hills, LP  
By: DFD KH LLC

By: Michelle Weber  
Michelle Weber, Executive Vice President

STATE OF TEXAS                   §  
  §  
COUNTY OF TARRANT         §

This instrument was acknowledged before me on this 25 day of September, 2015, by Michelle Weber, Executive Vice President of DFD KH LLC, a Texas limited liability company, and General Partner for DFD Twin Hills LP, a Texas limited partnership for the purposes and consideration therein expressed and in the capacities therein stated, on behalf of such limited partnership.



Cindy Pickett  
Notary Public, State of Texas

Unofficial Copy

EXHIBIT A

THE PROPERTY

Twin Hills, an addition to the City of Arlington, Tarrant County, Texas according to the Amended Plat thereof recorded as Document No. D215185192 of the Plat Records of Tarrant County, Texas.

Unofficial Copy





**EXHIBIT B**

Twin Hills HOA Inc.  
CERTIFICATE OF FORMATION

See attached -- 4 pages

Unofficial Copy

Corporations Section  
P.O.Box 13697  
Austin, Texas 78711-3697



Carlos H. Cascos  
Secretary of State

### Office of the Secretary of State

August 14, 2015

Attn: Zena Land Development LP  
Zena Land Development LP  
Cindy Pickett, 218 West Wall Street  
Grapevine, TX 76051 USA

RE: Twin Hills HOA, Inc.  
File Number: 802272161

It has been our pleasure to file the certificate of formation and issue the enclosed certificate of filing evidencing the existence of the newly created nonprofit corporation.

Nonprofit corporations do not automatically qualify for an exemption from federal and state taxes. Shortly, the Comptroller of Public Accounts will be contacting the corporation at its registered office for information that will assist the Comptroller in setting up the franchise tax account for the corporation. Information about franchise tax, and contact information for the Comptroller's office, is available on their web site at <http://window.state.tx.us/taxinfo/franchise/index.html>. For information on state tax exemption, including applications and publications, visit the Comptroller's Exempt Organizations web site at <http://window.state.tx.us/taxinfo/exempt/index.html>. Information on exemption from federal taxes is available from the Internal Revenue Service web site at [www.irs.gov](http://www.irs.gov).

Nonprofit corporations do not file annual reports with the Secretary of State, but do file a report not more often than once every four years as requested by the Secretary. It is important for the corporation to continuously maintain a registered agent and office in Texas as this is the address to which the Secretary of State will send a request to file a periodic report. Failure to maintain a registered agent or office in Texas, failure to file a change to the agent or office information, or failure to file a report when requested may result in the involuntary termination of the corporation. Additionally, a nonprofit corporation will file documents with the Secretary of State if the corporation needs to amend one of the provisions in its certificate of formation. If we can be of further service at any time, please let us know.

Sincerely,

Corporations Section  
Business & Public Filings Division  
(512) 463-5555  
Enclosure

Phone: (512) 463-5555  
Prepared by: Carol Covey

Come visit us on the internet at <http://www.sos.state.tx.us/>  
Fax: (512) 463-5709  
TID: 10286

Dial: 7-1-1 for Relay Services  
Document: 622951840002

Corporations Section  
P.O.Box 13697  
Austin, Texas 78711-3697



Carlos H. Cascos  
Secretary of State

**Office of the Secretary of State**

**CERTIFICATE OF FILING  
OF**

Twin Hills HOA, Inc.  
File Number: 802272161

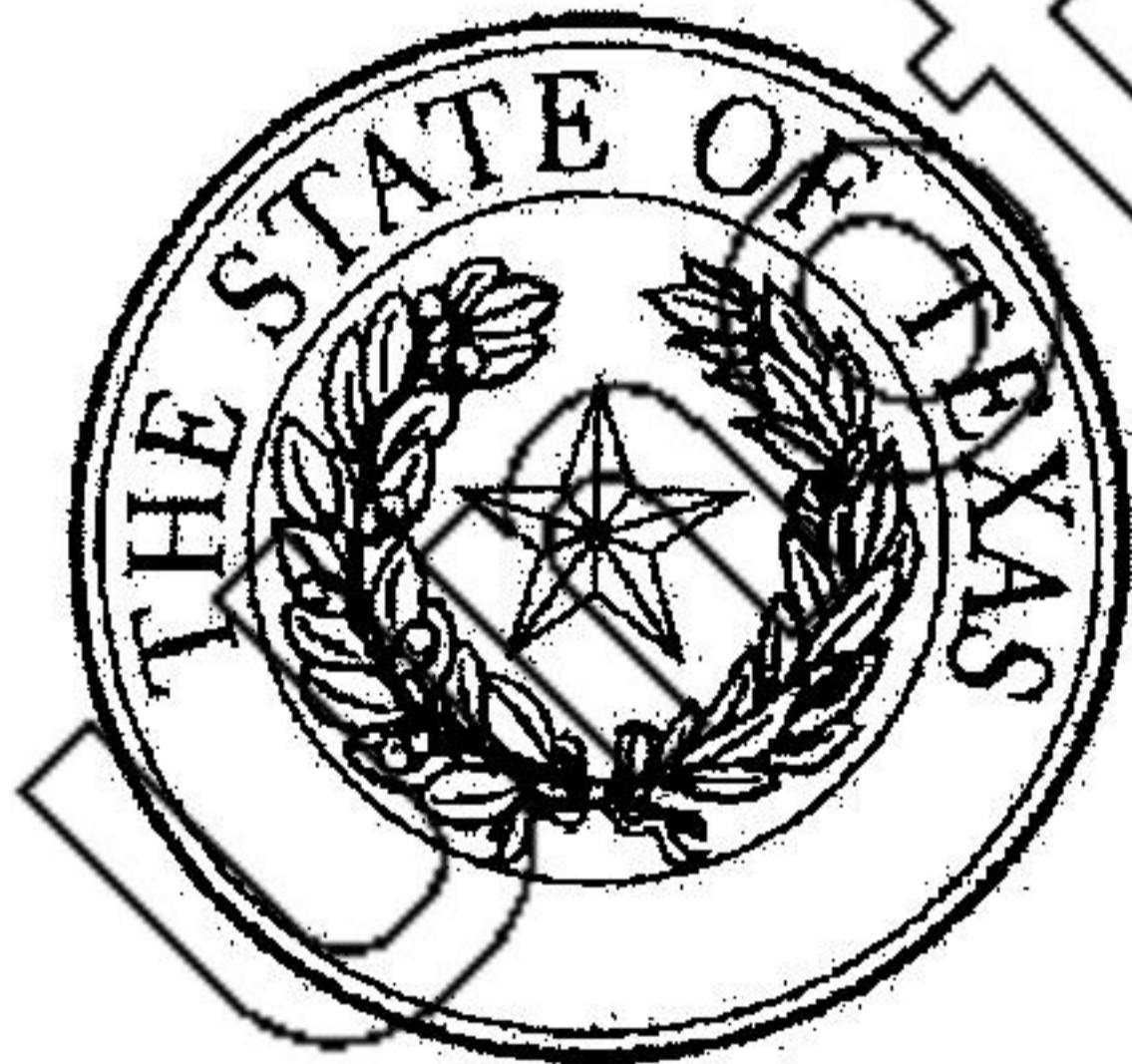
The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Nonprofit Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.


Dated: 08/13/2015

Effective: 08/13/2015



Official Copy

Carlos H. Cascos  
Secretary of State

<b>Form 202</b> Secretary of State P.O. Box 13697 Austin, TX 78711-3697 FAX: 512/463-5709 Filing Fee: \$25	 <b>Certificate of Formation          Nonprofit Corporation</b>	Filed in the Office of the Secretary of State of Texas Filing #: 802272161 08/13/2015 Document #: 622951840002 Image Generated Electronically for Web Filing
<b>Article 1 - Corporate Name</b>		
The filing entity formed is a nonprofit corporation. The name of the entity is : <b>Twin Hills HOA, Inc.</b>		
<b>Article 2 - Registered Agent and Registered Office</b>		
<input type="checkbox"/> A. The initial registered agent is an organization (cannot be corporation named above) by the name of:		
OR		
<input checked="" type="checkbox"/> B. The initial registered agent is an individual resident of the state whose name is set forth below: Name: <b>C Pat DiFonzo</b>		
<input type="checkbox"/> C. The business address of the registered agent and the registered office address is: Street Address: <b>218 West Wall Street Grapevine TX 76051</b>		
<b>Consent of Registered Agent</b>		
<input type="checkbox"/> A. A copy of the consent of registered agent is attached.		
OR		
<input checked="" type="checkbox"/> B. The consent of the registered agent is maintained by the entity.		
<b>Article 3 - Management</b>		
<input type="checkbox"/> A. Management of the affairs of the corporation is to be vested solely in the members of the corporation.		
OR		
<input checked="" type="checkbox"/> B. Management of the affairs of the corporation is to be vested in its board of directors. The number of directors, which must be a minimum of three, that constitutes the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting or until their successors are elected and qualified are set forth below.		
Director 1: <b>Michelle Weber</b>	Title: <b>Director</b>	
Address: <b>218 West Wall Street Grapevine TX, USA 76051</b>		
Director 2: <b>Cindy Pickett</b>	Title: <b>Director</b>	
Address: <b>218 West Wall Street Grapevine TX, USA 76051</b>		
Director 3: <b>Robert Betancur</b>	Title: <b>Director</b>	
Address: <b>218 West Wall Street Grapevine TX, USA 76051</b>		
<b>Article 4 - Organization Structure</b>		
<input checked="" type="checkbox"/> A. The corporation will have members.		
or		
<input type="checkbox"/> B. The corporation will not have members.		
<b>Article 5 - Purpose</b>		
The corporation is organized for the following purpose or purposes: <b>Twin Hills HOA Inc., (the Association) is organized and shall be operated exclusively as a homeowners association within the meaning of Section 528 of the Internal Revenue Code of 1986, as amended, or the corresponding provision or</b>		

provisions of any subsequent United States Internal Revenue law or laws (the "IRC"). The specific and primary purposes for which it is formed are (a) to maintain the common areas of the Association; and (b) to the extent permitted by applicable law, to have the power to provide architectural control and enforce compliance with the covenants, conditions and restrictions to be recorded in the Official Public Records of Tarrant County, Texas, as amended, supplemented or restated, covering the property described therein.

**Supplemental Provisions / Information**

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

**Effectiveness of Filing**

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

OR

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

**Organizer**

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

**Michelle Weber**      **218 West Wall Street, Grapevine TX 76051**

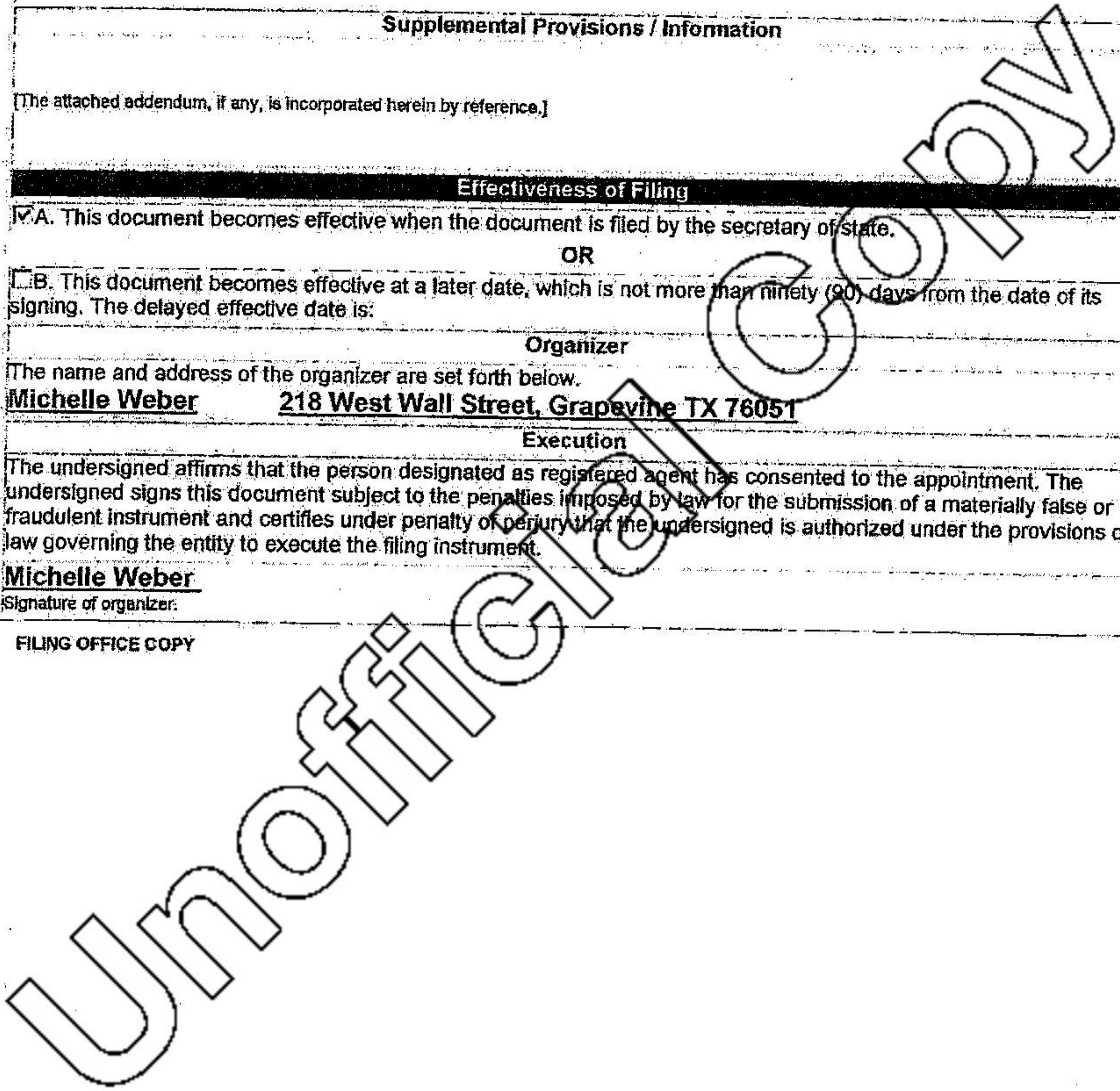
**Execution**

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

**Michelle Weber**

Signature of organizer:

FILING OFFICE COPY



**EXHIBIT C**

**TWIN HILLS HOA, INC.  
BYLAWS**

See attached – 17 Pages

Unofficial Copy

Unofficial Copy

**BYLAWS  
OF  
TWIN HILLS HOA, INC.**

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**BYLAWS OF  
TWIN HILLS HOA, INC.  
(A Texas Non-Profit Corporation)**

**ARTICLE I  
DEFINITIONS**

**Section 1.01. Definitions.** All terms used herein, such as (but not by way of limitation) "Owner", "Lot", "Common Properties", "Declarant", "Development Period" and "Assessments" shall have the same meanings as set forth in that certain Declaration of Covenants, Conditions and Restrictions for Twin Hills to be filed with the Office of the Tarrant County Clerk, including any amendments thereof or supplements thereto.

**ARTICLE II  
NAME**

**Section 2.01. Name.** The name of this corporation shall be Twin Hills HOA, Inc. (hereinafter called the "Association").

**ARTICLE III  
OFFICES OF THE ASSOCIATION**

**Section 3.01. Principal Office.** The initial principal office of the Association shall be located in Tarrant County, Texas, but meetings of Members and Directors may be held at such place within the State of Texas as may be designated by the Board of Directors.

**ARTICLE IV  
ASSOCIATION RESPONSIBILITIES  
AND MEETINGS OF MEMBERS**

**Section 4.01. Association Responsibilities.** The Members will constitute the Association, and the Association, by and through its Board of Directors, shall be responsible for administering and enforcing the covenants, conditions and restrictions contained in the Declaration, including the collection and disbursement of charges and assessments as provided therein. In the event of any dispute or disagreement between any Members relating to the Property, any questions of interpretation or application of the provisions of the Declaration, Certificate of Formation or these Bylaws, such dispute or disagreement shall be submitted to the Board of Directors of the Association. The resolution of such dispute or disagreement by the Board of Directors shall be binding on each and all such Members, subject to the right of Members to seek other remedies provided by law after such determination by such Board of Directors.

**Section 4.02. Place of Meeting.** Meetings of the Association shall be held at such suitable place, reasonably convenient to the Members, within the State of Texas, County of Tarrant, as the Board of Directors may determine.

**Section 4.03. Annual Meetings.** The first meeting of the Association shall be held as determined by the initial Board of Directors after the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held as determined by the Board of Directors. At such annual meetings after the expiration of the Development Period, there shall be elected a Board of Directors by ballot of the Members in accordance with the requirements of Article V of these Bylaws. The Members may also transact such other business of the Association as may properly come before them at such meeting. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following such day which is not a legal holiday.

**Section 4.04. Special Meetings.** It shall be the duty of the President of the Association to call a special meeting of the Members as directed by resolution of the Board of Directors or upon receipt of a written request from Members entitled to vote at least one-third (1/3) of all of the votes of either class of membership. No business except as stated in the notice shall be transacted at a special meeting of the Members. Notwithstanding the above, any special meetings shall be held within forty-five (45) days after receipt by the President of such request or petition.

**Section 4.05. Notice of Meetings.** Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered by the Association not less than ten (10) nor more than forty-five (45) days before the date of the meeting, either personally, by electronic mail, facsimile or by mail, to each Member entitled to vote at such meeting according to the records of the Association. If sent via electronic mail or facsimile, such notice shall be deemed delivered when the notice is sent by electronic mail or facsimile to the electronic mail address or facsimile number provided by the Member to the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address according to the records of the Association, with postage thereon prepaid. Business transacted at any special meeting shall be confined to the purposes stated in the notice or waiver thereof.

**Section 4.06. Quorum.** The presence of holders of ten percent (10%) of the votes of the Association, represented in person or by proxy, shall constitute a quorum for any meeting of Members except as otherwise provided in the Certificate of Formation, the Declaration or the Bylaws. If however, such quorum shall not be present or represented at any meeting of the Members, the Members present, or represented by proxy, shall have the power to adjourn the meeting from time to time, subject to the above notice requirements. The Association may call as many subsequent meetings as may be required to achieve a quorum. At such adjourned or subsequent meeting at which a quorum shall be present or represented, any business may be transacted which may have been transacted at the meeting as originally notified.

**Section 4.07. Proxies, Absentee Ballots and Electronic Ballots.** At all meetings of Members, each Member may vote in person, by proxy, absentee ballot or electronic ballot in accordance with applicable law. Any vote cast in an Association election or vote by a Member

must be in writing and signed by the Member voting. An electronic ballot shall be considered a written and signed ballot for purposes of this Section. An electronic ballot may be given by electronic mail, facsimile transmission or posting on an internet website established for the purpose of registering the votes of Members. All proxies shall be in writing and shall be filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease at such time as any meeting of the Members has been completed in accordance with the quorum requirements set forth herein.

**Section 4.08. Voting by Association and Members.** The Association shall not be a voting member of the Association by virtue of its ownership of any Common Properties. Each Member may vote the number of votes set forth in the Declaration.

**Section 4.09. Membership List.** The officer or agent having charge of the membership books shall make a complete list of the Members entitled to vote at each such meeting or any adjournment thereof arranged in alphabetical order, with the address of each Member, which list shall be kept on file at the principal office of the Association, and shall be subject to inspection by any Member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any Member during the whole time of the meeting. The Association membership list shall be prima facie evidence as to who are the Members entitled to examine such list or to vote at any such meeting of Members.

**Section 4.10. Tabulation of Votes.** Any person who tabulates ballots in an Association election or vote may not disclose how a Member or individual voted. A person who is a candidate or otherwise the subject of an Association vote, or a person related to that person within the third degree of affinity or consanguinity, may not tabulate or otherwise be given access to the ballots cast in an election or vote.

**Section 4.11. Recounts.** Any Member may, not later than the 15<sup>th</sup> day after the date of the meeting at which the election was held, require a recount of the votes. A demand for a recount must be submitted in writing either:

- (1) by certified mail, return receipt requested, or by delivery by the United States Postal Service with signature confirmation service to the Association's mailing address as reflected on the latest management certificate filed under Section 209.004 of the Texas Property Code; or
- (2) in person to the Association's managing agent as reflected on the latest management certificate filed under Section 209.004 Texas Property Code or to the address to which absentee and proxy ballots are mailed.

The Association shall, at the expense of the Member requesting the recount, retain for the purpose of performing the recount, the services of a person qualified to conduct a recount. The Association shall enter into a contract for the services of a person who:

(1) is not a Member of the Association or related to a Member of the Association Board within the third degree by consanguinity or affinity, and is either:

- (A) a current or former:
  - (i) county judge;
  - (ii) county elections administrator;
  - (iii) justice of the peace; or
  - (iv) county voter registrar;

OR

(B) a person agreed on by the Association and the Member requesting the recount.

Any recount must be performed on or before the 30th day after the date of receipt of a request and payment for a recount. If the recount changes the results of the election, the Association shall reimburse the requesting Member for the cost of the recount. The Association shall provide the results of the recount to each Member who requested the recount. Any action taken by the Board in the period between the initial election vote tally and the completion of the recount is not affected by any recount.

#### **ARTICLE V BOARD OF DIRECTORS**

**Section 5.01. Number and Qualification.** The affairs of the Association shall be governed by a Board of Directors consisting, initially, of the three (3) persons set forth in the Association's Certificate of Formation. Except as otherwise provided for by law, during the Development Period, Declarant shall have the sole right to appoint the Board of Directors of the Association. At the first annual meeting of the Members after the expiration of the Development Period, there shall be elected by the Members at least three (3) and no more than five (5) directors to the Board of Directors who shall thereafter govern the affairs of the Association until their successors have been duly elected and qualified. The number of individuals to sit on the Board of Directors may be increased over five (5) by amendment of these Bylaws.

**Section 5.02. Powers and Duties.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property and the Common Properties in keeping with the character and quality of the area in which it is located. The business and affairs of the Association shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Association and do all such lawful acts and things as are not by statute, the Certificate of Formation, these Bylaws or the Declaration, directed or required to be exercised or done by the Members. The Board of Directors may, by adoption of such action in accordance with this Article V, delegate specific Association Management responsibilities to an authorized person or entity; provided, however, such delegation shall not relieve or release the Board of Directors of any duty to oversee, manage or direct the business and affairs of the Association. The Board of Directors shall be specifically authorized to promulgate and amend, from time to time, a policy setting forth

procedures by which violation fines are to be levied for violations of the Declaration, any Design Guideline or Architectural Standard Bulletin, rule or regulation of the Association.

**Section 5.03. No Waiver of Rights.** The omission or failure of the Association or any Member to enforce the covenants, conditions, restrictions, easements, uses, liens, limitations, obligations or other provisions of the Declaration, these Bylaws or the rules and regulations adopted pursuant thereto or hereto, shall not, in any event, constitute or be deemed a waiver, modification or release thereof, and the Board of Directors shall have the right to enforce the same at any time thereafter.

**Section 5.04. Election and Term of Office.** After the expiration of the Development Period, the term of office for at least two (2) Directors shall be fixed at two (2) years and the term of office for the remaining Directors shall be fixed at one (1) year. Thereafter, the term of office for each Director shall be fixed at two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting, except as is otherwise provided herein. The terms of Directors may be changed by amendment of these Bylaws.

**Section 5.05. Vacancies.** Vacancies in the Board of Directors after the Development Period caused by death, resignation or disqualification (i.e., by any reason other than the removal of a Director by a vote of the Association as set forth in Section 5.06 hereof) shall be filled by the unanimous vote of the remaining Directors, and each person so elected shall be a Director until the expiration of that term. If the remaining Directors cannot unanimously agree, a special meeting of the Members shall be held to fill the vacancy. Vacancies caused by an increase in the Board of Directors shall be filled by a vote of the Members at a special or annual meeting of the Members. Vacancies in the Board of Directors caused by a removal of a Director by a vote of the Association shall be filled in the manner set forth in Section 5.06 hereof.

**Section 5.06. Removal of Directors.** At any annual or special meeting of the Association duly called, any one or more of the Directors elected by the Class A Members may be removed with or without cause by the affirmative vote of a majority of Members entitled to vote who are present at a duly convened meeting, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

**Section 5.07. Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one (1) such meeting shall be held every six months. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone, electronic mail or facsimile, at least 72 hours prior to the day named for such meeting.

**Section 5.08. Special Meetings.** Special meetings of the Board of Directors may be called by the President upon five (5) days notice to each Director, given personally or by mail, telephone, electronic mail or facsimile, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President, Secretary or Assistant Secretary of the Association in like manner and on like notice on the written request of one (1) or more Directors.

**Section 5.09. Meeting by Telephonic or Other Electronic Means.** Members of the Board of Directors may participate in a meeting by means of telephone or video conference or similar electronic communications equipment, including electronic mail, whereby all persons participating in the meeting can hear each other or see what each other is saying or writing, and participation in a meeting pursuant to this Section 5.09 shall constitute presence in person at the meeting.

**Section 5.10. Waiver of Notice.** Before or after any meeting of the Board of Directors, any Director may, in writing including electronic mail, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him or her of the time and place thereof. Except as otherwise provided by law, if all of the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

**Section 5.11. Board of Directors' Quorum.** At all meetings of the Board of Directors, a majority of the Directors in office shall constitute a quorum for the transaction of business, and the act of the majority of the Directors shall be the act of the Board of Directors. Directors present by proxy may not be counted toward a quorum. If at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

**Section 5.12. Compensation.** No member of the Board of Directors shall receive any compensation for acting as such.

**Section 5.13. Action Taken Without a Meeting.** The Directors shall have the right to take any action in the absence of a meeting which they could take at any meeting by obtaining the written approval by a majority of the Directors. Such action may be evidenced by electronic mail sent by any Director. Any action so approved shall have the same effect as though taken at a meeting of the Directors. Prompt notice of the taking of any action by the Board of Directors having a meeting by less than unanimous written consent shall be given to those members, directors or committee members who did not consent in writing to the action.

**Section 5.14. Election of Directors.** Following the expiration of the Development Period, the appropriate number of members of the Board of Directors shall be elected by plurality vote at the annual meeting of Members of the Association, which Members of the Association shall vote the number of votes set forth in the Declaration.

## **ARTICLE VI**

### **OFFICERS**

**Section 6.01. Designation.** The officers of the Association shall be a President, one (1) or more Vice-Presidents, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors, and such assistant officers as the Board of Directors shall, from time to time, appoint.

Such officers need not be members of the Board of Directors. The office of President and Treasurer may be held by the same person, and the office of Vice-President and Secretary or Assistant Secretary may be held by the same person.

**Section 6.02. Election of Officers and Term of Office.** The officers of the Association shall be elected annually by the Board of Directors at the next meeting of the Board of Directors, which follows the Annual Meeting of the Members, and such new officers shall hold office for a term of one (1) year.

**Section 6.03. Resignation and Removal of Officers.** Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor appointed at any regular or special meeting of the Board of Directors called for such purpose. An officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date such notice is received, or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 6.04. Vacancies.** A vacancy in any office due to the death, resignation, removal or other disqualification of the officer previously filling such office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

**Section 6.05. President.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association, or as may be established by the Board of Directors or by the Members of the Association at any annual or special meetings.

**Section 6.06. Vice-President.** The Vice-President shall have all the powers and authority and perform all the functions and duties of the President in the absence of the President or his inability for any reason to exercise such powers and functions or perform such duties, and shall also perform any duties he is directed to perform by the President.

**Section 6.07. Secretary.** (a) The Secretary shall keep all of the minutes of the meetings of the Board of Directors and the Association. The Secretary shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all the duties incident to the office of Secretary as provided in the Declaration, Bylaws and Certificate of Formation.

(b) The Secretary shall compile and keep up to date at the principal office of the Association a complete list of the Members and their last known addresses as shown on the records of the Association. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

## 2.7 Exterior Lighting

The builder/owner may install and maintain lighting on individual lots in a manner so as to not cause distraction, nuisance, or be unsightly.

Ground lighting or decorative light fixtures are acceptable. Decorative fixtures must be of high quality materials and workmanship, and be in scale with the residence.

Freestanding decorative fixtures are acceptable with ACC approval. Mercury vapor lights, when used for special landscape lighting affect (hung in trees as up or down lights), are permissible only with prior approval from the ACC.

Incandescent, low voltage incandescent, metal halide, quartz, and natural gas lights are acceptable.

Spotlights are to be directed to avoid light spill onto any adjacent property.

## 2.8 Roof Top Antennae & Satellite Dishes

The roof, as a design element, should be kept as visually unobstructed as possible.

No roof top antennae will be permitted on the outside of a residence. All antennae must be concealed within the attic or otherwise completely concealed.

All satellite dishes in excess of one (1) meter in size shall be located in a fenced back yard with no part of the dish visible above the top of the fence. To the extent that reception of an acceptable signal would not be impaired or the cost of installation would not be unreasonably increased, all satellite dishes less than one (1) meter in size may only be installed in a side or rear yard location, not visible from the street or neighboring property and integrated with the dwelling and surrounding landscape.

## 2.9 Roof Protrusions

Vent stacks and other necessary roof protrusions, where possible, should be located to be away from view from the adjacent street. All vent stacks and flashing are to be painted to match color of shingles. Shingles are to be overlapped at valleys so that no valley flashing is exposed.

## 2.10 Roof Gutters & Downspouts

Gutters and downspouts are required on the front elevation of the home unless otherwise required by the City and the County.

Downspouts are to be located to provide a clean, unobtrusive appearance, terminated by either splash blocks or drained underground to appropriate termination, and should be integrated with the architectural design of the residence in color, shape and location.