Denton County
Juli Luke
County Clerk

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DECLARATION

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STATE OF TEXAS
COUNTY OF DENTON

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

Juli Luke
County Clerk
Denton County, TX

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

SPIRITAS RANCH

DENTON COUNTY, TEXAS

Return after recording
Essex Association Management, LP
1512 Crescent Drive, Suite 112
Carrollton, TX 75006

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SPIRITAS RANCH

THE STATE OF TEXAS §
§ **KNOW ALL PERSONS BY THESE PRESENTS:**
COUNTY OF DENTON §

This Declaration of Covenants, Conditions & Restrictions for Spiritas Ranch (this "Declaration") is made by MM LITTLE ELM 548, LLC, a Texas limited liability company ("Declarant"), on the date signed below. Declarant owns the real property described in Appendix A of this Declaration, together with the improvements thereon (the "Property").

Declarant desires to establish a general plan of development for the planned community developed within the Property to be known as "Spiritas Ranch" (the "Subdivision") to be governed by the Association (as hereinafter defined). Declarant also desires to provide a reasonable and flexible procedure by which Declarant may expand the Property to include additional real property, and to maintain certain development rights that are essential for the successful completion and marketing of the Property.

Declarant further desires to provide for the preservation, administration, and maintenance of portions of Subdivision, and to protect the value, desirability, and attractiveness of the Property therein. As an integral part of the development plan, Declarant deems it advisable to create the Association to perform these functions and activities more fully described in this Declaration and the other Documents described below.

Declarant DECLARES that the Property, and any additional property made subject to this Declaration by recording one or more amendments of or supplements to this Declaration, will be owned, held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms, covenants, conditions, restrictions, and easements of this Declaration, including Declarant representations and reservations in the attached Appendix B which run with the real property and bind all parties having or acquiring any right, title, or interest in any part of the property, their heirs, successors, and assigns, and inure to the benefit of each Owner of any part of the Property.

ARTICLE 1
DEFINITIONS

The following words and phrases, whether or not capitalized, have specified meanings when used in the Documents, unless a different meaning is apparent from the context in which the word or phrase is used.

1.1. "Applicable Law" means the statutes and public laws and ordinances in effect at the time a provision of the Documents is applied, and pertaining to the subject matter of the Document provision, including, without limitation, any Applicable Zoning, the Developer's Agreement, and any requirements related to the creation or operation of the Mustang SUD, the PID and/or the TIRZ of which the Property is part. Statutes and ordinances specifically referenced

in the Documents are "Applicable Law" on the date of the Document, and are not intended to apply to the Property if they cease to be applicable by operation of law, or if they are replaced or superseded by one or more other statutes or ordinances.

1.2. "Applicable Zoning" means and refer to SF-4 Single-Family District Section 106-05-01 of the Town of Little Elm Zoning Ordinance and Section 106-06 of the Town of Little Elm Zoning Ordinance (each as modified by the Developer's Agreement), and any amendment thereto which may take place from time to time, together with any other zoning or land use ordinances of the City applicable to the Property.

1.3. "Architectural Reviewer" means the entity having jurisdiction over a particular application for architectural approval. During the Development Period, the Architectural Reviewer is Declarant, Declarant's designee, or Declarant's delegates. Thereafter, the Board or, if applicable, the Board-appointed architectural control committee ("ACC") is the Architectural Reviewer. The term ACC and Architectural Reviewer may be used interchangeably within this Declaration notwithstanding, the term shall carry with it the jurisdiction and all authority set forth in this Declaration regardless of the manner in which the term is presented.

1.4. "Assessment" means any charge levied against a Lot or Owner by the Association, pursuant to the Documents or laws of the State of Texas, including but not limited to Regular Assessments, Special Assessments, Insurance Assessments, Individual Assessments, and Deficiency Assessments, as defined in Article 9 of this Declaration.

1.5. "Association" means the association of Owners of all Lots and Residences in the Property, initially organized as Spiritas Ranch Homeowner's Association, Inc. (formerly known as Spiritas Ranch Homeowner's Association, Inc.), a Texas nonprofit corporation, and serving as the "homeowners' association". The failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association, which derives its authority from this Declaration and the Bylaws.

1.6. "Board" means the board of directors of the Association. During the Declarant Control Period, the Declarant shall maintain the sole right to appoint and remove directors of the Board as set forth in the Bylaws.

1.7. "Bylaws" means the Bylaws of the Association, which have been adopted by the Board and which are included in Appendix E attached hereto.

1.8. "City" means the Town of Little Elm, a Texas home rule municipality located in Denton County, Texas.

1.9. "Common Area" means portions of real property and improvements thereon that are owned and/or maintained by the Association, as described in Article 4 below and which may be referenced in Appendixes attached hereto. Notwithstanding anything to the contrary contained herein, in no event shall the Common Area include any portion of the Property to be maintained by the City or Mustang SUD, if applicable; provided, however, the City or Mustang SUD (as the case may be) may contract with the Association and provide related easements for the maintenance and/or operation by the Association of certain qualified improvements funded through the PID and/or PID Assessments (or Mustang SUD assessments, as the case may be) (the "HOA

Maintained PID Improvements"), in which event such HOA Maintained PID Improvements shall be included in the Common Areas for purposes of this Declaration.

1.10. "Community Standard" means the standard of conduct, maintenance, or other activity generally prevailing throughout the Subdivision and Property. Such standard is expected to evolve over time as development progresses and may be more specifically determined by the Declarant, the Board of Directors and the Architectural Reviewer; but at a minimum, shall be a standard representing a "first class level of quality." "First class level of quality" shall mean the quality standard for a majority of first class residential homeowner associations in the metropolitan market area in which the Property is located with comparable assessments and facilities, and taking into account the particular agricultural or other unique features of the Property in question.

1.11. "Declarant" means MM LITTLE ELM 548, LLC, a Texas limited liability company, which is developing the Property, or any party which acquires any portion of the Property for the purpose of development and which is designated a successor Declarant in accordance with Appendix B, Section B.6 hereof, or by any such successor and assign, in a recorded document.

1.12. "Declarant Control Period" means that period of time during which Declarant controls the operation and management of the Association, pursuant to Appendix B of this Declaration.

1.13. "Declaration" means this document, as it may be amended, modified and/or supplemented from time to time. In the event this Declaration contains a provision which is contrary to an applicable mandatory provision of the Texas Property Code, the Texas Property Code provision controls.

1.14. "Design Guidelines" means those certain initial design guidelines established for the Property by the Applicable Zoning, and any other design guidelines that may be established, modified and/or amended by majority written consent of the Architectural Reviewer from time to time. The initial Design Guidelines for the Subdivision are attached hereto as Appendix D.

1.15. "Developer's Agreement" shall mean and refer to that certain Spiritas Ranch Development Agreement dated to be effective February 2, 2021, by and between the City and Declarant, and recorded on February 5, 2021 under Instrument No. 22381 in the Real Property Records of Denton County, Texas, as may be modified, supplemented, or amended from time to time.

1.16. "Development Period" means a period commencing on the date of recordation of this Declaration in the County real property records, and ending on the date that is the earlier of (i) fifty (50) years after the date this Declaration is recorded, or (ii) the date on which Declarant records a written notice of termination of the Development Period in the County real property records, and during which Declarant has certain rights pursuant to Appendix B hereto. The Development Period is for a term of years and does not require that Declarant own land described in Appendix A. Declarant may terminate the Development Period at any time by recording a notice of termination in the County real property records.

1.17. "Documents" means, singly or collectively as the case may be, this Declaration, the Plat, the Bylaws of the Association, the Association's Certificate of Formation and the Rules of the Association, as any of these may be amended from time to time. An appendix, exhibit, schedule, or certification accompanying a Document is a part of that Document. All Documents are to be recorded in every county in which all or a portion of the Property is located. The Documents are Dedicatory Instruments as defined in Texas Property Code Section 202. Resolutions which may be established by the Board shall be binding documents upon the Association so long as they are duly recorded in the minutes of the meeting of the Board of Directors and shall not be required to be recorded. The Board shall cause all Resolutions to be recorded in the minutes of the meeting and/or they shall be posted to the Association's website, if applicable, for review and access by all Owners' of record. The Certificate of Formation, Organizational Consent and Bylaws of the Association, which are part of the Documents, are attached hereto as Appendix E.

1.18. "Lot" means a portion of the Property intended for independent ownership, on which there is or will be constructed a Residence, as shown on the Plat. As a defined term, "Lot" does not refer to Common Areas, or areas owned by the City and to be maintained by the City, even if platted and numbered as a Lot. Where the context indicates or requires, "Lot" includes all improvements thereon and any portion of a right-of-way that customarily is used exclusively by and in connection with the Lot. The Lots to be developed within the Subdivision include (i) minimum forty foot wide by one hundred fifteen foot deep (40' x 115') Lots (the "40' Lots"), (ii) minimum fifty foot wide by one hundred fifteen foot deep (50' x 115') Lots (the "50' Lots"), and (iii) minimum sixty foot wide by one hundred fifteen foot deep (60' x 115') Lots (the "60' Lots").

1.19. "Majority" means more than half. A reference to "*a Majority of Owners*" in any Document or Applicable Law means "*Owners of at least a Majority of the Lots*," unless a different meaning is specified.

1.20. "Member" means a member of the Association, each Member being an Owner of a Lot, unless the context indicates that member means a member of the Board or a member of a committee of the Association. In the context of votes and decision-making, each Lot has only one membership, although it may be shared by co-owners of a Lot.

1.21. "Mustang SUD" means and refer to the Mustang Special Utility District, of which the Property is part.

1.22. "Owner" means a holder of recorded fee simple title to a Lot. Declarant is the initial Owner of all Lots. Contract sellers and mortgagees who acquire title to a Lot through a deed in lieu of foreclosure or through judicial or nonjudicial foreclosure are "*Owners*." Persons or entities having ownership interests merely as security for the performance of an obligation are not "*Owners*." Every Owner is a Member of the Association and membership is mandatory. A reference in any Document or Applicable Law to a percentage or share of Owners or Members means Owners of at least that percentage or share of the Lots, unless a different meaning is specified.

1.23. "PID Assessment" means and refers to the assessments levied by the City on the Property pursuant to an assessment ordinance passed by the City to fund qualified improvements

(or bonds sold by the City to fund qualified improvements) of the Public Improvements District applicable to the Property.

1.24. "PID Homebuyer Disclosure and Homebuyer Education Program" means and refers to the disclosures and program set forth on Appendix "F" attached hereto required under the terms of the Spiritas Ranch Development Agreement by and between Declarant and the City and recorded on February 5, 2021 as Document No. 22381, of the Official Public Records, Denton county, Texas.

1.25. "PID Improvements" shall mean those areas of land, structures and improvements located within the Property which, if applicable, are specifically to be maintained by the City as part of obligations and duties of the PID; which maintenance may be contracted by the City to be performed by the Association as part of the HOA Maintained PID Improvements by separate agreement between the City and the Association.

1.26. "PID Restrictions" shall mean any covenants, conditions and restrictions contained in a Declaration of Covenants, Conditions and Restrictions in connection with the administration of the PID or similar agreement (the "PID Declaration") by Declarant, as "Landowners" under such PID Declaration, and as may be recorded in the Official Public Records of Denton County, Texas.

1.27. "Plat" means all plats, singly and collectively, recorded in the Real Property Records of Denton County, Texas, and pertaining to the real property described in Appendix A of this Declaration or any real property subsequently annexed into the Property in accordance with the terms of this Declaration (including, by Declarant pursuant to its rights under Appendix B hereof), including all dedications, limitations, restrictions, easements, notes, and reservations shown on the plat(s), as may be amended from time to time. The plat of the Subdivision was or shall be recorded in the Plat Records, Denton County, Texas.

1.28. "Property" means all the land subject to this Declaration and all improvements, easements, rights, and appurtenances to the land. The Property is a Subdivision known as the "Spiritas Ranch". The Property is located on land described in Appendix A to this Declaration, and includes every Lot and any Common Area thereon, and may include Annexed Land (as defined in Appendix B) annexed into the Property subject to this Declaration by supplemental declaration filed by Declarant in accordance with Appendix B.

1.29. "Public Improvement District" or "PID" means and refers to the Spiritas Ranch Public Improvement District now or hereafter created by the City pursuant to Chapter 372, Texas Local Government Code, as amended now or hereafter from time to time, pursuant to Resolution No. 0202202101 adopted on February 2, 2021. The Property is located within the boundaries of the PID.

1.30. "Residence" means the dwelling constructed on a Lot.

1.31. "Resident" means an occupant of a Residence, regardless of whether the person owns the Lot.

1.32. "Rules" means rules and regulations of the Association adopted in accordance with the Documents or Applicable Law. The initial Rules may be adopted by Declarant for the benefit of the Association and Declarant may, from time to time, amend rules and regulations as it is deemed necessary. Thereafter, the Board of Directors shall have the right to adopt, amend, or rescind rules and regulations by way of resolution of the Board upon a majority vote of the Board.

1.33. "TIRZ" means and refers to the Reinvestment Zone Number Five, Town of Little Elm Texas, crated under Chapter 311 of the Texas Tax Code, as amended.

ARTICLE 2
PROPERTY SUBJECT TO DOCUMENTS

2.1. PROPERTY. The real property described in Appendix A is held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms, covenants, conditions, restrictions, liens, and easements of this Declaration, including Declarant's representations and reservations in the attached Appendix B, which run with the Property and bind all parties having or acquiring any right, title, or interest in the Property, their heirs, successors, and assigns, and inure to the benefit of each Owner of the Property.

2.2. CITY ORDINANCES. The City may have ordinances pertaining to planned developments. No amendment of the Documents or any act or decision of the Association may violate the requirements of any City ordinance. Should this Declaration differ with a City ordinance, the City ordinance shall prevail notwithstanding, if the restriction in this Declaration is more strict that that of the City ordinance, then this Declaration shall prevail. The Association should stay informed about the City's requirements. The Subdivision is subject to Applicable Zoning, which is a City ordinance.

2.3. ADJACENT LAND USE. Declarant makes no representations of any kind as to current or future uses - actual or permitted - of any land that is adjacent to or near the Property, regardless of what the Plat shows as potential uses of adjoining land.

2.4. SUBJECT TO ALL OTHER DOCUMENTS. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to be bound by all the Documents which are publicly recorded or which are made available to Owners by the Association, expressly including this publicly recorded Declaration.

2.5. PLAT DEDICATIONS, EASEMENTS & RESTRICTIONS. In addition to the easements and restrictions contained in this Declaration, the Property is subject to the dedications, limitations, notes, easements, restrictions, and reservations shown or cited on the Plat, which are incorporated herein by reference. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to be bound by the Plat, and further agrees to maintain any easement that crosses his Lot and for which the Association does not have express responsibility.

2.6. STREETS WITHIN PROPERTY. Because streets, alleys, and cul-de-sacs within the Property (hereafter "Streets") are capable of being converted from publicly dedicated to

privately owned, and vice versa, this Section addresses both conditions. If the Property has privately owned Streets, the Streets are part of the Common Area which is governed by the Association. Streets dedicated for public use are part of the Common Area only to the extent they are not maintained or regulated by the City or Denton County, Texas. In no event shall streets that are maintained by the City be included in the Common Areas. To the extent not prohibited by public law, the Association, acting through the Board, is specifically authorized to adopt, amend, repeal, and enforce Rules for use of the Streets - whether public or private - including but not limited to:

a. Identification of vehicles used by Owners and Residents and their guests.

b. Designation of speed limits and parking or no-parking areas.

c. Limitations or prohibitions on curbside parking.

d. Removal or prohibition of vehicles that violate applicable Rules.

e. Fines for violations of applicable Rules.

ARTICLE 3
PROPERTY EASEMENTS AND RIGHTS

3.1. GENERAL. In addition to other easements and rights established by the Documents, the Property is subject to the easements and rights contained in this Article. No use shall be permitted on the Property which is not allowed under applicable public codes, ordinances and other laws either already adopted or as may be adopted by the City or other controlling public authorities. Each Owner, occupant or other user of any portion of the Property, shall at all times comply with this Declaration and all laws, ordinances, policies, rules, regulations and orders of all federal, state, county and municipal governments, and other agencies having jurisdictional control over the Property, specifically including, but not limited to, Applicable Zoning placed upon the Property, as they exist from time to time and the PID Restrictions (collectively "Governmental Requirements"). IN SOME INSTANCES REQUIREMENTS UNDER THE GOVERNMENTAL REQUIREMENTS MAY BE MORE OR LESS RESTRICTIVE THAN THE PROVISIONS OF THIS DECLARATION. IN THE EVENT A CONFLICT EXISTS BETWEEN ANY SUCH REQUIREMENTS UNDER ANY GOVERNMENTAL REQUIREMENT AND ANY REQUIREMENT OF THIS DECLARATION, THE MOST RESTRICTIVE REQUIREMENT SHALL PREVAIL, EXCEPT IN CIRCUMSTANCES WHERE COMPLIANCE WITH A MORE RESTRICTIVE PROVISION WOULD RESULT IN A VIOLATION OF MANDATORY APPLICABLE GOVERNMENTAL REQUIREMENTS, IN WHICH EVENT THOSE GOVERNMENTAL REQUIREMENTS SHALL APPLY. COMPLIANCE WITH MANDATORY GOVERNMENTAL REQUIREMENTS WILL NOT RESULT IN THE BREACH OF THIS DECLARATION EVEN THOUGH SUCH COMPLIANCE MAY RESULT IN NON¬COMPLIANCE WITH PROVISIONS OF THIS DECLARATION. WHERE A GOVERNMENTAL REQUIREMENT DOES NOT CLEARLY CONFLICT WITH THE PROVISIONS OF THIS DECLARATION BUT PERMITS ACTION THAT IS DIFFERENT FROM THAT REQUIRED BY THIS DECLARATION, THE PROVISIONS THIS DECLARATION (IN ORDER OF PRIORITY) SHALL PREVAIL AND CONTROL. The

Property and all Lots therein shall be developed in accordance with this Declaration, as this Declaration may be amended or modified from time to time as herein provided.

3.2. OWNER'S EASEMENT OF ENJOYMENT. Every Owner is granted a right and easement of enjoyment over the Common Areas and to use of improvements therein, subject to other rights and easements contained in the Documents. An Owner who does not occupy a Lot delegates this right of enjoyment to the Residents of his Lot. Notwithstanding the foregoing, if a portion of the Common Area, such as a recreational area, is designed for private use, the Association may temporarily reserve the use of such area for certain persons and purposes.

3.3. OWNER'S MAINTENANCE EASEMENT. Every Owner is granted an access easement three feet (3') in width measured from the common boundary line between adjoining Lots with common boundary lines; or otherwise, over all Common Areas for the maintenance or reconstruction of such Owner's Residence and other improvements on such Owner's Lot, provided exercise of the easement does not damage or materially interfere with the use of the adjoining Residence or Common Area. Requests for entry to an adjoining Lot or Common Area must be made to the Owner of the adjoining Lot, or the Association in the case of Common Areas, in advance for a time reasonably convenient for the adjoining Owner, who may not unreasonably withhold consent. If an Owner damages an adjoining Lot, Residence, or Common Area in exercising this easement, the Owner is obligated to restore the damaged property to its original condition as existed prior to the Owner performing such maintenance or reconstruction work, at such Owner's expense, within a reasonable period of time.

3.4. OWNER'S INGRESS/EGRESS EASEMENT. Every Owner is granted a perpetual easement over the Streets within the Property, as may be reasonably required, for vehicular ingress to and egress from his Lot.

3.5. ASSOCIATION'S ACCESS EASEMENT. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, grants to the Association an easement of access and entry over, across, under, and through the Property, including without limitation all Common Areas and the Owner's Lot and all improvements thereon - including the Residence and yards - for the below-described purposes.

3.5.1. Purposes. Subject to the limitations stated below, the Association may exercise this easement of access and entry for the following express purposes:

a. To inspect the Property for compliance with maintenance and architectural standards.

b. To perform maintenance that is permitted or required of the Association by the Documents or by Applicable Law.

c. To perform maintenance that is permitted or required of the Owner by the Documents or by Applicable Law, if the Owner fails or refuses to perform such maintenance.

d. To enforce architectural standards.

e. To enforce use restrictions.

f. The exercise of self-help remedies permitted by the Documents or by Applicable Law.

g. To enforce any other provision of the Documents.

h. To respond to emergencies.

i. To grant easements to utility providers as may be necessary to install, maintain, and inspect utilities serving any portion of the Property.

j. To perform any and all functions or duties of the Association as permitted or required by the Documents or by Applicable Law.

3.5.2. No Trespass. In exercising this easement on an Owner's Lot, the Association is not liable to the Owner for trespass.

3.5.3. Limitations. If the exercise of this easement requires entry onto an Owner's Lot, including into an Owner's fenced yard, the entry will be during reasonable hours and after written notice to the Owner. This Subsection does not apply to situations that - at time of entry - are deemed to be emergencies that may result in imminent damage to or loss of life or property, which entry for such emergencies may be made without notice to an Owner.

3.6. UTILITY EASEMENT. The Association may grant permits, licenses, and easements over Common Areas for utilities, roads, and other purposes necessary for the proper operation of the Property. A company or entity, public or private, furnishing utility service to the Property, is granted an easement over the Property for ingress, egress, meter reading, installation, maintenance, repair, or replacement of utility lines and equipment, and to do anything else necessary to properly maintain and furnish utility service to the Property; provided, however, this easement may not be exercised without prior notice to the Board. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, master or cable television, and security.

3.7. SECURITY. The Association may, but is not obligated to, maintain or support certain activities within the Property designed, either directly or indirectly, to improve safety in or on the Property. Each Owner and Resident acknowledges and agrees, for himself and his guests, that Declarant, the Association, and their respective directors, officers, committees, agents, and employees are not providers, insurers, or guarantors of security within the Property. Each Owner and Resident acknowledges and accepts his sole responsibility to provide security for his own person and property, and assumes all risks for loss or damage to same. Each Owner and Resident further acknowledges that Declarant, the Association, and their respective directors, officers, committees, agents, and employees have made no representations or warranties, nor has the Owner or Resident relied on any representation or warranty, express or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire, burglar, and/or intrusion systems recommended or installed, or any security measures undertaken within the Property. Each Owner and Resident acknowledges and agrees that Declarant, the Association, and their respective directors, officers, committees, agents, and employees may not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security

measures undertaken. The provisions of this Section 3.7 may not be modified or amended without the express written consent of Declarant.

3.8. RISK. **Each Owner, Owners' immediate family, guests, agents, permittees, licensees and Residents shall use all Common Areas at his/her own risk. All Common Areas are unattended and unsupervised. Each Owner, Owners' immediate family, guests, agents, permittees, licensees and Residents is solely responsible for his/her own safety, and assumes all risk of loss in connection with the use of Common Areas and related amenities and improvements within the Subdivision. Neither the Association nor the Declarant, nor any managing agent engaged by the Association or Declarant, shall have any liability to any Owner or their family members or guests, or to any other person or entity, arising out of or in connection with the use, in any manner whatsoever, of the Common Area or any improvements comprising a part thereof from time to time, and the Association, Declarant and managing agent disclaims any and all liability or responsibility for injury or death occurring from use of the Common Areas.** The provisions of this Section 3.8 may not be modified or amended without the express written consent of Declarant.

3.9. RIGHTS OF CITY. The City, including its agents and employees, has the right of immediate access to the Common Areas at all times if necessary for the welfare or protection of the public, to enforce City ordinances, or for the preservation of public property. If the Association fails to maintain the Common Areas to a standard acceptable to the City, the City may give the Association a written demand for maintenance. If the Association fails or refuses to perform the maintenance within a reasonable period of time after receiving the City's written demand, the City may maintain the Common Areas at the expense of the Association after giving written notice of its intent to do so to the Association. To fund or reimburse the City's cost of maintaining the Common Areas, the City may levy an Assessment against every Lot in the same manner as if the Association levied a Special Assessment against the Lots. The City may give its notices and demands to any officer, director, or agent of the Association, or alternatively, to each Owner of a Lot as shown on the City's tax rolls. The rights of the City under this Section are in addition to other rights and remedies provided by law.

ARTICLE 4
COMMON AREA

4.1. OWNERSHIP. The designation of any portion of the Property as a Common Area is determined by the Plat and this Declaration, and not by the ownership of such portion of the Property. This Declaration contemplates that the Association will eventually hold title to every Common Area, facility, structure, improvement, system, or other property that are capable of independent ownership by the Association. The Declarant may install, construct, or authorize certain improvements on Common Areas in connection with the initial development of the Property, and the cost thereof is not a Common Expense (as defined in Section 9.1 hereof) of the Association. The Common Area shall be maintained by the Association following completion of initial improvements thereon by Declarant, whether or not title to such Common Area is conveyed to the Association, in accordance with this Declaration and the Community Standard. All costs attributable to Common Areas, including maintenance, property taxes, insurance, and enhancements, are automatically and perpetually the responsibility of the Association, regardless

of the nature of title to the Common Areas, unless this Declaration elsewhere provides for a different allocation for a specific Common Area. **Declarant shall have no responsibility for maintenance, repair, replacement, or improvement of the Common Area or any improvements thereon after initial construction**.

4.2. ACCEPTANCE. By accepting an interest in or title to a Lot, each Owner is deemed (1) to accept the Common Area of the Property, and any improvement thereon, in its then-existing "as is" condition; (2) to acknowledge the authority of the Association, acting through its Board, for all decisions pertaining to the Common Area; (3) to acknowledge that transfer of a Common Area's title to the Association by or through the Declarant is a ministerial task that does not require acceptance by the Association; and (4) to acknowledge the continuity of maintenance of the Common Area, regardless of changes in the Association's Board or management.

4.3. COMPONENTS. The Common Area of the Property consists of the following components on or adjacent to the Property, even if located on a Lot or a public right-of-way:

a. All of the Property, save and except the Lots or portions of the Property owned and maintained by the City.

b. Open space and/or detention areas, as shown on the Plat, and any other area shown on the Plat as Common Area or an area to be maintained by the Association, which may include HOA Maintained PID Improvements owned by the City and to be maintained by separate written agreement between the City and the Association.

c. The amenity center including cabana, pool, pool deck, kid pool, play ground, trails, sports fields and courts, sidewalks and parking areas supporting same, as shown on the Plat as Common Area or an area to be maintained by the Association.

d. The formal entrances to the Property, including (if any) the signage, landscaping, electrical and water installations, planter boxes and fencing related to the entrance.

e. Any screening walls, fences, live screening, berms, or detention ponds along any portion of the Property.

f. Any landscape buffers and/or landscaping within landscape easements shown on the Plat.

g. Landscaping on any Street within or adjacent to the Property, to the extent it is not maintained by the City.

h. Masonry and/or iron/ornamental metal fencing constructed along the perimeter of Lots that abut the public rights-of-way known or to be known as "Ryan Spiritas Parkway," and "FM 720."

i. Cluster mailboxes and pad sites therefor, provided that in the event that any damage, replacement or repair of cluster mailboxes or pad sites on which such cluster mailboxes are situated is required, such maintenance, repair and/or replacements shall be

performed by the Association, and the cost and/or expense incurred by the Association therefor shall be charged on a pro rata basis as an Individual Assessment to the Owners that have mailbox units in such cluster mailbox or pad site being maintained, repaired and/or replaced.

j. The surface drainage and detention improvements, including, without limitation, landscaping, located within the drainage and/or detention easements shown on the Plat.

k. Any property adjacent to the Subdivision, if the maintenance of same is deemed to be in the best interests of the Association and if not prohibited by the Owner or operator of said property.

l. Any modification, replacement, or addition to any of the above-described areas and improvements.

m. Personal property owned by the Association, such as books and records, office equipment, and supplies.

4.4 EASEMENTS FOR COMMON AREA ACCESS. The Declarant, for itself and for the benefit of the Association, is hereby granted an easement right of access to go upon any Lot as reasonably necessary to perform the Association's obligation hereunder or as reasonably required for the performance of maintenance and repairs and/or to replace any component of the Common Area, including, without limitation, cluster mailboxes, that may be located within or which may encroach upon the boundaries of such Owner's(s') Lot(s). The encroachment of any improvements which are part of the Common Area hereunder within the boundary of any Lot are hereby permitted so long as such encroachment does not unreasonably interfere with the primary use of any affected Lot for location and use as a Residence.

ARTICLE 5
LOTS & RESIDENCES

5.1. LOTS. The Property is platted into Lots, the boundaries of which are shown on the Plat, and which may not be obvious on visual inspection of the Property. Portions of the Lots are burdened with easements for the use and benefit of the Association, Owners, and Residents. Although the Property is platted into individually owned Lots, portions of the Lots are maintained by the Association.

NOTE: WHILE YOU OWN YOUR LOT AND RESIDENCE, PORTIONS ARE CONTROLLED AND MAINTAINED BY THE ASSOCIATION.

5.2. RESIDENCES. Each Lot is to be improved with a Residence. The Owner of a Lot owns every component of the Lot and Residence, including all the structural components and exterior features of the Residence and is responsible for the maintenance of the Residence and Lot.

5.3. ALLOCATION OF INTERESTS. The interests allocated to each Lot are calculated by the following formulas.

5.3.1. Common Expense Liabilities. The percentage or share of liability for Common Expenses allocated to each Lot is uniform for all Lots, regardless of the value, size, or location of the Lot or Residence.

5.3.2. Votes. The one vote appurtenant to each Lot is uniform and weighted equally with the vote for every other Lot, regardless of any other allocation appurtenant to the Lot.

ARTICLE 6
ARCHITECTURAL COVENANTS AND CONTROL

6.1. PURPOSE. Because the Lots are part of a single, unified community, this Declaration creates rights to regulate the design, use, and appearance of the Lots and Common Areas in order to preserve and enhance the Property's value and architectural harmony. One purpose of this Article is to promote and ensure the level of taste, design, quality, and harmony by which the Property is developed and maintained. Another purpose is to prevent improvements and modifications that may be widely considered to be radical, curious, odd, bizarre, or peculiar in comparison to the existing improvements. A third purpose is to regulate the appearance of every aspect of proposed or existing improvements on a Lot, including but not limited to Residences, fences, landscaping, retaining walls, yard art, sidewalks and driveways, and further including replacements or modifications of original construction or installation. A fourth purpose is to provide for the adoption of the Architectural Reviewer of design guidelines to administer and guide the review and approval of the design, use and appearance of improvements constructed or to be constructed within the Property the initial design guidelines adopted by the Association are attached hereto as Appendix D, and may be hereafter modified or amended from time to time by the Architectural Reviewer. During the Development Period, a primary purpose of this Article is to reserve and preserve Declarant's right of architectural control. **No exterior modification is allowed without the prior written consent of the Architectural Reviewer**.

6.2. ARCHITECTURAL CONTROL DURING THE DEVELOPMENT PERIOD. During the Development Period, neither the Association, the Board of directors, nor a committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of plans and specifications for new Residences to be constructed on vacant Lots. During the Development Period, the Architectural Reviewer for plans and specifications for new Residences to be constructed on vacant Lots is the Declarant or its delegates.

6.2.1. Declarant's Rights Reserved. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees that Declarant has a substantial interest in ensuring that the improvements within the Property enhance Declarant's reputation as a community developer and do not impair or adversely affect Declarant's ability to market its property or the ability of Builders (as defined in Appendix B) to sell Residences in the Property. Accordingly, each Owner agrees that - during the Development Period - no improvements will be started or progressed on any Owner's Lot without the prior written approval of Declarant, which approval may be granted or withheld at Declarant's sole discretion. In reviewing and acting on an application for approval, Declarant may act solely in its self-interest and owes no duty to any other person or any organization. Declarant may designate one or more persons from time to time to act on its behalf in reviewing

and responding to applications. Notwithstanding the foregoing or anything to the contrary contained herein, Declarant and any Builder may establish by separate written agreement Declarant's approval of a Builder's home plan set and approval of construction of the initial Residence on each Lot acquired by a Builder pursuant to such approved home plan set of a Builder, and Declarant shall not unreasonably withhold, condition, or delay its approval of the construction of an initial Residence on a Lot owned by a Builder that complies with the approved home plan set and any repetition requirements established by the Declarant by such approved home plan set or under this Declaration (as approved and established by Declarant for each Builder, with respect to such Builder, the "Master Home Plan Set").

6.2.2. Delegation by Declarant. During the Development Period, Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights as "Architectural Reviewer" under this Article to (1) an ACC (as defined in Section 6.3 hereof) appointed by the Board, or (2) a committee comprised or architects, engineers, or other persons who may or may not be Members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant (1) to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated, and (2) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason.

6.2.3. Limits on Declarant's Liability. The Declarant has sole discretion with respect to taste, design, and all standards specified by this Article during the Development Period. The Declarant, and any delegate, officer, member, director, employee or other person or entity exercising Declarant's rights under this Article shall have no liability for its decisions made and in no event shall be responsible for: (1) errors in or omissions from the plans and specifications submitted, (2) supervising construction for the Owner's compliance with approved plans and specifications, or (3) the compliance of the Owner's plans and specifications with governmental codes and ordinances, state and federal laws.

6.2.4. Restrictions on Amendment. The provisions of this Section 6.2 may not be modified or amended during the Development Period without the express written consent of Declarant.

NOTE: YOU CANNOT INDIVIDUALIZE THE OUTSIDE OF YOUR RESIDENCE, EXCEPT AS OTHERWISE EXPRESSLY PERMITTED HEREIN, WITHOUT PRIOR APPROVAL OF THE ARCHITECTURAL REVIEWER. PLAN APPROVAL IS REQUIRED. Subject to Section 6.4 below with respect to Builder's construction of an initial Residence on a Lot owned by Builder in accordance with the Master Home Plan Set approved by Declarant for such Builder, no Plat or plans for Residences or other improvements shall be submitted to the City or other applicable governmental authority for approval until such Plat and/or related construction plans have been approved in writing. Furthermore, no Residence or other improvements shall be constructed on any Lot within the Property until plans therefore have been approved in writing by the ACC or the Declarant as provided in this Article 6; provided that the Residence or other improvements in any event must comply with the requirements and restrictions set forth in this Declaration and the Design Guidelines established thereby.

6.3. ARCHITECTURAL CONTROL BY ASSOCIATION. Unless and until such time as Declarant delegates all or a portion of its reserved rights to the ACC, or the Development Period is terminated or expires, the Association has no jurisdiction over architectural matters. On termination or expiration of the Development Period, or earlier if delegated in writing by Declarant, the Association, acting through the ACC or its Board, if the Association has not yet established an ACC, will assume jurisdiction over architectural control and be the "Architectural Reviewer" for purposes hereunder.

6.3.1. ACC. The ACC will consist of at least 3 but not more than 5 persons appointed by the Board, pursuant to the Bylaws. Members of the ACC serve at the pleasure of the Board and may be removed and replaced at the Board's discretion. Board Members of the ACC need not be Owners or Residents, and may but need not include architects, engineers, and design professionals whose compensation, if any, may be established from time to time by the Board. After the expiration of the Development Period and any period hereunder during which Declarant has the right as or to appoint or control the Architectural Reviewer or has a right to veto decisions of the Architectural Reviewer, a person may not be appointed or elected to serve on the ACC if the person is (a) a current Board member, (b) a current Board member's spouse; or (3) a person residing in a current Board member's household.

6.3.2. Limits on Liability. The ACC has sole discretion with respect to taste, design, and all standards specified by this Article. The members of the ACC have no liability for the ACC's decisions made in good faith, and which are not arbitrary or capricious. The ACC is not responsible for: (1) errors in or omissions from the plans and specifications submitted to the ACC, (2) supervising construction for the Owner's compliance with approved plans and specifications, or (3) the compliance of the Owner's plans and specifications with governmental codes and ordinances, state and federal laws. By submitting any plan for approval, the submitting party expressly acknowledges that the ACC and/or the Architectural Reviewer are not engineers, architects, or builders for purposes of plan review, and that any approval or disapproval of any plans expressly excludes any opinion on the suitability of the plans on an engineering, architectural, or construction basis.

6.4. PROHIBITION OF CONSTRUCTION, ALTERATION & IMPROVEMENT. Except with respect to Builder's construction of the initial Residence on a Lot owned by Builder in accordance with the Master Home Plans Set approved by Declarant for such Builder (including compliance with any applicable repetition restrictions for the construction of homes pursuant to such Declarant approved home plan set or this Declaration), without the Architectural Reviewer's prior written approval, a person may not construct a Residence or make an addition, alteration, improvement, installation, modification, redecoration, or reconstruction of or to a Residence or any other part of the Property, if it will be visible from a Street, another Residence, another Lot, or the Common Area. The Architectural Reviewer has the right but not the duty to evaluate every aspect of construction, landscaping, and property use that may adversely affect the general value or appearance of the Property. Each Builder prior to construction of the initial Residence on a Lot pursuant to its approved Master Home Plan Set (if any) shall in any event submit to the Architectural Reviewer a plot plan indicating the plan and elevation from Builder's approved Master Home Plan Set to be constructed on such Lot so the Architectural Reviewer may ensure repetition requirements under this Declaration or the Design Guidelines promulgated hereunder are adhered to. The review of plans pursuant to this Declaration may be subject to all review and

approval procedures set forth in guidelines, restrictions and/or requirements of Applicable Zoning or otherwise established by the by the Architectural Reviewer in its review of plans pursuant hereto.

6.5. ARCHITECTURAL APPROVAL. To request architectural approval, an Owner must make written application and submit to the Architectural Reviewer two identical sets of plans and specifications showing the nature, kind, shape, color, size, materials, and locations of the work to be performed. In support of the application, the Owner may but is not required to submit letters of support or non-opposition from Owners of Lots that may be affected by the proposed change. The application must clearly identify any requirement of this Declaration for which a variance is sought. The Architectural Reviewer will return one set of plans and specifications to the applicant marked with the Architectural Reviewer's response, such as "Approved," "Denied," or "More Information Required." Written notice of the determination of the Architectural Reviewer shall be provided to an applying Owner via certified mail, hand delivery or electronic delivery to the contact address of such Owner registered with the Association. Denials of the Architectural Reviewer must describe the basis for denial in reasonable detail and changes, if any, in the application or improvements required as a condition to approval, and inform the Owner that the Owner may request a hearing under Section 209.00505(e) of the Texas Property Code on or before the 30th day after the date the notice was delivered by the Architectural Reviewer to the Owner. Notwithstanding the foregoing or anything to the contrary contained herein, each Builder prior to construction of the initial Residence on a Lot pursuant to its approved Master Home Plan Set (if any) shall in any event submit to the Architectural Reviewer a plot plan indicating the plan and elevation from Builder's approved Master Home Plan Set to be constructed on such Lot so the Architectural Reviewer may ensure repetition requirements under this Declaration or the Design Guidelines promulgated hereunder are adhered to. Except for Declarant's approval as Architectural Reviewer hereunder with respect to the Master Home Plan Set of a Builder, a determination of the Architectural Reviewer may be appealed to the Board of the Association in accordance with Section 209.00505 of the Texas Property Code, and the Board shall hold a hearing within 30 days after an Owner's request for a hearing. The Architectural Reviewer will retain the other set of plans and specifications, together with the application, for the Association's files.

6.5.1. No Verbal Approval. Verbal approval by the Architectural Reviewer, the Declarant, an Association director or officer, a member of the ACC, or the Association's manager does not constitute architectural approval by the appropriate Architectural Reviewer, which must be in writing.

6.5.2. No Deemed Approval. The failure of the Architectural Reviewer to respond to an application submitted by an Owner may **NOT** be construed as approval of the application. Under no circumstance may approval of the Architectural Reviewer be deemed, implied, or presumed.

6.5.3. No Approval Required. Approval is not required for an Owner to remodel or repaint the interior of a Residence.

6.5.4. Building Permit. If the application is for work that requires a building permit from a governmental body, the Architectural Reviewer's approval is conditioned on the issuance of the appropriate permit. The Architectural Reviewer's approval

of plans and specifications does not mean that they comply with the requirements of the governmental body. Alternatively, governmental approval does not ensure Architectural Reviewer approval.

6.5.5. Neighbor Input. The Architectural Reviewer may solicit comments on the application, including from Owners or Residents of Residences that may be affected by the proposed change, or from which the proposed change may be visible. Whether to solicit comments, from whom to solicit comments, and whether to make the comments available to the applicant is solely at the discretion of the Architectural Reviewer. The Architectural Reviewer is not required to respond to the commenter in ruling on the application.

6.5.6. Declarant Approved. Notwithstanding anything to the contrary in this Declaration, any improvement to the Property made or approved in writing by Declarant as part of a Builder's Master Home Plan Set approval or during the Development Period is deemed to have been approved by the Architectural Reviewer; provided, however that each Builder prior to construction of the initial Residence on a Lot pursuant to its approved Master Home Plan Set (if any) shall in any event submit to the Architectural Reviewer a plot plan indicating the plan and elevation from Builder's approved Master Home Plan Set to be constructed on such Lot so the Architectural Reviewer may ensure repetition requirements under this Declaration or the Design Guidelines promulgated hereunder are adhered to.

ARTICLE 7
CONSTRUCTION AND USE RESTRICTIONS

7.1. VARIANCE. The use of the Property is subject to the restrictions contained in this Article, and subject to Rules adopted pursuant to this Article. The Board or the Architectural Reviewer, as the case may be, may grant a variance or waiver of a restriction or Rule on a case-by-case basis when unique circumstances dictate, and may limit or condition its grant. To be effective, a variance must be in writing. The grant of a variance does not affect a waiver or estoppel of the Association's right to deny a variance in other circumstances. Approval of a variance or waiver may not be deemed, implied, or presumed under any circumstance. Variances given by Declarant or Architectural Reviewer are perpetual, and future Architectural Reviewer(s) (which may include future members of the ACC, the Board or successors in interest to Declarant's rights hereunder) cannot revoke a prior variance granted unless required by Applicable Zoning or other Applicable Law

7.2. PROHIBITION OF CONSTRUCTION, ALTERATION & IMPROVEMENT. Without the Architectural Reviewer's prior written approval, a person may not commence or continue any construction, alteration, addition, improvement, installation, modification, redecoration, or reconstruction of or to the Property, or do anything that affects the appearance, use, or structural integrity of the Property. The Architectural Reviewer has the right but not the duty to evaluate every aspect of construction and property use that may adversely affect the general value or appearance of the Property. No permanent structures may be constructed on any Lot without the prior written consent and approval of the Architectural Reviewer, including without limitation (i) children's playhouses and play sets, (ii) dog houses, (iii) greenhouses, (iv) gazebos, (v) pools, spas, and other water features, (vi) cabanas or pergolas, and (vii) buildings for storage of lawn maintenance equipment. Permanent structures that exceed the height of the fence line

around the rear yard of any Lot shall be placed in the rear yard area behind and screened from the Street by the primary Residence constructed on such Lot.

7.3. LIMITS TO RIGHTS. No right granted to an Owner by this Article or by any provision of the Documents is absolute. The Documents grant rights with the expectation that the rights will be exercised in ways, places, and times that are customary for the Subdivision. This Article and the Documents as a whole do not try to anticipate and address every creative interpretation of the restrictions. The rights granted by this Article and the Documents are at all times subject to the Board's determination that a particular interpretation and exercise of a right is significantly inappropriate, unattractive, or otherwise unsuitable for the Subdivision, and thus constitutes a violation of the Documents. In other words, the exercise of a right or restriction must comply with the spirit of the restriction as well as with the letter of the restriction.

7.4. ASSOCIATION'S RIGHT TO PROMULGATE RULES. The Association, acting through its Board, is granted the right to adopt, amend, repeal, and enforce reasonable Rules, and penalties for infractions thereof, regarding the occupancy, use, disposition, maintenance, appearance, and enjoyment of the Property. In addition to the restrictions contained in this Article, each Lot is owned and occupied subject to the right of the Board to establish Rules, and penalties for infractions thereof, governing:

a. Use of Common Areas.

b. Hazardous, illegal, or annoying materials or activities on the Property.

c. The use of Property-wide services provided through the Association.

d. The consumption of utilities billed to the Association.

e. The use, maintenance, and appearance of exteriors of Residences and Lots. The exterior of Residences may not be individualized.

f. Landscaping and maintenance of yards. Owners are charged with the responsibility of ensuring that sufficient watering is done to promote healthy growth of their lawn.

g. The occupancy and leasing of Residences.

h. Animals and restrictions as to the type and number of household pets shall be strictly enforced.

i. Vehicle regulations shall be strictly enforced. The Association shall have the right to contact a towing company for any vehicle that blocks driveways, fire hydrants, or presents a safety hazard at any time.

j. Disposition of trash and control of vermin, termites, and pests.

k. Anything that interferes with maintenance of the Property, safety of the Owners, tenants, or guests, operation of the Association, administration of the Documents, or the quality of life for Residents.

7.5. ANIMALS. DOMESTIC ANIMALS ONLY. No wild animal, animal, bird, fish, reptile, poultry, swine, or insect of any kind may be kept, maintained, raised, or bred anywhere on the Property for a pet, commercial purpose or for food. Customary domesticated household pets may be kept subject to the Rules. The Board may adopt, amend, and repeal Rules regulating the types, sizes, numbers, locations, and behavior of animals at the Property. The Board may require or effect the removal of any animal determined to be in violation of this Section or the Rules. Unless the Rules provide otherwise:

7.5.1. Number. No more than four (4) pets may be maintained in each Residence. Permission to maintain other types or additional numbers of household pets must be obtained in writing from the Board.

7.5.2. Disturbance. Pets must be kept in a manner that does not disturb the peaceful enjoyment of Residents of other Lots. No pet may be permitted to bark, howl, whine, screech, or make other loud noises for extended or repeated periods of time. Owner shall ensure that their pet(s) comply with these rules at all times. Pets must be kept on a leash when outside the Residence. The Board is the sole arbiter of what constitutes a threat or danger, disturbance or annoyance and may upon written notice require the immediate removal of the animal(s) should the Owner fail to be able to bring the animal into compliance with this Declaration or any rules and regulations promulgated hereunder. Any animal that is being abused or neglected may be turned into the local authorities for immediate action. Those pets which are permitted to roam free, or, in the sole discretion of the Board and to the extent permitted under applicable law, constitute a nuisance to the occupants of other Lots may issue an order to an Owner that such pet be removed upon request of the Board; provided, in no event shall the Board or Association be required to remove any pet from the Subdivision. If an Owner has failed to remove its pet from the Subdivision pursuant to any order of removal issued by the Board within three (3) days after such order is delivered to an Owner, such Owner shall be subject to fines hereunder and the Board may proceed with efforts to immediately remove the pet that is the subject to the order from the Subdivision. Notwithstanding anything contained herein to the contrary, the Board in its sole discretion and without incurring any further duty or obligation to Owners or Residents 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. **IF ANY ANIMAL OR PET IS A NUISANCE IN THE SUBDIVISION, HOMEOWNERS ARE ENCOURAGED TO CONTACT THEIR LOCAL ANIMAL CONTROL AUTHORITY FOR ASSISTANCE.** The Association shall have no liability or obligation to ensure removal of a pet from the Subdivision that is a nuisance and cannot be held liable or responsible if any enforcement actions taken by the Association under this Section 7.5.2 are unsuccessful. Any Owner of a pet that attacks another person or animal within the is subject to a $1,000 fine per occurrence (each day of violation being deemed to be an occurrence), whether or not such Owner's pet inflicted harm on a person.

7.5.3. Indoors/Outdoors. A permitted pet must be maintained inside the Residence, and may not be kept on a patio or in a yard area. No pet is allowed on the Common Area unless carried or leashed.

7.5.4. Pooper Scooper. A Resident is responsible for the removal of his pet's wastes from the Property. Unless the Rules provide otherwise, a Resident must prevent his pet from relieving itself on the Common Area, or the Lot of another Owner. The Association may levy fines up to $100.00 per occurrence for any Owner who violates this section and does not comply with the rules as set forth herein. The Association is only required to deliver notice of this fine under Section 7.5.4 to a violating Owner via certified mail prior to levying any fine or charges against such Owner under this Section 7.5.4, and such fine shall be due and payable immediately upon receipt of such certified mail notice.

7.5.5. Liability. An Owner is responsible for any property damage, injury, or disturbance caused or inflicted by an animal kept on the Lot. The Owner of a Lot on which an animal is kept is deemed to indemnify and to hold harmless the Board, the Association, and other Owners and Residents, from any loss, claim, or liability resulting from any action of the animal or arising by reason of keeping the animal on the Property. **EACH OWNER BY ACCEPTANCE OF TITLE TO ITS LOT HEREBY RELEASES AND WAIVES THE ASSOCIATION, DECLARANT, THE BOARD AND/OR ITS MANAGING AGENT AND THEIR RESPECTIVE MEMBERS, EMPLOYEES, DESIGNEES, ADMINISTRATORS, INSPECTORS, CONTRACTORS, AND AGENTS, AND AGREES TO INDEMNIFY AND DEFEND SAME AND HOLD THEM 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 ATTACK BY OWNER'S PET OR BY ANY PET RESIDING ON AN OWNER'S LOT WITHIN THE SUBDIVISION.**

7.6. ANNOYANCE. No Lot or Common Area may be used in any way that: (1) may reasonably be considered annoying to neighbors; (2) may be calculated to reduce the desirability of the Property as a residential neighborhood; (3) may endanger the health or safety of Residents of other Lots; (4) may result in the cancellation of insurance on the Property; or (5) violates any law or Governmental Requirement. The Board has the sole authority to determine what constitutes an annoyance.

7.7. APPEARANCE. Both the Lot and the Residence must be maintained in a manner so as not to be unsightly when viewed from the Street or neighboring Lots or Common Areas. The Architectural Reviewer is the arbitrator of acceptable appearance standards.

7.8. RESERVED.

7.9. BARBECUE. Exterior fires are prohibited on the Property unless contained in commercial standard grilling device approved by the Board.

7.10. COLOR CHANGES. The colors of a Residence, fences, exterior decorative items, window treatments, and all other improvements on a Lot are subject to regulation and approval by

an Architectural Reviewer. Because the relative merits of any color are subjective matters of taste and preference, the Architectural Reviewer determines the colors that are acceptable to the Association. A Resident may not change or add colors that are visible from the Street, a Common Area, or another Lot or Residence without the prior written approval of the Architectural Reviewer.

7.11. YARDS. An Owner will maintain his yard in a neat and attractive manner that is consistent with the Subdivision and shall water his yard with the appropriate amounts of water needed to keep the yard healthy and alive. The Association shall consider water restrictions should any such restriction apply. A yard may never be used for storage. All sports or play items as well as barbeque grills or other items or structures must be stored out of view at all times when not in use. No basketball goals may be used without the express written permission of the Architectural Reviewer. In any event, portable basketball goals approved in writing by the Architectural Reviewer may not be kept in the street, in the driveway, or within or in a manner that blocks a sidewalk, and portable goals may not be placed in the grass area located between the front building line and street. Portable goals must be kept alongside the driveway when in use and may be kept alongside the driveway when not in use, provided that such portable goal remains in good condition and repair. Permanent basketball goals are prohibited without express consent in writing from the Reviewer, and, in any event, no basketball goal may be mounted to the exterior of the Residence or placed as a permanent structure. Goals must be kept in good repair at all times and may not use unsightly weights such as tires, sand bags, or rocks unless the Owner can provide written proof from the manufacturer that such weights are the recommended means of weighing down the goal. ***No synthetic turf of any kind is allowed in any portion of the front, rear or sides of any yard.*** **Periodic trimming of trees and shrubs may be required by the Association. It is preferred that Owners and Residents install annual or perennial flowers to the front yards of a Residence.**

7.12. DECLARANT PRIVILEGES. In connection with the development and marketing of the Property, Declarant has reserved a number of rights and privileges to use the Property in ways that are not available to other Owners and Residents, as provided in Appendix B of this Declaration. Declarant's exercise of a Development Period right that appears to violate a Rule or a use restriction of this Article does not constitute waiver or abandonment of the restriction by the Association. The provisions of this Section 7.12 may not be modified or amended without the express written consent of Declarant.

7.13. DECORATION. Decorations include any form of lights, statutes, yard art, flags, banners, water features, or other decorative items regardless of its origin or use. Residents should not individualize, install, or add decorations to any portion of the Residence or yard that can be seen from any street or the front of the Residence without the express written consent of the Architectural Reviewer. What is appealing or attractive to one person may be objectionable to another. Small non-offensive yard art, bird baths, and other architecturally pleasing items may be allowed, notwithstanding, a photo or sample photo of the object along with a written request must be submitted and approved prior to any installation of placement of any item. Holiday lights and decorations may be tastefully displayed on the home or in the yard up to fifteen (15) days prior to a major holiday and must be removed within ten (10) days after the holiday has passed, except that displays during the month of December may be displayed up to thirty (30) days prior to the holiday and may remain until after the New Year holiday and then must be removed. ***The Architectural Reviewer has sole discretion as to what may be deemed acceptable relating to this paragraph.***

Owners receiving written notice asking that certain displays be removed shall be required to comply within five (5) days of the date on the written request. Written requests may be sent via electronic or U.S. Mail. Owners wishing to display religious displays must abide by the rules set forth elsewhere in this Declaration, the Design Guidelines or by policies adopted by the Association.

7.14. DRAINAGE. No person may interfere with the established drainage pattern over any part of the Property unless an adequate alternative provision for proper drainage has been approved by the Board.

7.15. DRIVEWAYS. The driveway portion of a Lot may not be used for any purpose that interferes with its ongoing use as a route of vehicular access to the garage. Driveways shall be treated with a decorative concrete aggregate, with one of the following finishes:

1. Exposed Aggregate

2. Stained Concrete

3. Salt Finished Concrete

Without the Board's prior approval, a driveway may not be used: (1) for storage purposes, including storage of boats, trailers (of any kind), sports vehicles of any kind, and inoperable vehicles; or (2) for any type of repair or restoration of vehicles. Barbeque grills must be removed when not in use. Basketball goals, if approved by written permission of the Architectural Reviewer, must be removed when not in use and may be stored by lying on its side in the rear fenced yard of the Lot, if applicable.

7.16. FIRE SAFETY. No person may use, misuse, cover, disconnect, tamper with, or modify the fire and safety equipment of the Property, including the sprinkler heads and water lines in and above the ceilings of the Residence, or interfere with the maintenance and/or testing of same by persons authorized by the Association or by public officials.

7.17. GARAGES. Without the Board's prior written approval, the original garage area of a Residence may not be enclosed or used for any purpose that prohibits the parking of two (2) standard-size operable vehicles therein. Garage doors are to be kept closed at all times except when a vehicle is entering or leaving. The garage set back shall not be less than the applicable minimum front yard set-back for front entry garages or side yard set-back for side entry garages. Garage doors visible from the street or right-of-way shall be stained cedar, redwood, spruce, fir or other hardwood or, with prior approval of the Architectural Reviewer and the director at the City in accordance with the requirements under the Developer's Agreement, products that are not wood, but have a wood appearance, including fiberglass, aluminum, metal or hardie. Garage doors shall not be required to have reveals or textures or be recessed from garage face.

7.18. GUNS, FIREARMS AND WEAPONS; FIREWORKS. Hunting and shooting are not permitted anywhere on or from the Property. No toys, weapons or firearms, including, without limitation, air rifles, BB guns, sling-shots or other item that is designed to cause harm to any person, animal or property may be used in a manner to cause such harm (whether intentionally or negligently or otherwise) to any person, animal or property. Violation of this restriction is subject

to an immediate fine of up to $1,000 per occurrence after the first notification (which may be given in writing or verbally, to the extent permitted under applicable law). Fireworks are strictly prohibited. Use of fireworks in the Subdivision is subject to a monetary fine of $1,000.00 for each violation. A sworn affidavit signed by a witness with legal capacity made under penalty of perjury attesting to the violation and specifying the date of approximate time of such violation which is received by the Association shall be sufficient evidence of such violation

7.19. LANDSCAPING. ***No person may perform landscaping, planting, or gardening on the Common Area without the Board's prior written authorization. No synthetic turf is allowed in any portion of the front, rear or sides of any yard.***

7.20. LEASING OF RESIDENCES. No more than ten percent (10%) of the Residences within the Subdivision may be leased to a non-Owner occupant at any given time without the express written consent and approval of the Board, which may be withheld in the Board's sole and absolute discretion. The Board may grant a variance of this use restriction on a case by case basis at the sole and absolute discretion of the Board.

7.20.1. The Association may require any Owner desiring to lease a Lot or Residence thereon to file an application with the Association for approval of such lease and Tenant. Each Owner must register a tenant as an "approved tenant" with the Association on forms then adopted by the Association. The foregoing terms may be incorporated in any leasing policies adopted by the Association...

7.20.1. In no event shall any short-term leases of less than 12-months be permitted without express written permission of the Board. In no event may any Owner lease its Residence or Lot, or any portion thereof, through Air BnB, VRBO or other similar service for short term rentals.

7.20.2. In any event, an Owner must deliver a copy of any proposed lease for approval by the Board as a condition to the effectiveness of such Lease, and any proposed lease must include a requirement that the tenant and any occupants of a Residence by such Lease fully comply with the terms of this Declaration and that such Tenant agree to be jointly and severally liable to the Association for any fines, fees or assessments levied against the tenant or any occupant of a Residence on a Lot by such lease (the "Required Lease Terms"). Whether or not it is so stated in a lease, every lease is subject to this Declaration and any rules, regulations, Design Guidelines or other dedicatory instruments promulgated hereunder. An Owner is responsible for providing its tenant with copies of this Declaration, and any and all rules, regulations, Design Guidelines or other dedicatory instruments promulgated hereunder, and notifying its tenant of changes thereto. Failure by the tenant or his invitees to comply with this Declaration and any rules, regulations, Design Guidelines or other dedicatory instruments promulgated hereunder is deemed to be a default by Owner of the leased Lot or Residence under the terms of this Declaration and shall be a default of the tenant under the lease. *When the Association notifies an Owner of its tenant's violation, the Owner will promptly obtain his tenant's compliance or exercise its rights as a landlord for tenant's breach of lease. If the tenant's violation continues or is repeated, and if the Owner is unable, unwilling, or unavailable to obtain his tenant's compliance, then the Association has the power and right (but is not obligated) to pursue the remedies of a landlord under the lease or state law for the default,*

including eviction of the tenant. THE OWNER OF A LEASED LOT IS LIABLE TO THE ASSOCIATION FOR ANY EXPENSES INCURRED BY THE ASSOCIATION IN CONNECTION WITH ENFORCEMENT OF THIS DECLARATION, AND ANY AND ALL RULES, REGULATIONS, DESIGN GUIDELINES OR OTHER DEDICATORY INSTRUMENTS PROMULGATED HEREUNDER AGAINST HIS TENANT.

7.20.3. The Board may reject any proposed lease that would result in more than ten percent (10%) of the Residences in the Subdivision being leased to non-Owner occupants or which fail to include the Required Lease Terms.

7.20.4. Notwithstanding the foregoing or anything to the contrary contained herein, during the Declarant Control Period, neither Declarant nor any Builder shall be subject to the leasing restriction contained in this Section 7.20 with respect to any Lot owned by Builder, and Lots owned by Builder or Declarant during the Declarant Control Period that are leased by Declarant or such Builder shall not be accounted for in determining the ten percent (10%) cap on leased Residences in the Subdivision. The Association is not liable to the Owner for any damages, including lost rents, suffered by the Owner in relation to the Association's enforcement of this Declaration, and any and all rules, regulations, Design Guidelines or other dedicatory instruments promulgated hereunder against the Owner's tenant.

7.20.5. The Association has the right to request each Owner leasing a Residence or Lot in the Subdivision subject to this Declaration provide the Association with the following regarding the lease or tenant thereunder:

a. The contact information, including name, mailing address, phone number, and e-mail address of each person who will reside on the Owner's Residence or Lot under the terms of such lease; and

b. The commencement date and term of such lease.

7.21. NOISE & ODOR. An Resident of a Residence must exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb or annoy Residents of neighboring Residences. The rules and regulations promulgated by the Association may limit, discourage, or prohibit noise-producing activities and items in the Residences and on the Common Areas within the Subdivision. The Association shall provide an Owner with notice of its violation of this use restriction, and if an Owner receives more than one notice in any 12 month period, upon receipt of the second notice from the Association, the Owner shall be subject to fines hereunder. Notwithstanding anything contained herein to the contrary, the Board in its sole discretion and without incurring any further duty or obligation to Owners and Residents 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. **IF ANY NOISE OR ODOR BECOMES IS A NUISANCE IN THE SUBDIVISION, RESIDENTS ARE ENCOURAGED TO CONTACT THEIR LOCAL LAW ENFORCEMENT OFFICIALS FOR ASSISTANCE.** The Association shall have no liability or obligation to ensure the Subdivision or any Owner or Resident of a Residence therein is free from nuisance and cannot be held liable or responsible if any enforcement actions taken by the

Association under this Section 7.21 are unsuccessful. **EACH OWNER AND RESIDENT BY ACCEPTANCE OF TITLE TO ITS LOT HEREBY RELEASES AND WAIVES THE ASSOCIATION, DECLARANT, THE BOARD AND/OR ITS MANAGING AGENT AND THEIR RESPECTIVE MEMBERS, EMPLOYEES, DESIGNEES, ADMINISTRATORS, INSPECTORS, CONTRACTORS, AND AGENTS, AND AGREES TO INDEMNIFY AND DEFEND SAME AND HOLD THEM 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 OF AN OWNER OR THE RESIDENTS OF SUCH OWNERS LOT THAT RESULTS IN NOISE OR ODORS THAT MAY BE A NUISANCE TO OTHERS WITHIN THE SUBDIVISION.** Any Owner in violation of this Section 7.21 is subject to a $1,000 fine per occurrence (each day of violation being deemed to be an occurrence).

7.22. OCCUPANCY - NUMBERS. The Board may adopt Rules regarding the occupancy of Residences. If the Rules fail to establish occupancy standards, no more than one person per bedroom may occupy a Residence, subject to the exception for familial status. The Association's occupancy standard for Residents who qualify for familial status protection under the fair housing laws may not be more restrictive than the minimum (i.e., the fewest people per Residence) permitted by the U. S. Department of Housing and Urban Development. Other than the living area of the Residence, no thing or structure on a Lot, such as the garage, may be occupied as a residence or business at any time by any person.

7.23. INTENTIONALLY DELETED.

7.24. RESIDENTIAL USE. The use of a Residence is limited exclusively to residential purposes or any other use permitted by this Declaration or uses permitted under Applicable Zoning, or the additional uses permitted by right or with administrative approval under the Spiritas Ranch Development Standards adopted by the City pursuant to the Developer's Agreement for the applicable Lot(s). The residential use restriction herein does not, however, prohibit a Resident from using a Residence for personal business or professional pursuits provided that: (1) the uses are incidental to the use of the Residence as a residence; (2) the uses conform to applicable Governmental Requirements; (3) there is no external evidence of the uses; (4) the uses do not entail visits to the Residence by employees or the public in quantities that materially increase the number of vehicles entering and exiting the Subdivision; and (5) the uses do not interfere with Residents' use and enjoyment of neighboring Residences or Common Areas.

7.25. SIGNS. No signs, including signs advertising the Residences for sale or lease, or unsightly objects may be erected, placed, or permitted to remain on the Property or to be visible from windows in the Residence without either (i) written authorization of the Board, or (ii) in strict conformance with the requirements and other terms set forth in the Design Guidelines (which include rights regarding Religious Displays as set forth in Section 202.018 of the Texas Property Code). If the Board authorizes signs, the Board's authorization may specify the location, nature, dimensions, number, and time period of any advertising sign. As used in this Section, "sign" includes, without limitation, lettering, images, symbols, pictures, shapes, lights, banners, and any other representation or medium that conveys a message. The Association may affect the immediate removal of any sign or object that violates this Section or which the Board deems inconsistent with neighborhood standards without liability for trespass or any other liability

connected with the removal. Notwithstanding the foregoing, if public law - such as Texas Election Code Section 259.002 and local ordinances - grants an Owner the right to place political signs on the Owner's Lot, the Association may not prohibit an Owner's exercise of such right. The Association may adopt and enforce Rules regulating every aspect of political signs on Owners' Lots to the extent not prohibited or protected by public law. Unless the Rules or public law provide otherwise (1) a political sign may not be displayed more than 90 days before or 10 days after an election to which the sign relates; (2) a political sign must be ground-mounted; (3) an Owner may not display more than one political sign for each candidate or ballot item; and (4) a political sign may not have any of the attributes itemized in Texas Election Code Section 259.002(d), to the extent that statute applies to the Lot.

7.26. STRUCTURAL INTEGRITY. No person may directly or indirectly impair the structural soundness or integrity of any Residence, nor do any work or modification that will impair an easement or real property right.

7.27. TELEVISION. Each Resident of the Property will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, electronic, microwave, cable, or satellite reception on the Property. Antennas, satellite or microwave dishes, and receiving or transmitting towers that are visible from a Street or from another Lot are prohibited within the Property, except (1) reception-only antennas or satellite dishes designed to receive television broadcast signals, (2) antennas or satellite dishes that are one meter or less in diameter and designed to receive direct broadcast satellite service (DBS), or (3) antennas or satellite dishes that are one meter or less in diameter or diagonal measurement and designed to receive video programming services via multipoint distribution services (MDS) (collectively, the "Antenna") are permitted if located (a) inside the Residence (such as in an attic or garage) so as not to be visible from outside the Residence, (b) in a fenced yard, or (c) attached to or mounted on the rear wall of a Residence below the eaves. If an Owner determines that an Antenna cannot be located in compliance with the above guidelines without precluding reception of an acceptable quality signal, the Owner may install the Antenna in the least conspicuous location on the Lot or Residence thereon where an acceptable quality signal can be obtained. The Association may adopt reasonable Rules for the location, appearance, camouflaging, installation, maintenance, and use of the Antennas to the extent permitted by public law. An Owner must have written permission of the Association or Architectural Reviewer to install any apparatus to the roof of the structure.

7.28. TRASH. Each Resident will endeavor to keep the Property clean and will dispose of all refuse in receptacles designated specifically by the Association or by the City for that purpose. Trash must be placed entirely within the designated receptacle. No trash may be left outside a designated container. The Board may adopt, amend, and repeal Rules regulating the disposal and removal of trash from the Property. If the Rules fail to establish hours for curbside trash containers, the container may be in the designated area from dusk on the evening before trash pick-up day until dusk on the day of trash pick-up. ***At all other times, trash containers, garbage or other waste must be kept in sanitary containers and shall be kept inside the garage or otherwise out of public view or screened from view and may not be visible from a Street, Common Area, or another Residence. Bulk trash may not be stored or left out for more than twelve (12) hours prior to bulk trash pick-up. The construction or installation of concrete pads for trash cans requires prior written consent of the Architectural Reviewer. The Association***

shall diligently pursue any violations and exercise self-help to initiate clean-up when necessary and shall bill back the costs to the Owner's account.

7.29. VARIATIONS. Nothing in this Declaration may be construed to prevent the Architectural Reviewer from (1) establishing standards for one Residence, type of Residence, or phase in the Property that are different from the standards for other Residences or phases, or (2) approving a system of controlled individualization of Residence's(s') exteriors.

7.30. VEHICLES. All vehicles on the Property, whether owned or operated by the Residents or their families and guests, are subject to this Section and Rules adopted by the Board. The Board may adopt, amend, and repeal Rules regulating the types, sizes, numbers, conditions, uses, appearances, and locations of vehicles on the Property. The Board may affect the removal of any vehicle in violation of this Section or the Rules without liability to the owner or operator of the vehicle.

7.30.1. Parking in Street. **NO PARKING IN THE STREET EXCEPT AS PERMITTED BY CITY ORDINANCE**. Owners shall utilize their garages and driveways for vehicle parking. Vehicles that are not prohibited below may park in the Street as permitted by City ordinance, subject to the continuing right of the Association to adopt reasonable Rules if circumstances warrant.

7.30.2. Prohibited Vehicles. Without prior written Board approval, the following types of vehicles and vehicular equipment - mobile or otherwise - may not be kept, parked, or stored anywhere on the Property - including overnight parking on Streets, driveways, and visitor parking spaces - if the vehicle is visible from a Street or from another Residence: mobile homes, motor homes, buses, trailers, boats, inoperable vehicles, commercial truck cabs, trucks with tonnage over one ton, vehicles which are not customary personal passenger vehicles, and any vehicle which the Board deems to be a nuisance, unsightly, or inappropriate. This restriction does not apply to vehicles and equipment temporarily on the Property in connection with the construction or maintenance of a Residence. Vehicles that transport inflammatory or explosive cargo are prohibited from the Property at all times.

7.31. WINDOW TREATMENTS. All window treatments within a Residence, that are visible from the Street or another Residence, must be maintained in good condition and must not detract from the appearance of the Property. The Architectural Reviewer may require repair or the removal of any window treatment in disrepair. Color schemes for window treatments must blend harmoniously with the architectural color scheme and overall aesthetics of the Residence. Privacy screens with the prior written consent of the Architectural Reviewer are allowed. Color and style of privacy screens are at the sole discretion of the Architectural Reviewer.

NOTE: BEFORE YOU BUY THOSE WINDOW COVERINGS, GET ARCHITECTURAL APPROVAL.

7.32. FLAGS. Each Owner and Resident of the Subdivision has a right to fly the flag on his Lot. The United States flag ("Old Glory") and/or the Texas state flag ("Lone Star Flag"), and/or an official or replica flag of any branch of the United States armed forces, may be displayed in a respectful manner on each Lot, subject to reasonable standards adopted by the Association for

the height, size, illumination, location, and number of flagpoles, all in compliance with Section 202.012 of the Texas Property Code. All flag displays must comply with public flag laws. No other types of flags, pennants, banners, kites, or similar types of displays are permitted on a Lot if the display is visible from a Street or Common Area. Unless the Rules provide otherwise, a flag must be wall-mounted to the first floor facade of the Residence, and no in-ground flag pole is permitted on a Lot.

7.33. USE OF ASSOCIATION AND SUBDIVISION NAME. The use of the name of the Association or the Subdivision, or any variation thereof, in any capacity without the express written consent of the Declarant during the Declarant Control Period, and thereafter the Board, is strictly prohibited. Additionally, the use of any logo adopted by the Association or the Subdivision, or use of any photographs of the entryway signage or other Subdivision signs or monuments or Common Areas without the express written consent of the Declarant during the Declarant Control Period, and thereafter the Board, is strictly prohibited except for Builder's marketing purposes for the sale of Residences with the Subdivision.

7.34. DRONES AND UNMANNED AIRCRAFT. Any Owner operating or using a drone or unmanned aircraft within the Property and related airspace must register such drone or unmanned aircraft with the Federal Aviation Administration ("FAA"), to the extent required under applicable FAA rules and regulations, and mark such done or unmanned aircraft prominently with the serial number or registration number on the drone or unmanned aircraft for identification purposes. BY ACCEPTANCE OF TITLE TO ANY PORTION OF THE PROPERTY, EACH OWNER ACKNOWLEDGES THAT USE OF A DRONE OR UNMANNED AIRCRAFT TO TAKE IMAGES OF PRIVATE PROPERTY OR PERSONS WITHOUT CONSENT MAY BE A VIOLATION OF TEXAS LAW AND CLASS C MISDEMEANOR SUBJECT TO LEGAL ACTION AND FINES UP TO $10,000. IT IS YOUR RESPONSIBILITY TO KNOW AND COMPLY WITH ALL LAWS APPLICABLE TO YOUR DRONE AND/OR UNMANNED AIRCRAFT USE.

7.35. LIGHTNING RODS. An Owner may not construct a lightning rod and related systems ("Lightning Rod") on a Residence except in compliance with the following: (a) the Lightning Rod must meet standards of the National Fire Protection Association ("NFPA") equal to or greater than NFPA's lightning Protection Standard NFPA 780, Underwriters Laboratories ("UL") UL 96A, and Lightning Protection Institute ("LPI") LPI-175, (b) any Lightening Rod must be installed by a contractor licensed in the State in which the Residence is located, and (c) any part of the Lightning Rod that becomes non-functional must be immediately repaired, replaced, or removed from the Residence by the Owner at such Owner's costs and expense. Each Owner acknowledges and agrees that an Owner is solely liable and responsible for the safety, upkeep, and use of the Lightning Rods. Furthermore, each Owner acknowledges that the installation of a Lightning Rod on a Residence may void or adversely warranties on such Owner's Residence, including without limitation, any roof warranties. **EACH OWNER BY ACCEPTANCE OF TITLE TO ITS LOT HEREBY RELEASES AND WAIVES THE ASSOCIATION, DECLARANT, THE BOARD AND/OR ITS MANAGING AGENT AND THEIR RESPECTIVE MEMBERS, EMPLOYEES, DESIGNEES, ADMINISTRATORS, INSPECTORS, CONTRACTORS, AND AGENTS, AND AGREES TO INDEMNIFY AND DEFEND SAME AND HOLD THEM 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 THE INSTALLATION, OPERATION, LOCATION, REPAIR, MAINTENANCE, AND/OR REMOVAL OF ANY LIGHTNING ROD OR RELATED SYSTEMS ON AN OWNER'S RESIDENCE.

ARTICLE 8
ASSOCIATION AND MEMBERSHIP RIGHTS

8.1. ASSOCIATION. By acquiring an ownership interest in a Lot, a person is automatically and mandatorily a Member of the Association.

8.2. BOARD. Unless the Documents expressly reserve a right, action, or decision to the Owners, Declarant, or another party, the Board acts in all instances on behalf of the Association. Unless the context indicates otherwise, references in the Documents to the "*Association*" may be construed to mean "*the Association acting through its board of directors.*"

8.3. THE ASSOCIATION. The duties and powers of the Association are those set forth in the Documents, primarily the Bylaws, together with the general and implied powers of a property owners association and a nonprofit corporation organized under the laws of the State of Texas. Generally, the Association may do any and all things that are lawful and necessary, proper, or desirable in operating for the peace, health, comfort, and general benefit of its Members, subject only to the limitations on the exercise of such powers as stated in the Documents. Among its duties, the Association levies and collects Assessments, maintains the Common Areas, and pays the expenses of the Association, such as those described in Section 9.4 below. The Association comes into existence on the earlier of (1) filing of its Certificate of Formation of the Association with the Texas Secretary of State or (2) the initial levy of Assessments against the Lots and Owners. The Association will continue to exist at least as long as the Declaration is effective against the Property, regardless of whether its corporate charter lapses from time to time. Notwithstanding the foregoing, the Association may not be voluntarily dissolved without the prior written consent of the City.

8.4. GOVERNANCE. The Association will be governed by a Board of directors elected by the Members. Unless the Association's Bylaws or Certificate of Formation provide otherwise, the Board will consist of at least 3 persons elected at the annual meeting of the Association, or at a special meeting called for that purpose. The Association will be administered in accordance with the Bylaws. Unless the Documents provide otherwise, any action requiring approval of the Members may be approved in writing by Owners of at least a Majority of all Lots, or at a meeting of Owners, by at least a Majority of the votes of Owners that are present at such meeting (subject to quorum requirements being met).

8.5. MEMBERSHIP. Each Owner and all successive Owners are mandatory Members of the Association, ownership of a Lot being the sole qualification for membership. Membership is appurtenant to and may not be separated from ownership of the Lot. The Board may require satisfactory evidence of transfer of ownership before a purported Owner is entitled to vote at meetings of the Association. If a Lot is owned by more than one person or entity, the co-owners

shall combine their vote in such a way as they see fit, but there shall be no fractional votes and no more than one (1) vote with respect to any Lot. A Member who sells his Lot under a contract for deed may delegate his membership rights to the contract purchaser, provided a written assignment is delivered to the Board. However, the contract seller remains liable for all Assessments attributable to his Lot until fee title to the Lot is transferred.

8.6. VOTING. One vote is appurtenant to each Lot. The total number of votes equals the total number of Lots in the Property. If additional property is made subject to this Declaration, the total number of votes will be increased automatically by the number of additional Lots included in the property annexed into the Property subject to this Declaration. Each vote is uniform and equal to the vote appurtenant to every other Lot, except during the Declarant Control Period as permitted in Appendix B. Cumulative voting is not allowed. Votes may be cast by written proxy, according to the requirements of the Association's Bylaws.

8.7. VOTING BY CO-OWNERS. The one vote appurtenant to a Lot is not divisible. If only one of the multiple co-owners of a Lot is present at a meeting of the Association, that person may cast the vote allocated to the Lot. If more than one of the co-owners is present, the Lot's one vote may be cast with the co-owners' unanimous agreement. Co-owners are in unanimous agreement if one of the co-owners casts the vote and no other co-owner makes prompt protest to the person presiding over the meeting. Any co-owner of a Lot may vote by ballot or proxy, and may register protest to the casting of a vote by ballot or proxy by the other co-owners. If the person presiding over the meeting or balloting receives evidence that the co-owners disagree on how the one appurtenant vote will be cast, the vote will not be counted.

8.8. BOOKS & RECORDS. The Association will maintain copies of the Documents and the Association's books, records, and financial statements. Books and records of the Association will be made available for inspection and copying pursuant to Section 209.005 of the Texas Property Code.

8.9. INDEMNIFICATION. The Declarant, the Association and managing agent, and their respective directors, officers, agents, members, employees, and representatives, and any member of the Board, the Architectural Reviewer, ACC and other officer, agent or representative of the Association (collectively, the "Indemnified Parties"), shall not be personally liable for the debts, obligations or liabilities of the Association. The Indemnified Parties shall not be liable for any mistake of judgment, whether negligent or otherwise, except for their own individual willful misfeasance or malfeasance, misconduct, bad faith, intentional wrongful acts or as otherwise expressly provided in the Documents. The Indemnified Parties shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association. **THE ASSOCIATION, AS A COMMON EXPENSE OF THE ASSOCIATION, SHALL INDEMNIFY AND HOLD HARMLESS THE INDEMNIFIED PARTIES FROM ANY AND ALL EXPENSES, LOSS OR LIABILITY TO OTHERS, INCLUDING ATTORNEY'S FEES, REASONABLY INCURRED BY OR IMPOSED ON THE INDEMNIFIED PARTY IN CONNECTION WITH AN ACTION, SUIT, OR PROCEEDING TO WHICH THE INDEMNIFIED PARTY IS A PARTY BY REASON OF BEING OR HAVING BEEN AN INDEMNIFIED PARTY HEREUNDER OR ON ACCOUNT OF ANY CONTRACT OR COMMITMENT ENTERED INTO BY ANY INDEMNIFIED PARTY IN ITS CAPACITY HEREUNDER (TO THE EXTENT NOT**

COVERED BY INSURANCE PROCEEDS) AGAINST EXPENSES. IN ADDITION, EACH INDEMNIFIED PARTY SHALL BE INDEMNIFIED AND HELD HARMLESS BY THE ASSOCIATION, AS A COMMON EXPENSE OF THE ASSOCIATION, FROM ANY EXPENSE, LOSS OR LIABILITY TO OTHERS (TO THE EXTENT NOT COVERED BY INSURANCE PROCEEDS) BY REASONS OF HAVING SERVED AS SUCH DIRECTOR, OFFICER, AGENT, MEMBER, EMPLOYEE AND/OR REPRESENTATIVE AND IN SUCH CAPACITY AND AGAINST ALL EXPENSES, LOSSES AND LIABILITIES, INCLUDING, BUT NOT LIMITED TO, COURT COSTS AND REASONABLE ATTORNEYS' FEES, INCURRED BY OR IMPOSED UPON SUCH INDEMNIFIED PARTY IN CONNECTION WITH ANY PROCEEDING TO WHICH SUCH PERSON MAY BE A PARTY OR HAVE BECOME INVOLVED BY REASON OF BEING SUCH DIRECTOR, OFFICER, AGENT, MEMBER, EMPLOYEE AND/OR REPRESENTATIVE AT THE TIME ANY SUCH EXPENSES, LOSSES OR LIABILITIES ARE INCURRED SUBJECT TO ANY PROVISIONS REGARDING INDEMNITY CONTAINED IN THE DOCUMENTS, EXCEPT IN CASES WHEREIN THE EXPENSES, LOSSES AND LIABILITIES ARISE FROM A PROCEEDING IN WHICH SUCH INDEMNIFIED PARTY IS ADJUDICATED GUILTY OF WILLFUL MISFEASANCE OR MALFEASANCE, MISCONDUCT OR BAD FAITH IN THE PERFORMANCE OF SUCH PERSON'S DUTIES OR INTENTIONAL WRONGFUL ACTS OR ANY ACT EXPRESSLY SPECIFIED IN THE DOCUMENTS AS AN ACT FOR WHICH ANY LIMITATION OF LIABILITY SET FORTH IN THE DOCUMENTS IS NOT APPLICABLE; PROVIDED, HOWEVER, THIS INDEMNITY DOES COVER LIABILITIES RESULTING FROM SUCH INDEMNIFIED PARTY'S NEGLIGENCE. AN INDEMNIFIED PARTY IS NOT LIABLE FOR A MISTAKE OF JUDGMENT, NEGLIGENT OR OTHERWISE. AN INDEMNIFIED PARTY IS LIABLE FOR HIS OR HER WILLFUL MISFEASANCE, MALFEASANCE, MISCONDUCT, OR BAD FAITH. THIS RIGHT TO INDEMNIFICATION DOES NOT EXCLUDE ANY OTHER RIGHTS TO WHICH PRESENT OR FORMER INDEMNIFIED PARTIES MAY BE ENTITLED. ANY RIGHT TO INDEMNIFICATION PROVIDED HEREIN SHALL NOT BE EXCLUSIVE OF ANY OTHER RIGHTS TO WHICH A DIRECTOR, OFFICER, AGENT, MEMBER, EMPLOYEE AND/OR REPRESENTATIVE, OR FORMER DIRECTOR, OFFICER, AGENT, MEMBER, EMPLOYEE AND/OR REPRESENTATIVE, MAY BE ENTITLED. THE ASSOCIATION MAY MAINTAIN GENERAL LIABILITY AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE TO FUND THIS OBLIGATION. ADDITIONALLY, THE ASSOCIATION MAY INDEMNIFY A PERSON WHO IS OR WAS AN EMPLOYEE, TRUSTEE, AGENT, OR ATTORNEY OF THE ASSOCIATION, AGAINST ANY LIABILITY ASSERTED AGAINST HIM AND INCURRED BY HIM IN THAT CAPACITY AND ARISING OUT OF THAT CAPACITY. Any insurance policies obtained by the Association shall name the Declarant and the managing agent as "additional insured" on such policies. The provisions of this Section 8.9 may not be modified or amended without the express written consent of Declarant.

8.10. **ADDITIONALLY, THE ASSOCIATION MAY INDEMNIFY A PERSON WHO IS OR WAS AN EMPLOYEE, TRUSTEE, AGENT, OR ATTORNEY OF THE ASSOCIATION, AGAINST ANY LIABILITY ASSERTED AGAINST HIM AND INCURRED BY HIM IN THAT CAPACITY AND ARISING OUT OF THAT CAPACITY.**

The provisions of this Section 8.10 may not be modified or amended without the express written consent of Declarant.

8.11. OBLIGATIONS OF OWNERS. Without limiting the obligations of Owners under the Documents, each Owner has the following obligations:

8.11.1. Pay Assessments. Each Owner will pay Assessments properly levied by the Association against the Owner or his Lot, and will pay Regular Assessments without demand or written statement by the Association. Payment of Assessments is NOT contingent upon the provision, existence, or construction of any common elements or amenity.

8.11.2. Comply. Each Owner will comply with the Documents as amended from time to time.

8.11.3. Reimburse. Owner will pay for damage to the Property caused by the negligence or willful misconduct of the Owner, a Resident of the Owner's Lot, or the Owner or Resident's family, guests, employees, contractors, agents, or invitees.

8.11.4. Liability. Each Owner is liable to the Association for violations of the Documents by the Owner, a Resident of the Owner's Lot, or the Owner or Resident's family, guests, employees, agents, or invitees, and for costs incurred by the Association to obtain compliance, including attorney's fees whether or not suit is filed.

8.12. HOME RESALES. This Section applies to every sale or conveyance of a Lot or an interest in a Lot by an Owner other than Declarant or a Builder:

8.12.1. Resale Certificate. An Owner intending to sell his home will notify the Association and will request a Resale Certificate (herein so called) from the Association. The Resale Certificate (as defined in Section 8.12.4 hereof) shall include such information as may be required under Section 207.003(b) of the Texas Property Code; provided, however, that the Association or its agents may, and probably will, charge a reasonable and necessary fee in connection with preparation of the Resale Certificate not to exceed $375.00 to cover its administrative costs or otherwise to assemble, copy and deliver the Resale Certificate, and may charge a reasonable and necessary fee in connection with preparation of any update to the Resale Certificate not to exceed $75.00, which fee(s), as applicable, must be paid upon the earlier of (i) delivery of the Resale Certificate to an Owner, or (ii) the Owner's closing of the sale or transfer of his/her Residence or Lot. Declarant is exempt from any and all Resale Certificate fees. Resale Certificates shall be delivered by the Association or managing agent in any event within five (5) days after the second request delivered by an Owner to the Association via certified mail, return receipt requested, or via hand delivery with evidence of receipt by the Association.

8.12.2. No Right of First Refusal. The Association does not have a right of first refusal and may not compel a selling Owner to convey the Owner's Lot to the Association.

8.12.3. Reserve Fund Contribution. At time of transfer of a Lot by any Owner (other than by Declarant or by any Builder), a "Reserve Fund Contribution" (herein so called) shall be paid to the Association in the amount of **Seven Hundred Fifty and No/100**

Dollars ($750.00), as may be increased annually by action of the Board by an additional amount equal to up to fifty percent (50%) of the Reserve Fund Contribution collected in the prior calendar year without joinder or consent of any other Owner or Member. Reserve Fund Contributions shall be deposited in the Association's "Reserve Fund" (herein so called). The Reserve Fund Contribution may be paid by the seller or buyer, and will be collected at closing of the transfer of a Lot, provided in no event shall any Reserve Fund Contribution be due or owing in connection with a transfer by Declarant or any Builder. If the Reserve Fund Contribution is not collected at closing, the buyer remains liable to the Association for the Reserve Fund Contribution until paid. The Reserve Fund Contribution is not refundable and may not be regarded as a prepayment of or credit against Regular Assessments or Special Assessments. ***The Association shall have the unrestricted right to the use of funds allocated to the Reserve Fund for any and all costs and expenses of the Association, including, without limitation, (i) operating and/or administrative expenses of the Association, (ii) costs and expenses for the maintenance and upkeep of any area of the grounds or Common Areas or (iii) costs and expenses for any portion of the development, at any time and from time to time.*** Declarant may but, shall have no obligation, to establish or subsidize a Reserve Fund for the Association.

8.12.4. Other Transfer-Related Fees. The Board may, at its sole discretion, enter into a contract with a managing agent to oversee the daily operation and management of the Association. A number of independent fees may be charged in relation to the transfer of title to a Lot, including but not limited to fees for Resale Certificates, estoppel certificates, copies of Documents, compliance inspections, ownership record changes, and priority processing, provided the fees are customary in amount, kind, and number for the local marketplace are not refundable and may not be regarded as a prepayment of or credit against Regular Assessments or Special Assessments, and are in addition to the contribution to the Reserve Fund or Working Capital Fund. The managing agent may, and probably will, have fees, which will be charged to an Owner for the transfer of a significant estate or fee simple title to a Lot and the issuance of a "Resale Certificate" (herein so called), which fees shall not exceed $375 for the initial Resale Certificate, and $75 for any update of a Resale Certificate in accordance with Section 8.12.1 above. The Association or its agent shall not be required to issue a Resale Certificate until payment for the cost thereof has been received by the Association or its agent; provided, however, in any event the Resale Certificates shall be delivered by the Association or managing agent within five (5) days after the second request delivered by an Owner to the Association via certified mail, return receipt requested, or via hand delivery with evidence of receipt by the Association. Transfer fees, other than the fees for the issuance of a Resale Certificate, shall in no event exceed the current annual rate of Regular Assessments applicable at the time of the transfer/sale for each Residence being conveyed and are not refundable and may not be regarded as a prepayment of or credit against Regular Assessments or Special Assessments, and are in addition to the contribution to the Reserve Fund or Working Capital Fund. This Section does not obligate the Board or any third party to levy such fees. Transfer-related fees charged by or paid to a managing agent are not subject to the Association's Assessment Lien (as defined in Section 11.1 hereof), and are not payable by the Association. Declarant is exempt from transfer related fees and fees for any Resale Certificates.

8.12.5. Information. Within thirty days after acquiring an interest in a Lot, an Owner will provide the Association with the following information: a copy of the settlement

statement or deed by which Owner has title to the Lot; the Owner's email address (if any), U. S. postal address, and phone number; any mortgagee's name, address, and loan number; the name and phone number of any Resident other than the Owner; the name, address, and phone number of Owner's managing agent, if any.

8.13 Right of Action By Association. Notwithstanding anything contained in the Documents, the Association shall not have the power to institute, defend, intervene in, settle or compromise litigation, arbitration, or administrative proceedings: (1) in the name of or on behalf of or against any Owner (whether one or more); or (2) pertaining to a Claim, as defined in Section 16.1.1 below, relating to the design or construction of improvements on a Lot (whether one or more), including Residences. Notwithstanding anything contained in the Documents, this Section 8.13 may not be amended or modified without Declarant's written and acknowledged consent, and Members entitled to cast at least one hundred percent (100%) of the total number of votes of the Association, which must be part of the recorded amendment instrument.

ARTICLE 9
COVENANT FOR ASSESSMENTS

9.1. POWER TO ESTABLISH ASSESSMENTS AND PURPOSE OF ASSESSMENTS. The Association is empowered to establish and collect Assessments as provided in this Article 9 for the purpose of obtaining funds to maintain the Common Area(s), perform its other duties, and otherwise preserve and further the operation of the Property as a first-class, quality residential subdivision. The purposes for which Assessments may be used to fund the costs and expenses of the Association (the "Common Expenses") in performing or satisfying any right, duty or obligation of the Association hereunder or under any of the Documents, including, without limitation, maintaining, operating, managing, repairing, replacing or improving the Common Area or any improvements thereon; mowing grass and maintaining grades and signs; paying legal fees and expenses incurred in enforcing this Declaration; paying expenses incurred in collecting and administering Assessments; paying insurance premiums for liability and fidelity coverage for the ACC, the Board and the Association; paying operational and administrative expenses of the Association; and satisfying any indemnity obligation under the Documents. The Board may reject partial payments and demand payment in full of all amounts due and owing the Association. The Board is specifically authorized to establish a policy governing how payments are to be applied. The Association will use Assessments for the general purposes of preserving and enhancing the Property, and for the common benefit of Owners and Residents, including but not limited to maintenance of real and personal property, management and operation of the Association, and any expense reasonably related to the purposes for which the Property was developed. If made in good faith, the Board's decision with respect to the use of Assessments is final.

9.2. PERSONAL OBLIGATION. An Owner is obligated to pay Assessments levied by the Board against the Owner or his Lot. An Owner makes payment to the Association at its principal office or at any other place the Board directs. Payments must be made in full regardless of whether an Owner has a dispute with the Association, another Owner, or any other person or entity regarding any matter to which this Declaration pertains. No Owner may exempt himself from his Assessment liability by waiver of the use or enjoyment of the Common Area or by

abandonment of his Lot. An Owner's obligation is not subject to offset by the Owner, nor is it contingent on the Association's performance of the Association's duties. Payment of Assessments is both a continuing affirmative covenant personal to the Owner and a continuing covenant running with the Lot.

9.3. CONTROL FOR ASSESSMENT INCREASES. This Section of the Declaration may not be amended without the approval of Owners of at least two-thirds (2/3) of the Lots. In addition to other rights granted to Owners by this Declaration, Owners have the following powers and controls over the Association's budget:

9.3.1. Veto Increased Dues. At least 30 days prior to the effective date of an increase in Regular Assessments wherein the Regular Assessments due will increase **more than** fifty percent (50%) from the previous year's Regular Assessments the Board will notify an Owner of each Lot of the amount of, the budgetary basis for, and the effective date of the increase. The increase will automatically become effective unless at least a Majority of Owners disapprove the increase by petition or at a meeting of the Association, subject to rights of the Board under Section 9.4.1 below. In that event, the last-approved budget will continue in effect until a revised budget is approved. Increases of fifty percent (50%) or less shall not require a vote of the Owners, and may be approved by Declarant during the Development Period or, thereafter, by the Board.

9.3.2. Veto Special Assessment. At least 30 days prior to the effective date of a Special Assessment, the Board will notify an Owner of each Lot of the amount of, the budgetary basis for, and the effective date of the Special Assessment. The Special Assessment will automatically become effective unless at least a Majority of Owners disapprove the Special Assessment by petition or at a meeting of the Association.

9.4. TYPES OF ASSESSMENTS. There are six types of Assessments: Regular Assessments, Special Assessments, Insurance Assessments, Individual Assessments, and Deficiency Assessments. Regular Assessments shall be reoccurring Assessments payable as defined in this Section 9.4 and more particularly as described in Section 9.4.1 and 9.4.4 below.

9.4.1. Regular Assessments. Regular Assessments are based on the annual budget. If the Board does not approve an annual budget or fails to determine new Regular Assessments for any year, or delays in doing so, Owners will continue to pay the Regular Assessment as last determined. **The Regular Assessment has been initially set at NINE HUNDRED AND NO/100 DOLLARS ($900.00) per Lot per year for the calendar year of and 1st full calendar year after the recordation of this Declaration. Regular Assessments shall be paid on an annual basis by Builders and semi-annually by Owner other than Builders and Declarant (unless the Board determines a different schedule). Regular Assessments shall be due from Builders on the first (1st) day of the first month of the year in which they are due, Regular Assessments shall be due from Owners (other than Builders and Declarant) on the first (1st) day of January and the first (1st) day of July of the year in which they are due, and shall be considered late if not paid by the tenth (10th) day of the month in which they are due.**

If during the course of a year and thereafter the Board determines that Regular Assessments are insufficient to cover the estimated Common Expenses for the remainder of the year, the Board may increase Regular Assessments for the remainder of the fiscal year in an amount that covers the estimated deficiency up to fifty percent (50%) without a vote of the Owners as set forth in Section 9.3.1 above. Notwithstanding the foregoing or the terms of Section 9.3.1 above, in the event that either (i) the Board determines that due to unusual circumstances the maximum annual Regular Assessment even as increased by fifty percent (50%) will be insufficient to enable the Association to pay the Common Expenses, or (ii) the Assessment increases resulting in an increase in excess of fifty percent (50%) above the previous year's Regular Assessment, then in such event, the Board shall have the right to increase the maximum annual Regular Assessment by the amount necessary to provide sufficient funds to cover the Common Expenses without the approval of the Members as provided herein; provided, however, the Board shall only be allowed to make one (1) such increase per calendar year pursuant to this Section 9.4.1 and the terms of Section 9.3.1 shall apply for any additional increases of the Regular Assessment in a calendar year.

Regular Assessments are used for Common Expenses related to the reoccurring, periodic, and anticipated responsibilities of the Association, including but not limited to:

a. Maintenance, repair, and replacement, as necessary, of the Common Area, including any private Streets, striping, paving, or other parking area maintenance in accordance with this Declaration, the Documents and the Community Standard.

b. Utilities billed to the Association.

c. Services billed to the Association and serving all Lots.

d. Taxes on property owned by the Association and the Association's income taxes.

e. Management, legal, accounting, auditing, and professional fees for services to the Association.

f. Costs of operating the Association, such as telephone, postage, office supplies, printing, meeting expenses, and educational opportunities of benefit to the Association.

g. Premiums and deductibles on insurance policies and bonds required by this Declaration or deemed by the Board to be necessary or desirable for the benefit of the Association, including fidelity bonds and directors' and officers' liability insurance.

h. Contributions to the reserve funds.

i. Any other expense which the Association is required by law or the Documents to pay, or which in the opinion of the Board is necessary or proper for the operation and maintenance of the Property or for enforcement of the Documents.

9.4.2. Special Assessments. In addition to Regular Assessments, and subject to the Owners' control for certain Assessment increases, the Board may levy one or more Special Assessments against all Lots for the purpose of defraying, in whole or in part,

Common Expenses not anticipated by the annual budget or the Reserve Funds. Special Assessments do not require the approval of the Owners, except that Special Assessments for the following purposes must be approved by at least a Majority of Owners:

a. Acquisition of real property, other than the purchase of a Lot at the sale foreclosing the Association's lien against the Lot.

b. Construction of additional capital improvements within the Property, but not replacement of existing improvements.

c. Any expenditure that may reasonably be expected to significantly increase the Association's responsibility and financial obligation for operations, insurance, maintenance, repairs, or replacement.

9.4.3. Insurance Assessments. The Association's insurance premiums are Common Expenses that must be included in the Association's annual budget. However, if any deductible or unforeseen insurance expense occurs in a calendar year that was not included in the annual budget of the Association, the Association may levy an Insurance Assessment (herein so called). If the Association levies an Insurance Assessment, the Association must disclose the Insurance Assessment in Resale Certificates prepared by the Association.

9.4.4. Individual Assessments. In addition to Regular Assessments, Special Assessments, and Insurance Assessments, the Board may levy an Individual Assessment against a Lot and its Owner. Individual Assessments may include, but are not limited to: interest, late charges, and collection costs on delinquent Assessments; reimbursement for costs incurred in bringing an Owner or his Lot into compliance with the Documents or the Community Standard; fines for violations of the Documents; insurance deductibles; transfer-related fees and Resale Certificate fees; fees for estoppel letters and project documents; reimbursement for damage or waste caused by willful or negligent acts; Common Expenses that benefit fewer than all of the Lots, which may be assessed according to benefit received; fees or charges levied against the Association on a per-Lot basis; and "pass through" expenses for services to Lots provided through the Association and which are equitably paid by each Lot according to benefit received.

9.4.5. Deficiency Assessments. The Board may levy a Deficiency Assessment against all Lots for the purpose of defraying, in whole or in part, the cost of repair or restoration if insurance proceeds or condemnation awards prove insufficient or to fund any shortfall between Assessments collected by the Association and Association's Common Expenses. The Declarant shall not be responsible or liable for any deficit in the Association's funds or any Deficiency Assessments. The Declarant may, but is under no obligation to, subsidize any liabilities incurred by the Association, and the Declarant may, but is not obligated to, lend funds to the Association to enable it to defray its expenses, provided the terms of such loans are on reasonable market conditions at the time.

The provisions of this Section 9.4 may not be modified or amended without the express written consent of Declarant.

9.5. BASIS & RATE OF ASSESSMENTS. The share of liability for Common Expenses allocated to each Lot is uniform for all Lots, regardless of a Lot's location or the value and size of the Lot or Residence; subject, however, to the exemption for Declarant provided below and in Appendix B.

9.6. DECLARANT OBLIGATION. Declarant's obligation for an exemption from Assessments is described in Appendix B. Unless Appendix B creates an affirmative assessment obligation for Declarant, a Lot that is owned by Declarant during the Development Period is exempt from mandatory assessment by the Association. Declarant has a right to reimbursement for any Assessment paid to the Association by Declarant during the Development Period, but only after the Declarant Control Period. This provision may not be construed to prevent Declarant from making a loan or voluntary monetary donation to the Association, provided it is so characterized. The provisions of this Section 9.6 may not be modified or amended without the express written consent of Declarant

9.7. ANNUAL BUDGET. The Board will prepare and approve an estimated annual budget for each fiscal year at an open meeting of the Board held in accordance with requirements under Section 209.0051 of the Texas Property Code and the Bylaws. For each calendar year or a part thereof during the term of this Declaration and after recordation of the initial final Plat of any portion of the Property, the Board shall establish an estimated budget of the Common Expenses to be incurred by the Association for the forthcoming year in performing and satisfying its rights, duties and obligations, which Common Expenses may include, without limitation, amounts due from Owners, and which budget adopted by the Board may include one or more line items to establish reserve accounts (on a restricted, non-restricted, or other basis). Based upon such budget, the Association shall then assess each Lot an annual fee which shall be paid by each Owner in advance in accordance with Section 9.4.1 hereof. The Association shall notify each Owner of the Regular Assessments for the ensuing year by December 31st of the preceding year, but failure to give such notice shall not relieve any Owner from its obligation to pay Assessments. Any Assessment not paid within ten (10) days of the date due shall be delinquent and shall thereafter be subject to interest at the rate of twelve percent (12%) per annum or the maximum rate permitted by Applicable Law, whichever is less, at the discretion of the Board, (the "Default Interest Rate") as well as late and collection fees. As to any partial year, Assessments on any Lot shall be appropriately prorated.

9.8. DUE DATE. **The Board may levy Regular Assessments on any periodic basis annually, quarterly, or monthly**. Regular Assessments are due on the first day of the period for which levied. Special Assessments, Insurance Assessments, Individual Assessments and Deficiency Assessments are due on the date stated in the notice of such Assessment or, if no date is stated, within 10 days after notice of the Assessment is given. Assessments are delinquent if not received by the Association on or before the due date.

9.9. ASSOCIATION'S RIGHT TO BORROW MONEY. The Association is granted the right to borrow money, subject to the consent of at least a Majority of Owners and the ability of the Association to repay the borrowed funds from Assessments; provided, however, during the Development Period, the Declarant may loan funds to the Association without consent or approval of the Owners, to enable the Association to defray its expenses, provided the terms of such loans are on reasonable market conditions at the time. To assist its ability to borrow, the Association is

granted the right to encumber, mortgage, pledge, or deed in trust any of its real or personal property, and the right to assign its right to future income, as security for money borrowed or debts incurred, provided that the rights of the lender in the pledged property are subordinate and inferior to the rights of the Owners hereunder.

9.10. LIMITATIONS OF INTEREST. The Association, and its officers, directors, managers, and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Documents or any other Document or agreement executed or made in connection with the Association's collection of Assessments, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by Applicable Law. If from any circumstances whatsoever, the Association ever receives, collects, or applies as interest a sum in excess of the maximum rate permitted by Applicable Law, the excess amount will be applied to the reduction of unpaid Special Assessments and Regular Assessments, or reimbursed to the Owner if those Assessments are paid in full.

ARTICLE 10
ASSESSMENT LIEN

10.1. ASSESSMENT LIEN. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to pay Assessments to the Association. Each Assessment is a charge on the Lot and is secured by a continuing Assessment Lien (as defined below) on the Lot. Each Owner, and each prospective Owner, is placed on notice that his title may be subject to the continuing Assessment Lien for Assessments attributable to a period prior to the date he purchased his Lot.

10.2. SUPERIORITY OF ASSESSMENT LIEN. The Assessment Lien is superior to all other liens and encumbrances on a Lot, except only for (1) real property taxes and assessments levied by governmental and taxing authorities, (2) a deed of trust or vendor's lien recorded before this Declaration, (3) a recorded deed of trust lien securing a loan for construction of the original Residence, and (4) a first or senior purchase money vendor's lien or deed of trust lien recorded before the date on which the delinquent Assessment became due.

The Assessment Lien is subordinate and inferior to a recorded deed of trust lien that secures a first or senior purchase money mortgage, an FHA-insured mortgage, or a VA-guaranteed mortgage.

10.3. EFFECT OF MORTGAGEE'S FORECLOSURE. Foreclosure of a superior lien extinguishes the Association's claim against the Lot for unpaid Assessments that became due before the sale, but does not extinguish the Association's claim against the former Owner. The purchaser at the foreclosure sale of a superior lien is liable for Assessments coming due from and after the date of the sale, and for the Owner's pro rata share of the pre-foreclosure deficiency as an Association expense.

10.4. NOTICE AND RELEASE OF NOTICE. The Association's lien for Assessments is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien is required. However, the Association, at its option, may cause a notice of the lien to be recorded in the county's Real Property Records. If the

debt is cured after a notice has been recorded, the Association will record a release of the notice at the expense of the curing Owner.

10.5. POWER OF SALE. By accepting an interest in or title to a Lot, each Owner grants to the Association a private power of nonjudicial sale in connection with the Association's Assessment Lien. The Board may appoint, from time to time, any person, including an officer, agent, trustee, substitute trustee, or attorney, to exercise the Association's lien rights on behalf of the Association, including the power of sale. The appointment must be in writing and may be in the form of a resolution recorded in the minutes of a Board meeting.

10.6. FORECLOSURE OF LIEN. The Assessment Lien may be enforced by judicial or nonjudicial foreclosure. A foreclosure must comply with the requirements of Applicable Law, such as Chapter 209 of the Texas Property Code. A nonjudicial foreclosure must be conducted in accordance with the provisions applicable to the exercise of powers of sale as set forth in Section 51.002 of the Texas Property Code, or in any manner permitted by law. In any foreclosure, the Owner is required to pay the Association's costs and expenses for the proceedings, including reasonable attorneys' fees, subject to applicable provisions of the Bylaws and Applicable Law, such as Chapter 209 of the Texas Property Code. The Association has the power to bid on the Lot at foreclosure sale and to acquire, hold, lease, mortgage, and convey same. The Association may not foreclose the Assessment Lien if the debt consists solely of fines and/or a claim for reimbursement of attorney's fees incurred by the Association.

ARTICLE 11
EFFECT OF NONPAYMENT OF ASSESSMENTS

An Assessment is delinquent if the Association does not receive payment in full by the Assessment's due date. The Association, acting through the Board, is responsible for taking action to collect delinquent Assessments. The Association's exercise of its remedies is subject to Applicable Laws, such as Chapter 209 of the Texas Property Code, and pertinent provisions of the Bylaws. From time to time, the Association may delegate some or all of the collection procedures and remedies, as the Board in its sole discretion deems appropriate, to the Association's manager, an attorney, or a debt collector. Neither the Board nor the Association, however, is liable to an Owner or other person for its failure or inability to collect or attempt to collect an Assessment. The following remedies are in addition to and not in substitution for all other rights and remedies which the Association has:

11.1. RESERVATION, SUBORDINATION, AND ENFORCEMENT OF ASSESSMENT LIEN. Declarant hereby reserves for the benefit of itself and the Association, a continuing contractual lien (the "Assessment Lien") against each Lot to secure payment of (1) the Assessments imposed hereunder and (2) payment of any amounts expended by such Declarant or the Association in performing a defaulting Owner's obligations as provided for in the Documents. THE OBLIGATION TO PAY ASSESSMENTS IN THE MANNER PROVIDED FOR IN THIS ARTICLE, TOGETHER WITH INTEREST FROM SUCH DUE DATE AT THE DEFAULT INTEREST RATE SET FORTH (IF APPLICABLE), THE CHARGES MADE AS AUTHORIZED IN THIS DECLARATION, ALL VIOLATION FINES AND THE COSTS OF COLLECTION, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES, IS SECURED BY A CONTINUING CONTRACTUAL ASSESSMENT LIEN AND

CHARGE ON THE LOT COVERED BY SUCH ASSESSMENT, WHICH SHALL BIND SUCH LOT AND THE OWNERS THEREOF AND THEIR HEIRS, SUCCESSORS, DEVISEES, PERSONAL REPRESENTATIVES AND ASSIGNEES. The continuing contractual Assessment Lien shall attach to the Lots as of the date of the recording of this Declaration in the Official Public Records of Denton County, Texas, and such Assessment Lien shall be superior to all other liens except as otherwise provided in this Declaration. Each Owner, by accepting conveyance of a Lot, shall be deemed to have agreed to pay the Assessments herein provided for and to the reservation of the Assessment Lien. The Assessment Lien shall be subordinate only to the liens of any valid first lien mortgage or deed of trust encumbering a particular Lot and the Assessment Lien established by the terms of this Declaration. Sale or transfer of any Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to a first mortgage or deed of trust foreclosure (whether by exercise of power of sale or otherwise) or any proceeding in lieu thereof, shall only extinguish the Assessment Lien as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability and the Assessment Lien for any Assessments thereafter becoming due. The Assessment Lien may be non-judicially foreclosed by power of sale in accordance with the provisions of Section 51.002 of the Texas Property Code (or any successor provision) or may be enforced judicially. Each Owner, by accepting conveyance of a Lot, expressly grants the Association a power of sale in connection with the foreclosure of the Assessment Lien. The Board is empowered to appoint a trustee, who may be a member of the Board, to exercise the powers of the Association to non-judicially foreclose the Assessments Lien in the manner provided for in Section 51.002 of the Texas Property Code (or any successor statute). The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. The rights and remedies set forth in this Declaration are subject to the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 *et seq.*).

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

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

11.2. INTEREST. Delinquent Assessments are subject to interest from the due date until paid, at the Default Interest Rate.

11.3. LATE AND OTHER FEES. Delinquent Assessments are subject to late fees which shall be Twenty-Five and No/100 Dollars ($25.00) per month for each month any portion of Assessments due are not paid and is payable to the Association. This amount may be reviewed and adjusted by the Board from time to time as needed to compensate the Association with any rise in costs and expenses associated with the collection of delinquencies to an account. Late fees will be assessed to the delinquent Owner's account. Bank fees for non-sufficient funds or for any other reason charged to the Association which is in relation to a payment received by an Owner and not honored by the Owner's bank or any other financial institution and/or source shall be charged back to the Owner's account for reimbursement to the Association.

11.4. COSTS OF COLLECTION. The Owner of a Lot against which Assessments are delinquent is liable for reimbursement of reasonable costs incurred to collect the delinquent Assessments, including attorney's fees and processing fees charged by the managing agent, subject to Section 209.0064(6) of the Texas Property Code, as amended. There shall be a late charge in the amount of at least Twenty-Five and No/100 Dollars ($25.00) payable to the Association which shall be for the reimbursement of costs and fees incurred by the Association for the processing and collection of delinquent accounts. The managing agent shall have the right to charge a monthly collection fee in the amount determined by the Board for each month an account is delinquent. Additional fees for costs involving the processing of demand letters and notice of intent of attorney referral shall apply; a fee as determined by the Board (but in any event no less than Ten and No/100 Dollars ($10.00)), shall be charged for each demand letter or attorney referral letter prepared and processed. Other like notices requiring extra processing and handling which include but, are not limited to certified and/or return receipt mail processing shall also be billed back to the Owner's account for reimbursement to the Association or its managing agent. Collection fees and costs shall be added to the delinquent Owner's account. The Declarant, during the Development Period, the Association through its Board, or the Association's managing agent may report delinquent Owners to a credit reporting agency in accordance with Section 11.11 hereof subject to prior written notice delivered to the delinquent Owner via certified mail.

11.5. ACCELERATION. If an Owner defaults in paying an Assessment that is payable in installments, the Association may accelerate the remaining installments on 10 days' written notice to the defaulting Owner. The entire unpaid balance of the Assessment becomes due on the date stated in the notice, subject to the alternative payment schedule guidelines now or hereafter adopted by the Association through its Board in accordance with Section 209.0062 of the Texas Property Code, as modified or amended from time to time. The Association is not required to offer an Owner who defaults on a payment plan the option of entering into a second or other payment plan for a minimum of two (2) years.

11.6. SUSPENSION OF USE AND VOTE. The Association may suspend the right of Owners and Residents to use Common Areas and common services (if any) during the period of delinquency, pursuant to the procedures established in the Bylaws and subject to prior notice of such suspension delivered to such Owner and/or Residents via certified mail. The Association may not suspend the right to vote appurtenant to the Lot to the extent such suspension would be prohibited under the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 *et seq.*). Suspension does not constitute a waiver or discharge of the Owner's obligation to pay Assessments. Further procedures for membership voting are located in Article 8 hereof or in the Bylaws. **Notwithstanding the foregoing or anything to the contrary contained herein, for as long as required under the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 *et seq.*), nothing contained in this Section shall prohibit a Member's vote from being exercised by such Member to elect directors of the Board on matters that affect such Member's rights or responsibilities with respect to the Lot owned by it, at any meeting of or action taken by the Members of the Association at any meeting.**

11.7. MONEY JUDGMENT. The Association may file suit seeking a money judgment against an Owner delinquent in the payment of Assessments, without foreclosing or waiving the Association's Assessment Lien.

11.8. NOTICE TO MORTGAGEE. The Association may notify and communicate with the holder of any lien against a Lot regarding the Owner's default in payment of Assessments.

11.9. FORECLOSURE OF ASSESSMENT LIEN. As provided by this Declaration, the Association may foreclose its lien against the Lot by judicial or nonjudicial means.

11.10. APPLICATION OF PAYMENTS. The Board may adopt and amend policies regarding the application of payments. The Association may refuse to accept partial payment, i.e., less than the full amount due and payable. The Association may also refuse to accept payments to which the payer attaches conditions or directions contrary to the Board's policy for applying payments. The Association's policy may provide that endorsement and deposit of a payment does not constitute acceptance by the Association, and that acceptance occurs when the Association posts the payment to the Lot's account.

11.11. CREDIT REPORTING. The Association through its Board, or any management agent of the Association, may report an Owner delinquent in the payment of Assessments to any credit reporting agency only if:

11.11.1. The delinquency is not the subject of a pending dispute between the Owner and the Association; and

11.11.2. at least thirty (30) business days before reporting to a credit reporting service, the Association sends, via certified mail, hand delivery, electronic delivery, or by other delivery means acceptable between the delinquent Owner and the Association, a detailed report of all delinquent charges owed; and

11.11.3. the delinquent Owner has been given the opportunity to enter into a payment plan.

The Association may not charge a fee for the reporting of an Owner to any credit reporting agency of the delinquent payment history of assessments, fines, and fees of such Owner to a credit reporting service.

ARTICLE 12
ENFORCING THE DOCUMENTS

12.1. NOTICE AND HEARING. Before the Association may exercise its remedies for a violation of the Documents or damage to the Property, the Association must give an Owner written notice and an opportunity for a hearing, according to the requirements and procedures in this Declaration, the Bylaws and in Applicable Law, such as Chapter 209 of the Texas Property Code, as amended from time to time. Notices are also required before an Owner is liable to the Association for certain charges, including reimbursement of attorney's fees incurred by the Association. Only one (1) notice with an opportunity of at least ten (10) days to cure such failure shall be required for most violations (no second or additional notices shall be required) except prior notice is not required with respect to entry onto a Lot by the Association to cure violations that are an emergency or hazardous in nature or pose a threat or nuisance to the Association or another Owner and no cure period shall be required for (1) any violations that are uncurable, or (2) a violation for which an Owner has been previously given notice of and the opportunity to cure in the preceding six (6) months. Uncurable violations include shooting fireworks, an act constituting a threat to health or safety; a noise violation that is not ongoing; property damage, including the removal or alteration of landscape; and holding a garage sale or other event prohibited by a dedicatory instrument. Examples of curable violations include a parking violation; a maintenance violation; the failure to construct improvements or modifications in accordance with approved plans and specifications; and an ongoing noise violation such as a barking dog. No notice to an Owner shall be required (A) if a suit is filed by the Association against an Owner seeking temporary restraining order or temporary injunctive relief, or if the Association files a suit against an Owner including foreclosure as a cause of action, or (B) with regard to a temporary suspension of a person's right to use Common Areas if the temporary suspension is the result of a violation that occurred in a Common Area and involved a significant and immediate risk of harm to others in the Subdivision. Not later than ten (10) days before the Association holds a hearing under Chapter 209 of the Texas Property Code, the Association shall provide to an Owner a packet containing all documents, photographs, and communications relating to the matter the Association intends to introduce at the hearing; failing which the Owner is entitled to a fifteen (15) day postponement of the hearing. During the hearing, the Association (through a member of the Board of designated representative) shall first present the Association's case against the Owner. An Owner or its designated representative is then entitled to present the Owner's information and issues relevant to the appeal or dispute.

12.2. REMEDIES. The remedies provided in this Article for breach of the Documents are cumulative and not exclusive. In addition to other rights and remedies provided by the Documents and by law, the Association has the following right to enforce the Documents, subject to applicable notice and hearing requirements (if any):

12.2.1. Nuisance. The result of every act or omission that violates any provision of the Documents is a nuisance, and any remedy allowed by law against a nuisance, either public or private, is applicable against the violation.

12.2.2. Fine. The Association may levy reasonable charges, as an individual Assessment, against an Owner and his Lot if the Owner or Resident, or the Owner or Resident's family, guests, employees, agents, or contractors violate a provision of the Documents. Fines may be levied for each act of violation or for each day a violation continues, and does not constitute a waiver or discharge of the Owner's obligations under the Documents. Fines may be levied by lump sum or as cumulative. The minimum fine amount to be levied shall be $50.00. After the third fine, the fine amount shall increase in increments of no less than $50.00 each week until the violation is remedied. The maximum fine per violation occurrence that may be levied is $1,000.00. The Association must notice an Owner via certified mail prior to levying any fine or charges against such Owner under this Section 12.2.2.

12.2.3. Suspension. The Association may suspend the right of Owners and Residents to use Common Areas for any period during which the Owner or Resident, or the Owner or Resident's family, guests, employees, agents, or contractors violate the Documents, pursuant to the procedures as outlined in the Bylaws. A suspension does not constitute a waiver or discharge of the Owner's obligations under the Documents. The Association must notice an Owner via certified mail prior to suspending an Owner's rights to use Common Areas under this Section 12.2.3.

12.2.4. Self-Help. The Association has the right to enter any part of the Property, including Lots, to abate or remove, using force as may reasonably be necessary, any erection, thing, animal, person, vehicle, or condition that violates the Documents. In exercising this right, the Board is not trespassing and is not liable for damages related to the abatement. The Board may levy its costs of abatement against the Lot and Owner as an Individual Assessment. The Board will make reasonable efforts to give the violating Owner at least 72-hours' prior notice of its intent to exercise self-help. The notice may be given in any manner likely to be received by the Owner. Prior notice is not required (1) in the case of emergencies, (2) to remove violative signs, (3) to remove violative debris, or (4) to remove any other violative item or to abate any other violative condition that is easily removed or abated and that is considered a nuisance, dangerous, health hazard, or an eyesore to the Subdivision.

12.2.5. Suit. Failure to comply with the Documents will be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Prior to commencing any legal proceeding, the Association will give the defaulting party reasonable notice and an opportunity to cure the violation.

12.3. BOARD DISCRETION. The Board may use its sole discretion in determining whether to pursue a violation of the Documents, provided the Board does not act in an arbitrary or capricious manner. In evaluating a particular violation, the Board may determine that under the particular circumstances (1) the Association's position is not sufficiently strong to justify taking any or further action; (2) the provision being enforced is or may be construed as inconsistent with Applicable Law; (3) although a technical violation may exist, 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 (4) that enforcement is not in the Association's best interests, based on hardship, expense, or other reasonable criteria.

12.4. NO WAIVER. The Association and every Owner has the right to enforce all restrictions, conditions, covenants, liens, and charges now or hereafter imposed by the Documents. Failure by the Association or by any Owner to enforce a provision of the Documents is not a waiver of the right to do so thereafter. If the Association does waive the right to enforce a provision, that waiver does not impair the Association's right to enforce any other part of the Documents at any future time. No officer, director, or Member of the Association is liable to any Owner for the failure to enforce any of the Documents at any time.

12.5. RECOVERY OF COSTS. The costs of curing or abating a violation are at the expense of the Owner or other person responsible for the violation. At the Board's sole discretion, a fine may be levied against a renter or lessee other than the Owner however, should the renter or lessee fail to pay the fine within the time allotted, the Owner shall be responsible for the fine which shall be added to the Owner's account. If legal assistance is obtained to enforce any provision of the Documents, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of the Documents or the restraint of violations of the Documents, the prevailing party is entitled to recover from the non-prevailing party all reasonable and necessary costs incurred by it in such action, including reasonable attorneys' fees.

ARTICLE 13
MAINTENANCE AND REPAIR OBLIGATIONS

13.1. OVERVIEW. Generally, the Association maintains the Common Areas, and the Owner maintains his Lot and Residence. If an Owner fails to maintain his Lot, the Association may perform the work at the Owner's expense.

13.2. ASSOCIATION MAINTAINS. The Association's maintenance duties will be discharged when and how the Board deems appropriate. The Association maintains, repairs, and replaces, as a Common Expense, the portions of the Property listed below, regardless of whether the portions are on Lots or Common Areas.

a. The Common Areas.

b. Any real and personal property owned by the Association but which is not a Common Area, such as a Lot owned by the Association.

c. Any property adjacent to the Subdivision if maintenance of same is deemed to be in the best interests of the Association, and if not prohibited by the Owner or operator of said property.

d. Any area, item, easement, or service - the maintenance of which is assigned to the Association by this Declaration or by the Plat.

The City or its lawful agents, after due notice to the Association and opportunity to cure, may maintain the Common Areas, landscape systems and any other features or elements that are required to be maintained by the Association and the Association fails to do so. The City or its lawful agents, after due notice to the Association, may remove any landscape systems, features or elements that cease to be maintained by the Association. The City or its lawful agents, after due notice to the Association and opportunity to cure, may also perform the responsibilities of the

Association and its Board if the Association fails to do so in compliance with any provisions of the agreements, covenants or restrictions of the Association or of any applicable City codes or regulations. All costs incurred by the City in performing said responsibilities as addressed in this paragraph shall be the responsibility of the Association. The City may also avail itself of any other enforcement actions available to the City pursuant to state law or City codes or regulations, with regard to the items addressed in this paragraph. **THE ASSOCIATION AGREES TO INDEMNIFY AND HOLD THE CITY HARMLESS FROM ANY AND ALL COSTS, EXPENSES, SUITS, DEMANDS, LIABILITIES OR DAMAGES INCLUDING ATTORNEY FEES AND COSTS OF SUIT, INCURRED OR RESULTING FROM THE CITY'S MAINTENANCE OF THE COMMON AREAS AND/OR REMOVAL OF ANY LANDSCAPE SYSTEMS, FEATURES OR ELEMENTS THAT CEASE TO BE MAINTAINED BY THE ASSOCIATION.**

13.3. OWNER'S OBLIGATIONS TO REPAIR. 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 at all times in compliance with the Documents and in accordance with the Community Standard. 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, 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. Maintenance shall include the upkeep in good repair of all fences, exterior portions of the Residence including, but not limited to, trim, gutters, garage door, windows, lawn, driveway and sidewalk; this list is not intended to be inclusive and other maintenance requirements are at the sole discretion of the Board. Owners of Lots that share fencing or walls on common property lines shall be liable and responsible for the costs and expenses to maintain, repair or replace such fencing on the common boundary line based upon the total linear feet of fencing that is on the common boundary line shared between two Owners and the aggregate total linear feet of fencing being replaced. Any approval of the Declarant or ACC of fence design on an Owner's Lot to be placed, constructed or installed on a common boundary shared with one or more other Owners shall not be effective without the written consent and approval of the other Owner(s) sharing the common property line on which such fence is to be placed, constructed or installed. In the event of conflict or disagreement between Owners regarding fencing constructed or installed on a common boundary between two or more Owners, the Association has no liability or responsibility for resolving such conflict or disagreement and Owners.

13.4. OWNER'S DEFAULT IN MAINTENANCE. If the Board determines that an Owner has failed to properly discharge his obligation to maintain, repair, and replace items for which the Owner is responsible, the Board may give the Owner written notice of the Association's intent to provide the necessary maintenance at Owner's expense. The notice must state, with reasonable particularity, the maintenance deemed necessary and a reasonable period of time in which to complete the work. If the Owner fails or refuses to timely perform the maintenance, the Association may do so at Owner's expense, which is an Individual Assessment against the Owner

and his Lot. In case of an emergency, however, the Board's responsibility to give the Owner written notice may be waived and the Board may take any action it deems necessary to protect persons or property, the cost of the action being the Owner's expense.

13.5. *Intentionally Omitted.*

13.6. CONCRETE. Minor cracks in poured concrete, including foundations, garage floors, sidewalks, driveways, and patio slabs, are inevitable as a result of the natural movement of soil (expansion and contraction), shrinkage during the curing of the concrete, and settling of the Residence. Such minor cracking is typically an aesthetic consideration without structural significance.

13.7. MOLD. In the era in which this Declaration is written, the public and the insurance industry have a heightened awareness of and sensitivity to anything pertaining to mold. Because many insurance policies do not cover damages related to mold, Owners should be proactive in identifying and removing visible surface mold, and in identifying and repairing sources of water leaks in the Residence. To discourage mold in his Residence, each Resident should maintain an inside humidity level under sixty percent. For more information about mold, the Owner should consult a reliable source, such as the U. S. Environmental Protection Agency.

ARTICLE 14
INSURANCE

14.1. GENERAL PROVISIONS. All insurance affecting the Property is governed by the provisions of this Article, with which the Owners and the Board will make every reasonable effort to comply. Insurance policies and bonds obtained and maintained by the Owners must be issued by responsible insurance companies authorized to do business in the State of Texas. Each insurance policy maintained by the Owner should contain a provision requiring the insurer to endeavor to give at least 10 days' prior written notice to the Board before the policy may be canceled, terminated, materially modified, or allowed to expire, by either the insurer or the insured.

14.2. PROPERTY INSURANCE BY OWNER(S). To the extent it is reasonably available; the Owners will obtain property insurance for all improvements and property within a Residence or Lot owned by such Owner insurable by the Owner. This insurance must be in an amount sufficient to cover the replacement cost of any repair or reconstruction in event of damage or destruction from any insured hazard. In insuring the Residence and Lot owned by it, the Owner may be guided by types of policies and coverage's customarily available for similar types of properties. As used in this Article, "Building Standard" refers to the typical Residence for the Property, as originally constructed, and as modified over time by changes in replacement materials and systems that are typical for the market and era.

14.3. LIABILITY INSURANCE BY OWNER. Notwithstanding anything to the contrary in this Declaration, to the extent permitted by Applicable Law, each Owner is liable for damage to the Property caused by the Owner or by persons for whom the Owner is responsible. Each Owner is hereby required to obtain and maintain general liability insurance to cover this liability as well as occurrences within his Residence, in amounts sufficient to cover the Owner's

liability for damage to the property of others in the Property, whether such damage is caused willfully and intentionally, or by omission or negligence.

14.4. OWNER'S GENERAL RESPONSIBILITY FOR INSURANCE. Each Owner, at his expense, will maintain all insurance coverage's required of Owners by the Association pursuant to this Article. Each Owner will provide the Association with proof or a certificate of insurance on request by the Association from time to time. If an Owner fails to maintain required insurance, or to provide the Association with proof of same, the Board may obtain insurance on behalf of the Owner who will be obligated for the cost as an Individual Assessment. The Board may establish additional minimum insurance requirements, including types and minimum amounts of coverage, to be individually obtained and maintained by Owners if the insurance is deemed necessary or desirable by the Board to reduce potential risks to the Association or other Owners. Each Owner and Resident is solely responsible for insuring his Residence and his personal property in his Residence and on his Lot, including furnishings, vehicles, and stored items.

ARTICLE 15
AMENDMENTS

15.1. CONSENTS REQUIRED. As permitted by this Declaration, certain amendments of this Declaration may be executed by Declarant alone, or by the Board alone without the consent or joinder of the Members. To the extent required by the City, any proposed amendment which is for the purpose of amending the provisions of this Declaration or the Association's agreements pertaining to the use, operation, maintenance and/or supervision of any facilities, structures, improvements, systems, Common Areas, private Streets or grounds that are the responsibility of the Association, shall not be effective until written consent from the City for such amendment is obtained.

15.2. METHOD OF AMENDMENT. This Declaration may be amended by any method selected by the Board from time to time, pursuant to the Bylaws, provided the method gives an Owner of each Lot the substance if not exact wording of the proposed amendment, and a description of the effect of the proposed amendment. In addition to Declarant's rights to amend this Declaration during the Development Period as set forth in Section 15.4 hereof, this Declaration may be amended or otherwise changed (a) as provided in Appendix B, or (b) upon the affirmative vote of at least sixty-seven percent (67%) of the outstanding votes of the Members of the Association taken at a meeting of the Members of the Association, duly called at which quorum is present. Any and all amendments of this Declaration shall be recorded in the Official Public Records of Denton County, Texas.

15.3. EFFECTIVE. To be effective, an amendment must be in the form of a written instrument (1) referencing the name of the Property, the name of the Association, and the recording data of this Declaration and any amendments hereto; (2) signed and acknowledged by an officer of the Association, certifying the requisite approval of Declarant, so long as Declarant owns one (1) lot within the Subdivision, or the directors and, if required, any mortgagees under a first lien mortgage or deed of trust encumbering a Lot; and (3) recorded in the Real Property Records of every county in which the Property is located, except as modified by the following section.

15.4. DECLARANT PROVISIONS. Subject to any consent from the City which is required pursuant to Section 15.1, Declarant has an exclusive right to unilaterally amend this Declaration for the purposes stated in Appendix B. An amendment that may be executed by Declarant alone is not required to name the Association or to be signed by an officer of the Association. No amendment may affect Declarant's rights under this Declaration without Declarant's written and acknowledged consent, which must be part of the recorded amendment instrument. This Section may not be amended without Declarant's written and acknowledged consent. **Further, and without regard to whether or not the Declarant has been released from obligations and duties to the Association, during the Development Period or so long as the Declarant holds record title to at least one (1) Lot and holds same for sale in the ordinary course of business, neither the Association nor its Board, nor any member of the Association nor Owner shall take any action that will impair or adversely affect the rights of the Declarant or cause the Declarant to suffer any financial, legal or other detriment, including but not limited to, any direct or indirect interference with the sale of Lots. In the event there is a breach of this Section, it is acknowledged that any monetary award which may be available would be an insufficient remedy and therefore, in addition to all other remedies, the Declarant shall be entitled to injunctive relief restraining the Association, its Board or any member of the Association from further breach of this Section.** The provisions of this Section 15.4 and/or Appendix B may not be modified or amended without the express written consent of Declarant.

15.5. ORDINANCE COMPLIANCE. When amending the Documents, the Association must consider the validity and enforceability of the amendment in light of current public law, including without limitation Applicable Zoning or other City requirements.

15.6. MERGER. Merger or consolidation of the Association with another association must be evidenced by an amendment to this Declaration. The amendment must be approved by Majority of Owners. Upon a merger or consolidation of the Association with another association, the property, rights, and obligations of another association may, by operation of law, be added to the properties, rights, and obligations of the Association as a surviving corporation pursuant to the merger. The surviving or consolidated association may administer the provisions of the Documents within the Property, together with the covenants and restrictions established upon any other property under its jurisdiction. No merger or consolidation, however, will affect a revocation, change, or addition to the covenants established by this Declaration within the Property.

15.7. TERMINATION. Termination of the terms of this Declaration is according to the following provisions. In the event of substantially total damage, destruction, or public condemnation of the Property, an amendment to terminate must be approved by Owners of at least two-thirds of the Lots. In the event of public condemnation of the entire Property, an amendment to terminate may be executed by the Board without a vote of Owners. In all other circumstances, an amendment to terminate must be approved by Owners of at least eighty percent (80%) of the Lots. Any termination of the terms of this Declaration shall require the written approval of the City and additionally provide that (a) the assets of the Association shall be donated to a nonprofit organization selected by a majority of the Board and with purposes similar to the Association, and (b) such nonprofit organization must assume in writing the obligation to maintain the donated assets in accordance with the terms of this Declaration.

15.8. CONDEMNATION. In any proceeding, negotiation, settlement, or agreement concerning condemnation of the Common Area, the Association will be the exclusive representative of the Owners. The Association may use condemnation proceeds to repair and replace any damage or destruction of the Common Area, real or personal, caused by the condemnation. Any condemnation proceeds remaining after completion, or waiver, of the repair and replacement will be deposited in the Association's Reserve Funds.

ARTICLE 16
DISPUTE RESOLUTION

16.1. INTRODUCTION & DEFINITIONS. The Association, the Owners, Declarant, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, the "Parties") agree to encourage the amicable resolution of disputes involving the Property and to avoid the emotional and financial costs of litigation and arbitration if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all Claims as hereafter defined. The provisions of this Article 16 shall be specifically enforceable under applicable law in any court having jurisdiction thereof. Notwithstanding anything contained in the Documents, this Article 16 may only be amended with the prior written approval of the Declarant, and Owners holding 100% of votes in the Association. As used in this Article only, the following words, when capitalized, have the following specified meanings:

16.1.1. "Claim" means:

a. Claims relating to the rights and/or duties of Declarant, the Association, any managing agent engaged by the Declarant or the Association, or the Architectural Reviewer, under the Documents.

b. Claims relating to the acts or omissions of the Declarant, the Association or a Board member or officer of the Association during Declarant's control and administration of the Association, and any claim asserted against the Architectural Reviewer.

c. Claims relating to the design or construction of the Property, including Common Area, Residences, or any improvements located on the Lots.

16.1.2. "Claimant" means any Party having a Claim against any other Party.

16.1.3. "Respondent" means any Party against which a Claim has been asserted by a Claimant.

16.2. MANDATORY PROCEDURES. Claimant may not initiate any proceeding before any administrative tribunal seeking redress or resolution of its Claim until Claimant has complied with the procedures of this Article. As provided in Section 16.9 below, a Claim will be resolved by binding arbitration. A Claimant, whether Owner or the Association, may not consolidate any Claims or bring a Claim on behalf of any class; provided however, a Respondent may join or add additional parties to a Claim as may be allegedly responsible in whole or in any part for matters which are the subject of such Claims.

16.3. CLAIM AFFECTING COMMON AREAS. In accordance with Section 8.13 of this Declaration, the Association does not have the power or right to institute, defend, intervene in, settle, or compromise litigation or administrative proceedings: (1) in the name of or on behalf of or against any Owner (whether one or more); or (2) pertaining to a Claim, as defined in Section 16.1.1 below, relating to the design or construction of improvements on a Lot (whether one or more), including Residences. In the event the Association or an Owner asserts a Claim related to the Common Areas, as a precondition to providing the Notice defined in Section 16.5, initiating the mandatory dispute resolution procedures set forth in this Article 16, or taking any other action to prosecute a Claim related to the Common Areas, the Association or Owner, as applicable, must:

16.3.1. Independent Report on the Condition of the Common Areas. Obtain an independent third-party report (the "Common Area Report") from a licensed professional engineer which: (1) identifies the Common Areas subject to the Claim including the present physical condition of the Common Areas; (2) describes any modification, maintenance, or repairs to the Common Areas performed by the Owner(s) and/or the Association; (3) provides specific and detailed recommendations regarding remediation and/or repair of the Common Areas subject to the Claim. For the purposes of this Section, an independent third-party report is a report obtained directly by the Association or an Owner and paid for by the Association or Owner, as applicable, and not prepared by a person employed by or otherwise affiliated with the attorney or law firm that represents or will represent the Association or Owner in the Claim. As a precondition to providing the Notice described in Section 16.5, the Association or Owner must provide at least ten (10) days prior written notice of the inspection, calculated from the date or receipt of such notice, to each party subject to a Claim which notice shall identify the independent third-party engaged to prepare the Common Area Report, the specific Common Areas to be inspected, and the date and time the inspection will occur. Each party subject to a Claim may attend the inspection, personally or through an agent. Upon completion, the Common Area Report shall be provided to each party subject to a Claim. In addition, before providing the Notice described in Section 16.5, the Association or the Owner, as applicable, shall have permitted each party subject to a Claim the right, for a period of ninety (90) days, to inspect and correct, any condition identified in the Common Area Report.

16.3.2. Claim by the Association - Owner Meeting and Approval. If the Claim is prosecuted by the Association, the Association must first obtain approval from Members holding sixty-seven percent (67%) of the votes in the Association to provide the Notice described in Section 16.5, initiate the mandatory dispute resolution procedures set forth in this Article 16, or take any other action to prosecute a Claim, which approval from Members must be obtained at a special meeting of Members called in accordance with the Bylaws. The notice of meeting required hereunder will be provided pursuant to the Bylaws but the notice must also include: (1) the nature of the Claim, the relief sought, the anticipated duration of prosecuting the Claim, and the likelihood of success; (2) a copy of the Common Area Report; (3) a copy of any proposed engagement letter, with the terms of such engagement between the Association and an attorney to be engaged by the Association to assert or provide assistance with the claim (the "Engagement Letter"); (4) a description of the attorney fees, consultant fees, expert witness fees, and court costs, whether incurred by the Association directly or for which it may be liable if it is not the prevailing party or that the Association will be required, pursuant to the Engagement Letter

or otherwise, to pay if the Association elects to not proceed with the Claim; (5) a summary of the steps previously taken, and proposed to be taken, to resolve the Claim; (6) an estimate of the impact on the value of each Residence if the Claim is prosecuted and an estimate of the impact on the value of each Residence after resolution of the Claim; (7) an estimate of the impact on the marketability of each Residence if the Claim is prosecuted and during prosecution of the Claim, and an estimate of the impact on the value of each Residence during and after resolution of the Claim; (8) the manner in which the Association proposes to fund the cost of prosecuting the Claim; and (9) the impact on the finances of the Association, including the impact on present and projected reserves, in the event the Association is not the prevailing party. The notice required by this paragraph must be prepared and signed by a person other than, and not employed by or otherwise affiliated with, the attorney or law firm that represents or will represent the Association or Owner, as applicable, in the Claim. In the event Members approve providing the Notice described in Section 16.5, or taking any other action to prosecute a Claim, the Members holding a Majority of the votes in the Association, at a special meeting called in accordance with the Bylaws, may elect to discontinue prosecution or pursuit of the Claim.

16.4. CLAIM BY OWNERS – IMPROVEMENTS ON LOTS. Notwithstanding anything contained herein to the contrary, except as set forth in Section 16.16 herein below, in the event a warranty is provided to an Owner by the Declarant relating to the design or construction of any improvements located on a Lot, then this Article 16 will only apply to the extent that this Article 16 is more restrictive than such Owner's warranty, as determined in the sole discretion of the Declarant providing such warranty (if any). If a warranty has not been provided to an Owner relating to the design or construction of any improvements located on a Lot, then this Article 16 will apply. If an Owner brings a Claim, as defined in Section 16.1.1, relating to the design or construction of any improvements located on a Lot (whether one or more), as a precondition to providing the Notice defined in Section 16.5, initiating the mandatory dispute resolution procedures set forth in this Article 16, or taking any other action to prosecute a Claim, the Owner must obtain an independent third-party report (the "Owner Improvement Report") from a licensed professional engineer which: (1) identifies the improvements subject to the Claim including the present physical condition of the improvements; (2) describes any modification, maintenance, or repairs to the improvements performed by the Owner(s) and/or the Association; and (3) provides specific and detailed recommendations regarding remediation and/or repair of the improvements subject to the Claim. For the purposes of this Section, an independent third-party report is a report obtained directly by the Owner and paid for by the Owner, and not prepared by a person employed by or otherwise affiliated with the attorney or law firm that represents or will represent the Owner in the Claim. As a precondition to providing the Notice described in Section 16.5, the Owner must provide at least ten (10) days prior written notice of the inspection, calculated from the date of receipt of such notice, to each party subject to a Claim which notice shall identify the independent third-party engaged to prepare the Owner Improvement Report, the specific improvements to be inspected, and the date and time the inspection will occur. Each party subject to a Claim may attend the inspection, personally or through an agent. Upon completion, the Owner Improvement Report shall be provided to each party subject to a Claim. In addition, before providing the Notice described in Section 16.5, the Owner shall have permitted each party subject to a Claim the right, for a period of ninety (90) days, to inspect and correct, any condition identified in the Owner Improvement Report.

16.5. NOTICE. Claimant must notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely: (1) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (2) the basis of the Claim (i.e., the provision of the Documents or other authority out of which the Claim arises); (3) what Claimant wants Respondent to do or not do to resolve the Claim; and (4) that the Notice is given pursuant to this Section. For Claims governed by Chapter 27 of the Texas Property Code, the time period for negotiation in Section 16.6 below, is equivalent to the sixty (60) day period under Section 27.004 of the Texas Property Code. If a Claim is subject to Chapter 27 of the Texas Property Code, the Claimant and Respondent are advised, in addition to compliance with Section 16.6, to comply with the terms and provisions of Section 27.004 during such sixty (60) day period. Section 16.6 does not modify or extend the time period set forth in Section 27.004 of the Texas Property Code. Failure to comply with the time periods or actions specified in Section 27.004 could affect a Claim if the Claim is subject to Chapter 27 of the Texas Property Code. The one hundred and twenty (120) day period for mediation set forth in Section 16.7 below, is intended to provide the Claimant and Respondent with sufficient time to resolve the Claim in the event resolution is not accomplished during negotiation. If the Claim is not resolved during negotiation, mediation pursuant to Section 16.7 is required without regard to the monetary amount of the Claim.

If the Claimant is the Association, the Notice will also include: (a) a true and correct copy of the Common Area Report; (b) a copy of the Engagement Letter; (c) copies of all reports, studies, analyses, and recommendations obtained by the Association related to the Common Area which forms the basis of the Claim; (d) a true and correct copy of the special meeting notice provided to Members in accordance with Section 16.3.2 above; and (e) reasonable and credible evidence confirming that Members holding sixty-seven percent (67%) of the votes in the Association approved providing the Notice. If the Claimant is not the Association and pertains to the Common Area, the Notice will also include a true and correct copy of the Common Area Report. If the Claimant is not the Association and pertains to improvements on a Lot, the Notice will also include a true and correct copy of the Owner Improvement Report.

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

16.7. MEDIATION. If the Parties negotiate but do not resolve the Claim through negotiation within 120 days from the date of the Notice (or within such other period as may be agreed on by the Parties), Claimant will have thirty additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the Parties mutually agree. The mediator must have at least five years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the thirty-day period, Claimant is deemed to have waived the Claim, and Respondent is released and discharged from any and all liability to Claimant on account of the Claim.

16.8. TERMINATION OF MEDIATION. If the Parties do not agree upon a mediator within such 30 days, or settle the Claim within 30 days after submission to mediation or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may file suit or initiate arbitration proceedings on the Claim, as appropriate and permitted by this Article.

16.9. BINDING ARBITRATION-CLAIMS. All Claims must be settled by binding arbitration. Claimant or Respondent may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Claim not referred to arbitration as required by this Section 16.9.

16.9.1. Governing Rules. If a Claim has not been resolved after mediation as required by Section 16.7, the Claim will be resolved by binding arbitration in accordance with the terms of this Section 16.9 and the rules and procedures of the American Arbitration Association ("AAA") or, if the AAA is unable or unwilling to act as the arbitrator, then the arbitration shall be conducted by another neutral reputable arbitration service selected by Respondent in Denton County, Texas. Regardless of what entity or person is acting as the arbitrator, the arbitration shall be conducted in accordance with the AAA's "Construction Industry Dispute Resolution Procedures" and, if they apply to the disagreement, the rules contained in the Supplementary Procedures for Consumer-Related Disputes. If such rules have changed or been renamed by the time a disagreement arises, then the successor rules will apply. Also, despite the choice of rules governing the arbitration of any Claim, if the AAA has, by the time of Claim, identified different rules that would specifically apply to the Claim, then those rules will apply instead of the rules identified above. In the event of any inconsistency between any such applicable rules and this Section 16.9, this Section 16.9 will control. Judgment upon the award rendered by the arbitrator shall be binding and not subject to appeal except as provided in Section 16.9.4, but may be reduced to judgment or enforced in any court having jurisdiction. Notwithstanding any provision to the contrary or any applicable rules for arbitration, any arbitration with respect to Claims arising hereunder shall be conducted by a panel of three (3) arbitrators, to be chosen as follows:

a. One arbitrator shall be selected by Respondent, in its sole and absolute discretion;

b. One arbitrator shall be selected by the Claimant, in its sole and absolute discretion; and

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

16.9.2. Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this Section 16.9 will limit the right of Claimant or Respondent, and Claimant and the Respondent will have the right during any Claim, to seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting upon any property, real or personal,

that is involved in a Claim, including, without limitation, rights and remedies relating to: (1) exercising self-help remedies (including set-off rights); or (2) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any party to submit the Claim to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

16.9.3. Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this Section 16.9.

16.9.4. Scope of Award; Modification or Vacation of Award. The arbitrator shall resolve all Claims in accordance with the applicable substantive law. The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope of this Section 16.9 and subject to Section 16.10 below (attorney's fees and costs may not be awarded by the arbitrator); provided, however, that for a Claim, or any portion of a Claim governed by Chapter 27 of the Texas Property Code, or any successor statute, in no event shall the arbitrator award damages which exceed the damages a Claimant would be entitled to under Chapter 27 of the Texas Property Code. In all arbitration proceedings the arbitrator shall make specific, written findings of fact and conclusions of law. In all arbitration proceedings the parties shall have the right to seek vacation or modification of any award that is based in whole, or in part, on (1) factual findings that have no legally or factually sufficient evidence, as those terms are defined in Texas law; (2) conclusions of law that are erroneous; (3) an error of federal or state law; or (4) a cause of action or remedy not expressly provided under existing state or federal law. In no event may an arbitrator award speculative, consequential, or punitive damages for any Claim.

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

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

16.11. GENERAL PROVISIONS. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not Party to Claimant's Claim.

16.12. PERIOD OF LIMITATION.

16.12.1. For Actions by an Owner. The exclusive period of limitation for any of the Parties to bring any Claim, including, but not limited to, a Claim of construction defect or defective design of a Residence, shall be the earliest of: (1) for Claims alleging construction defect or defective design, two years and one day from the date that the Owner discovered or reasonably should have discovered evidence of the Claim; (2) for Claims other than those alleging construction defect or defective design, four years and one day from the date that the Owner discovered or reasonably should have discovered evidence of the Claim; or (3) for all Claims, the applicable statute of limitations under Texas law. In no event shall this Section 16.12.1 be interpreted to extend any period of limitations under Texas law.

16.12.2. For Actions by the Association. The exclusive period of limitation for the Association to bring any Claim, including, but not limited to, a Claim of construction defect or defective design of the Common Areas, shall be the earliest of: (1) for Claims alleging construction defect or defective design, two years and one day from the date that the Association or its agents discovered or reasonably should have discovered evidence of the Claim; (2) for Claims other than those alleging construction defect or defective design of the Common Areas, four years and one day from the date that the Association discovered or reasonably should have discovered evidence of the Claim; or (3) for all Claims, the applicable statute of limitations under Texas law. In no event shall this Section 16.12.2 be interpreted to extend any period of limitations under Texas law.

16.13. LITIGATION APPROVAL & SETTLEMENT. The Association must levy a Special Assessment to fund the estimated costs of arbitration, including estimated attorney's fees, conducted pursuant to this Article 16 or any judicial action initiated by the Association. The Association may not use its annual operating income or reserve funds or savings to fund arbitration or litigation, unless the Association's annual budget or a savings account was established and funded from its inception as an arbitration and litigation reserve fund.

16.14. LIMITATION ON CONSOLIDATION OR JOINDER. No mediation, arbitration, or other action arising out of or relating to this Declaration or any other Documents shall include, by consolidation or joinder or in any other manner, the Declarant, the Association, any managing agent engaged by the Declarant, the Association, or the Architectural Reviewer as a "Respondent" in such Claim, except by written consent containing specific reference to this Declaration signed by the Declarant, the Association, any managing agent engaged by the Declarant or the Association, or the Architectural Reviewer named as Respondent, as applicable, the Claimant, and any other person or entity sought to be joined. Consent to mediation, arbitration or other proceeding involving an additional person or entity shall not constitute consent to mediation, arbitration or other proceeding to resolve a Claim not described therein or with a person or entity not named or described therein. Notwithstanding the foregoing, the Declarant if \named as a "Respondent" in a Claim, may, at its option and in its sole and absolute discretion, elect to join or

consolidate mediation or arbitration with a Claimant and other Claimant(s) or any other party having an interest in the proceedings. Each Owner by taking title to any Lot hereby consents to such joinder or consolidation, which may be ordered at the sole discretion or election of the Declarant.

16.15. RESTRICTIONS ON AMENDMENT. The provisions of this Article 16 may not be modified or amended without the express written consent of Declarant.

16.16. CLAIMS RELATING TO DWELLINGS AND LOTS. EACH OWNER (WHICH INCLUDES WITHOUT LIMITATION EACH SUBSEQUENT PURCHASER OF A LOT), BY ACCEPTING AN INTEREST IN OR TITLE TO A LOT, AGREES THAT ALL CLAIMS AND CAUSES OF ACTION THAT SUCH OWNER MAY HAVE RELATING TO THE ORIGINAL DESIGN OR CONSTRUCTION OF SUCH OWNER'S DWELLING, LOT, OR ANY IMPROVEMENT ON SUCH OWNER'S LOT (OTHER THAN COMMON MAINTENANCE AREAS ON ONE OR MORE LOTS), INCLUDING WITHOUT LIMITATION CLAIMS BASED ON ANY EXPRESS OR IMPLIED WARRANTIES (COLLECTIVELY, "**HOME CONSTRUCTION CLAIMS**"), WILL BE GOVERNED EXCLUSIVELY BY THE TERMS AND CONDITIONS OF THE EXPRESS OR IMPLIED WARRANTY PROVIDED BY THE BUILDER OR CONTRACTOR WHICH CONSTRUCTED SUCH DWELLING OR IMPROVEMENT AND ANY OTHER AGREEMENTS BETWEEN THE INITIAL PURCHASER OF SUCH DWELLING AND SUCH BUILDER OR CONTRACTOR, INCLUDING WITHOUT LIMITATION ALL PROCEDURES AND AGREEMENTS CONTAINED THEREIN PERTAINING TO THE RESOLUTION OF DISPUTES. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH OWNER (WHICH INCLUDES WITHOUT LIMITATION EACH SUBSEQUENT PURCHASER OF A LOT), BY ACCEPTING AN INTEREST IN OR TITLE TO A LOT, ASSUMES THE TERMS AND CONDITIONS OF THE EXPRESS OR IMPLIED WARRANTY PROVIDED BY THE BUILDER OR CONTRACTOR WHICH CONSTRUCTED THE DWELLING OR IMPROVEMENT.

LIKE ALL COVENANTS CONTAINED IN THIS DECLARATION, THE AGREEMENTS CONTAINED IN THIS ARTICLE ARE COVENANTS RUNNING WITH TITLE TO EACH LOT, CONCERN EACH LOT AND THE DWELLING AND OTHER IMPROVEMENTS ON SUCH LOT, AND SHALL BE BINDING UPON EACH SUCCESSIVE OWNER OF A LOT (WHICH INCLUDES WITHOUT LIMITATION EACH SUBSEQUENT PURCHASER OF A LOT).

ARTICLE 17
GENERAL PROVISIONS

17.1. COMPLIANCE. The Owners hereby covenant and agree that the administration of the Association will be in accordance with the provisions of the Documents and Applicable Laws, regulations, and ordinances, as same may be amended from time to time, of any governmental or quasi-governmental entity having jurisdiction over the Association or Property.

17.2. HIGHER AUTHORITY. The Documents are subordinate to federal and state law, and local ordinances. Generally, the terms of the Documents are enforceable to the extent they do not violate or conflict with local, state, or federal law or ordinance.

17.3. NOTICE. All demands or other notices required to be sent to an Owner or Resident by the terms of this Declaration may be sent by ordinary or certified mail, postage prepaid, to the party's last known address as it appears on the records of the Association at the time of mailing. If an Owner fails to give the Association an address for mailing notices, all notices may be sent to the Owner's Lot, and the Owner is deemed to have been given notice whether or not he actually receives it. Only one (1) notice informing an Owner of an existing violation (emergency violations excluded) will be required. Such notice shall provide the Owner not less than ten (10) days to cure the violation, if such violation is curable (See Section 12.1 hereof). If Owner does not cure the violation after the written notice is delivered and applicable cure period expires, then the Association shall proceed with a fine notice and subsequent fines or with self-help whichever the Association deems appropriate.

17.4. LIBERAL CONSTRUCTION. The terms and provision of each Document are to be liberally construed to give effect to the purposes and intent of the Document. All doubts regarding a provision, including restrictions on the use or alienability of Property, will be resolved in favor of the operation of the Association and its enforcement of the Documents, regardless which party seeks enforcement.

17.5. SEVERABILITY. Invalidation of any provision of this Declaration by judgment or court order does not affect any other provision, which remains in full force and effect. The effect of a general statement is not limited by the enumeration of specific matters similar to the general.

17.6. CAPTIONS. In all Documents, the captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. Boxed notices are inserted to alert the reader to certain provisions and are not to be construed as defining or modifying the text.

17.7. APPENDIXES. The following appendixes are attached to this Declaration and incorporated herein by reference:

A – Description of Subject Land
B – Declarant Representations & Reservations
C – Reserved
D – Design Guidelines
E – Certificate of Formation, Organizational Consent and Bylaws of the Association

17.8. INTERPRETATION. Whenever used in the Documents, unless the context provides otherwise, a reference to a gender includes all genders. Similarly, a reference to the singular includes the plural, the plural the singular, where the same would be appropriate.

17.9. CITY AUTHORIZATION TO ENFORCE. The City shall have the right, but not the obligation, to enforce the rights granted to City in this Declaration without the necessity of City being a party to this Declaration or an Owner.

17.10. DURATION. Unless terminated or amended by Owners as permitted herein, the provisions of this Declaration shall run with and bind the Property, and will remain in effect initially for seventy-five (75) years from the date this Declaration is recorded, and shall automatically renew without any action from the Association for successive ten (10) year periods to the extent permitted by law, unless previously terminated in accordance with Section 15.7 hereof.

17.11. NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO THE CITY.

17.11.1. By the deed or other document conveying any portion of the Property subject to this Declaration, upon taking title to any portion of the Property, each Owner is obligated to pay an assessment to a municipality or county for an improvement project undertaken by a Public Improvement District under Subchapter A, Chapter 372, Local Government Code, or Chapter 382, Local Government Code. The assessment may be due annually or in periodic installments and shall be in addition to the Assessments levied hereunder by the Association. More information concerning the amount of the assessment and the due dates of that assessment with respect to the PID may be obtained from the City or county levying the assessment. The amount of the assessments levied against Property within the PID is subject to change. An Owner's failure to pay the PID assessments could result in a lien on and the foreclosure of Property owned by it, which lien shall be in addition to the Assessment Lien hereunder.

17.11.2. The following is the current form of statutory notification required by Texas Property Code Section 5.014 to be delivered by the seller of residential property that is located in a public improvement district established under Chapter 372, Local Government Code, to the purchaser of such residential property:

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO THE TOWN OF LITTLE ELM, TEXAS, DENTON COUNTY, TEXAS CONCERNING THE ASSESSED PARCEL

As the purchaser of this parcel of real property, you are obligated to pay assessments to the Town of Little Elm, for improvement projects undertaken by a public improvement district under Subchapter A, Chapter 372, Local Government Code. The assessment may be due annually or in periodic installments. More information concerning the amount of the assessments and the due dates of those assessments may be obtained from the Town of Little Elm.

The amount of each of the assessments against your property may be paid in full at any time together with interest to the date of payment. If you do not pay the assessments in full, they will be due and payable in annual installments (including interest and collection costs).

The amount of the assessments is subject to change. Your failure to pay the assessments or the annual installments could result in the foreclosure of your property.

17.11.3. If the form of statutory notification is amended or modified at any time after the date hereof, such amended or modified notification shall be deemed to be incorporated herein by reference. Each Owner shall deliver or cause to be delivered the then current form of statutory notice of the PID required by the City and/or pursuant to Section 5.014 of the Texas Property Code to any purchaser of such Owner's Lot.

17.11.4. A Builder for a Lot shall attach Notice of Obligation to Pay Public Improvement District Assessment in the form substantially similar to that in Section 17.11.2 above and current assessment roll approved by the City (or if the assessment roll is not available for such Lot, then a schedule showing the maximum 30 year PID payment for such Lot) as an addendum to any residential homebuyer's contract. A Builder for a Lot shall provide evidence of compliance with the foregoing sentence, signed by such residential homebuyer, to the City. If prepared and provided by the City, a Builder for a Lot shall distribute informational brochures about the existence and effect of the PID in prospective homebuyer sales packets and as required under the PID Homebuyer Disclosure and Homebuyer Education Program. A Builder shall include PID assessments in estimated property taxes, if such Builder estimates monthly ownership costs for prospective homebuyers for Lot, as required by the PID Homebuyer Disclosure and Homebuyer Education Program.

17.11.5. In addition to this Declaration, the Property is subject to the PID Restrictions as set forth in the PID Declaration. In the event of any conflict between the terms of this Declaration and the PID Declaration, the PID Declaration shall control. Any assessments or liens established under the PID Declaration shall be a superior lien prior to the lien securing the Assessments hereunder.

[Signature page follows this page]

SIGNED on this 2 day of May, 2023.

DECLARANT:

MM LITTLE ELM 548, LLC,
a Texas limited liability company

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

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

By: _____
Mehrdad Moayedi, Manager

STATE OF TEXAS §
§
COUNTY OF Dallas §

BEFORE ME, the undersigned authority, on this day personally appeared Mehrdad Moayedi, the Manager of 2M Ventures, LLC, a Delaware limited liability company, the manager of MMM Ventures, LLC, a Texas limited liability company, the manager of MM LITTLE ELM 548, LLC, a Texas limited liability company, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and as the act and deed of said limited liability companies and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, on this 2 day of May, 2023.

[SEAL]

MATTHEW KOLLINGER
Notary Public, State of Texas
Comm. Expires 03-14-2026
Notary ID 133642806

_____
Notary Public, State of Texas

CONSENT AND SUBORDINATION OF LIENHOLDER

The undersigned, being the beneficiary under that certain [Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing] dated as of the 4th day of January, 2021, executed by MM Little Elm 548, LLC (the "**Borrower**") and recorded on January 6th 2021, in Document Number 2403 & 2404, in the Official Public Records of Denton County, Texas, together with any modifications, supplements, restatements or amendments thereto, hereby consents to the foregoing Declaration of Covenants, Conditions and Restrictions for Spiritas Ranch, as may be amended and modified pursuant to the terms thereof from time to time (as amended and modified, the "**Declaration**") to be applicable to the Land, in accordance with the terms thereof, and furthermore subordinates its lien rights and interests in and to the Land to the terms, provisions, covenants, conditions and restrictions under the Declaration so that foreclosure of its lien will not extinguish the terms, provisions, covenants, conditions and restrictions under the Declaration.

International Bank of Commerce,

a Texas state banking corporation

By: _____

Name: William T. Dawson

Title: Vice President

STATE OF TEXAS §
§
COUNTY OF Harris §

BEFORE ME, the undersigned authority, on this day personally appeared William T. Dawson, the Vice President of International Bank of Commerce a Texas state banking corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed, and as the act and deed of said Texas State Banking Corporation, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, on this 14th day of April, 2023.

[SEAL]

Angela Adams
Notary Public
State of Texas
My Comm. Exp. 6/26/2023
Notary ID 13027371-9

_____
Notary Public, State of Texas

APPENDIX "A"
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SPIRITAS RANCH

REAL PROPERTY LEGAL DESCRIPTION

Legal description of a 545.132 acre tract of Land, Save and Except (i) a 13.166 acre tract of land, (ii) a 13.492 acre tract of land (Ryan Spiritas Parkway), (iii) a 2.601 acre tract of land (Fire Station Tract) and (iv) a 1.00 acre tract of land (Director Lot):

LEGAL DESCRIPTION
545.132 ACRES

BEING that certain tract of land situated in the Marsella Jones Survey, Abstract Number 662, Denton County, Texas, and being part of those certain tracts of land described in deeds to Spiritas Ranch Enterprises, recorded in Volume 2737, Page 131, Volume 833, Page 38, Volume 842, Page 851, and Volume 2737, Page 126, of the Real Property Records of Denton County, Texas (RPRDCT), part of that certain tract of land described in deed to Spiritas Ranch Enterprise recorded in Volume 998, Page 670, RPRDCT, all of that certain tract of land described in deed to Spiritas Ranch Enterprises recorded in Volume 1078, Page 859, RPRDCT, all of those certain tracts of land described as Tract I, Tract II, and Tract III in Affidavit recorded in Instrument No. 2016-136619, RPRDCT, being part of those certain tracts of land described as Tract 1 and Tract 2 in deed to Johnnie Wayne McDaniel, Sr., and Lynda Marie McDaniel, recorded in Instrument Number 2010-99763, RPRDCT, part of that certain tract of land described in deed to Johnny Wayne McDaniel and Lynda Marie McDaniel, recorded in Volume 553, Page 590, RPRDCT, all of that certain tract of land described in deed to Gilberto Cesar Garza, recorded in Instrument Number 2018-137486, and being more particularly described as follows:

BEGINNING at a fence corner post found on the east right-of-way line of Farm-to-Market Road Number 720 (variable width right-of-way), and being located at the southwest corner of that certain tract of land described in deed to Oak Grove Methodist Church, recorded in Volume 2269, Page 580, RPRDCT;

THENCE South 88°22'07" East, with the north line of said Spiritas Ranch Enterprises tract recorded in Volume 2737, Page 131, RPRDCT, and with the south line of said Oak Grove Methodist Church tract recorded in Volume 2269, Page 580, RPRDCT, and the south line of that certain tract of land described in deed to Oak Grove Methodist Church tract, recorded in Volume 2269, Page 584, RPRDCT, a distance of 1426.83 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" set for the northeast corner of said Spiritas tract recorded in Volume 2737, Page 131, RPRDCT;

THENCE South 00°49'00" West, with the east line of said Spiritas tract recorded in Volume 2737, Page 131, RPRDCT, a distance of 16.98 feet to a 3/8-inch iron rod found for the northwest corner of said Spiritas tract recorded in Volume 833, Page 38, RPDCT;

THENCE South 88°28'06" East, with the north line of said Spiritas tract recorded in Volume 833, Page 38, RPRDCT, a distance of 2019.58 feet to a 3/8-inch iron rod found for corner;

THENCE South 87°31'42" East, over and across said Spiritas tract recorded in Volume 833, Page 38, RPRDCT, a distance of 1042.72 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" set for corner, said iron rod being located at the beginning of a non-tangent curve to the right;

THENCE continuing over and across said Spiritas tract recorded in Volume 833, Page 38, RPRDCT, the following courses to 5/8-inch iron rods with cap stamped "BCG 10194538" set for corner:

Northeasterly, with said curve which has a central angle of 05°43'53", a radius of 629.99 feet, a chord that bears North 17°45'02" East, a distance of 62.99 feet, and an arc length of 63.02 feet to the end of said curve;

North 20°36'58" East, a distance of 232.75 feet, said iron rod being located at the beginning of a non-tangent curve to the left;

Northeasterly, with said curve which has a central angle of 18°12'35", a radius of 802.13 feet, a chord that bears North 11°29'56" East, a distance of 253.86 feet, and an arc length of 254.93 feet to the end of said curve;

And North 01°42'20" East, a distance of 63.42 feet, said iron rod being located on the south line of that certain tract of land described in State of Texas Possession and Use Agreement, recorded in Instrument Number 2020-27969, RPRDCT;

THENCE South 88°18'55 East, with the south line of said State of Texas Possession and Use Agreement tract, a distance of 80.00 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" set for corner;

THENCE continuing over and across said Spiritas tract recorded in Volume 833, Page 38, RPRDCT, the following courses to 5/8-inch iron rods with cap stamped "BCG 10194538" set for corner;

South 01°42'20" West, a distance of 19.27 feet, said iron rod being located at the beginning of a tangent curve to the right;

Southwesterly with said curve which has a central angle of 18°54'39", a radius of 720.00 feet, a chord that bears South 11°09'39" West, a distance of 236.56 feet, and an arc length of 237.64 feet to the end of said curve;

South 20°36'58" West, a distance of 174.58 feet;

And South 87°50'52" East, a distance of 1496.33 feet, said iron rod being located on the west line of that certain tract of land described in deed to RPM xConstruction, LLC, recorded in Instrument Number 2014-54052, RPRDCT;

THENCE South 02°13'59" West, with said west line of the RPM tract, a distance of 70.01 feet to a 5/8-inch iron rod found for the southwest corner of said RPM tract;

THENCE South 88°24'29" East, with the south line of said RPM tract, a distance of 209.79 feet to a 5/8-inch iron rod found for the southeast corner of said RPM tract;

THENCE North 02°14'40" East, with the east line of said RPM tract, a distance of 18.33 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" set for corner;

THENCE South 87°50'18" East, over and across said Spiritas tracts recorded in Volume 842, Page 851, and Volume 2737, Page 126, RPRDCT, a distance of 901.70 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" set for corner located on the west line of that certain tract of land described in deed to Robert G. Penley, recorded in Volume 2210, Page 648, RPRDCT;

THENCE South 02°58'01" West, with the west line of said Penley tract, a distance of 345.08 feet to a 1/2-inch iron rod with cap stamped "WESTWOOD" found for corner at the southeast corner of said Spiritas tract recorded in Volume 2737, Page 126, RPRDCT;

THENCE North 88°08'15" West, with the north line of said Penley tract, a distance of 170.04 feet to a 5/8-inch iron rod found for the most westerly northwest corner of said Penley tract;

THENCE South 05°42'19" West, with the west line of said Penley tract, a distance of 621.88 feet to a U.S. Army Corps of Engineers (USCOE) monument found on the west "take" line of Lake Lewisville;

THENCE with the west "take" line of Lake Lewisville, the following courses to USCOE monuments found for corner:

South 04°54'16" West, a distance of 350.10 feet;

South 04°07'29" West, a distance of 349.25 feet;

South 00°09'01" East, a distance of 373.36 feet;

North 88°11'41" West, a distance of 800.30 feet;

And South 37°20'20" West, a distance of 536.00 feet;

THENCE South 00°08'50" East, continuing with said "take" line, a distance of 672.96 feet to a steel fence post found for corner at the north corner of that certain tract of land described in Correction Deed to the United States of America (USA), recorded in Volume 2549, Page 719, RPRDCT;

THENCE South 56°09'16" West, with the northwest line of said USA tract, a distance of 188.85 feet to a steel fence post found for corner at the west corner of said USA tract;

THENCE South 09°39'06" East, with the southwest line of said USA tract, a distance of 162.80 feet to a steel fence post found for the south corner of said USA tract;

THENCE continuing with said "take" line, the following courses:

South 46°03'07" West, a distance of 319.64 feet to a USCOE monument found for corner;

North 74°07'14" West, a distance of 789.34 feet to a steel fence post found for corner;

South 78°59'39" West, a distance of 216.00 feet to a steel fence post found for corner;

South 65°55'09" East, a distance of 739.69 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" set for corner;

South 16°04'51" East, a distance of 348.96 feet to a USCOE monument found for corner;

And North 88°34'10" West, a distance of 224.10 feet to a USCOE monument found for corner, said monument being located at the northeast corner of that certain tract of land described as Tract 2 (Original Instrument Nos. 1, 2 and 3), and Tract 4 (Original Instrument No. 4) in Correction Instrument recorded in Instrument No. 2018-37459, RPRDCT;

THENCE North 88°59'00" West, with the north line of said Correction Instrument tract, a distance of 981.60 feet to a steel fence post found for corner;

THENCE North 86°40'28" West, continuing with said north line, a distance of 346.35 feet to a 5/8-inch iron rod with cap stamped "KHA" found for corner;

THENCE North 88°13'50" West, continuing with said north line, passing at a distance of 1145.20 feet a 5/8-inch iron rod with cap stamped "KHA" found for corner at the northeast corner of Prairie Oaks Phase 1B, an addition to the Town of Little Elm, Denton County, Texas, according to Final Plat recorded in Document No. 2019-258, of the Plat Records of Denton County, Texas, continuing with the north line of said Prairie Oaks Phase 1B, in all, a total distance of 1949.86 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" set for corner at an interior "ell" corner of said Prairie Oaks Phase 1B;

THENCE North 02°08'13" East, passing at a distance of 20.47 feet a 1/2-inch iron rod with cap stamped "WESTWOOD" found at a northeast corner of said Prairie Oaks Phase 1B, and continuing with a west line of said Spiritas tract recorded in Volume 998, Page 670, RPRDCT, and the east line of Tract 2, and Tract 1, in deed to Upper Trinity Regional Water District, recorded in Volume 4646, Page 212, RPRDCT, in all, a total distance of 810.31 feet to a fence corner post found for corner;

THENCE North 87°51'47" West, with the common north line of said Upper Trinity Tract 1 and Tract 3 in said Upper Trinity deed, and a south line of said Spiritas tract recorded in Volume 998, Page 670, RPRDCT, a distance of 1295.87 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" set for corner at the southeast corner of that certain tract of land described as Parcel 18 in deed to the State of Texas, recorded in Document Number 2016-26306, RPRDCT, on the east right-of-way-line of Farm to Market Road No. 720 (variable width right-of-way), said iron rod being located at the beginning of a non-tangent curve to the left;

THENCE northwesterly with the east line of said Parcel 18, and with said curve which has a central angle of 03°50'07", a radius of 5814.58 feet, a chord that bears North 13°35'52" West, a distance of 389.15 feet, and an arc length of 389.22 feet to the end of said curve, a 5/8-inch iron rod with cap stamped "BCG 10194538" set for corner;

THENCE North 15°30'56" West, continuing with the east line of said Parcel 18, a distance of 721.50 feet to a 1/2-inch iron rod with cap stamped "WESTWOOD" found for corner at the beginning of a tangent curve to the left;

THENCE northwesterly, continuing with the east line of said Parcel 18, and with said curve which has a central angle of 14°12'08", a radius of 740.00 feet, a chord that bears North 22°37'00" West, a distance of 182.96 feet, and an arc length of 183.43 feet to the end of said curve, a 5/8-inch iron rod with cap stamped "BCG 10194538" set for corner;

THENCE North 29°42'12" West, continuing with the east line of said Parcel 18, passing at a distance of 13.57 feet a TXDOT aluminum disk found at the northeast corner of said Parcel 18, and the southeast corner of that certain tract of land described as Parcel 19-1 in deed to the State of Texas, recorded in Document Number 2019-155966, RPRDCT, continuing with the east line of said Parcel 19-1, in all, a total distance of 64.49 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" set for corner at the beginning of a non-tangent curve to the right;

THENCE northwesterly, continuing with said east line of Parcel 19-1, and the east line of that certain tract of land described as Parcel 20 in deed to the State of Texas, recorded in Document Number 2016-155956,

RPRDCT, and with said curve which has a central angle of 31°07'08", a radius of 610.00 feet, a chord that bears North 14°09'30" West, a distance of 327.25 feet, and an arc length of 331.31 feet to the end of said curve, a 5/8-inch iron rod with cap stamped "BCG 10194538" set for corner;

THENCE North 01°24'04" East, continuing with said east line of Parcel 20, and with the east line of that certain tract of land described as Parcel 19-2 in deed to the State of Texas recorded in Document Number 2016-155966, RPRDCT, a total distance of 450.53 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" set for corner at the northeast corner of said Parcel 19-2, said iron rod also being located on the south line of that certain tract of land described in deed to Ellis Meals, recorded in Document Number 2012-95998, RPRDCT;

THENCE North 89°42'58" East, leaving said east right-of-way-line of Farm to Market Road No. 720 (variable width right-of-way), and with said south line of the Meals tract, a distance of 89.21 feet to a fence corner post found for corner at the southeast corner of said Meals tract;

THENCE North 02°29'05" West, with the east line of said Meals tract, a distance of 115.92 feet to a fence corner post found for corner at the northeast corner of said Meals tract, and being located on a south line of said Spiritas Ranch Enterprises tract recorded in Volume 2737, Page 131, RPRDCT;

THENCE South 88°24'12" West, with the north line of said Meals tract, a distance of 66.45 feet to a TXDOT aluminum disk found for corner at the southeast corner of that certain tract of land described as Parcel 22 in deed to the State of Texas, recorded in Document Number 2016-26307, RPRDCT, on said east right-of-way-line of Farm to Market Road No. 720;

THENCE with the east line of said Parcel 22, the following courses to 5/8-inch iron rods with cap stamped "BCG 10194538" set for corner:

North 01°25'09" East, a distance of 108.99 feet;

North 08°03'45" West, a distance of 105.97 feet, said iron rod being located at the beginning of a non-tangent curve to the left;

Northwesterly, with said curve which has a central angle of 03°01'34", a radius of 2929.79 feet, a chord that bears North 02°26'32" West, a distance of 154.72 feet, and an arc length of 154.74 feet to the end of said curve;

North 03°57'19" West, a distance of 149.61 feet, said iron rod being located at the beginning of a tangent curve to the right;

Northwesterly, with said curve which has a central angle of 05°07'53", a radius of 2799.79 feet, a chord that bears North 01°23'23" West, a distance of 250.66 feet, and an arc length of 250.74 feet to the end of said curve;

And North 01°36'16" East, a distance of 273.49 feet to the POINT OF BEGINNING of herein described tract, and containing an area of 545.132 acres of land.

<u>SAVE AND EXCEPT</u> THE 13.166 ACRE TRACT OF LAND DESCRIBED AS FOLLOWS:

FIELD NOTES to all that certain tract of land situated in the M. Jones Survey Abstract Number 662, Town of Little Elm, Denton County, Texas and Being a part of the called 523.172 acre tract describd in the deed from Spiritas Ranch Enterprises, LLP to MM Little Elm 548, LLC recorded in Document Number 2020-123025 of the Real Property Records of Denton County, Texas; the subject tract being more particularly described as follows:

COMMENCING at a 5/8 inch iron rod with a blue plastic cap stamped "BCG 10194538" found (hereinafter referred to as 5/8IRF) for a reentrant corner in the North line of the said 523.172 acre tract;

THENCE North 87 Degrees 31 Minutes 10 Seconds West with the North line of the 523.172 acre tract a distance of 968.86 feet to the Northeast corner of the called 13.492 acre tract described in the ROW Dedication Deed from MM Little Elm 548, LLC to the Town of Little Elm recorded in Document Number 2021-95337 of the said Real Property Records;

THENCE South 01 Degrees 46 Minutes 35 Seconds West (base bearing) with the East line of the said 13.492 acre ROW tract a distance of 1,096.90 feet to a 5/8IRF at the PLACE OF BEGINNING for the Northwest corner of the tract being described herein;

THENCE Easterly across the 523.172 acre tract the following five calls:

1. North 46 Degrees 52 Minutes 48 Seconds East a distance of 42.46 feet to a 5/8IRF;
2. South 88 Degrees 13 Minutes 04 Seconds East a distance of 496.98 feet to a 5/8IRF at the beginning of a curve to the right having a radius of 320.00 feet;
3. Along the arc of the said curve, an arc length of 136.90 feet (chord bearing South 75 Degrees 55 Minutes 52 Seconds East a distance of 135.86 feet) to a 5/8IRF at the end of the said curve;
4. South 63 Degrees 40 Minutes 43 Seconds East a distance of 245.34 feet to a 5/8IRF;
5. South 18 Degrees 34 Minutes 23 Seconds East a distance of 13.90 feet to a 5/8IRF For NEC herein Description trackt;

THENCE Southwesterly continuing across the 523.172 acre tract the following four calls:

1. Along the arc of a curve to the right having a radius of 2,170.00 feet, an arc length of 444.69 feet (chord bearing South 33 Degrees 14 Minutes 27 Seconds West a distance of 443.91 feet) to a 5/8IRF at the end of the said curve;
2. South 39 Degrees 06 Minutes 48 Seconds West a distance of 343.51 feet to a 5/8IRF at the beginning of a curve to the right having a radius of 320.00 feet;
3. Along the arc of the said curve, an arc length of 73.00 feet (chord bearing South 45 Degrees 37 Minutes 58 Seconds West a distance of 72.84 feet) to a 5/8IRF at the end of the said curve;
4. South 52 Degrees 07 Minutes 48 Seconds West a distance of 152.33 feet to 5/8 IRF for SEC HDT;

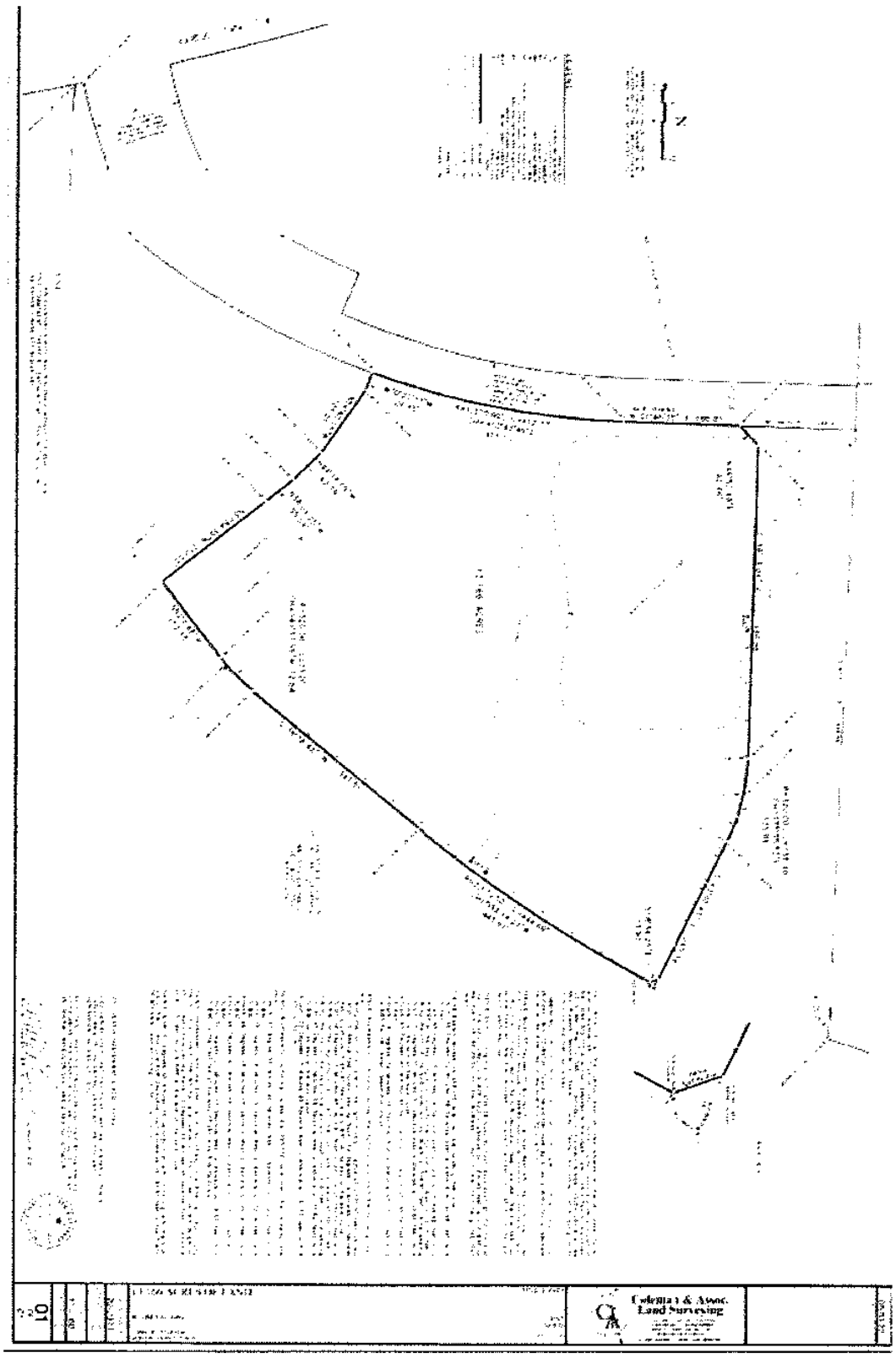
THENCE Northwesterly continuing across the 523.172 acre tract the following five calls:

1. North 37 Degree 54 Minute 35 Seconds West a distance of 210.02 feet to a 5/8IRF;
2. North 38 Degrees 04 Minutes 25 Seconds West a distance of 55.09 feet to a 5/8IRF;
3. North 44 Degrees 18 Minutes 05 Seconds West a distance of 62.79 feet to a 5/8IRF;
4. North 54 Degrees 40 Minutes 15 Seconds West a distance of 121.01 feet to a 5/8IRF;
5. North 70 Degrees 21 Minutes 17 Seconds West a distance of 29.93 feet to a 5/8IRF on the East line of the said 13.492 acre ROW Dedication.;

THENCE Northeasterly with the East line of the 13.492 acre ROW Dedication, along the arc of a curve to the left having a radius of 1,320.00 feet, an arc length of 412.77 feet (chord bearing North 10 Degrees 43 Minutes 49 Seconds East a distance of 411.10 feet) to a 5/8IRF at the end of the said curve;

THENCE North 01 Degrees 46 Minutes 35 Seconds East with continuing with the East line of the 13.492 acre ROW Dedication tract a distance of 185.81 feet to the PLACE OF BEGINNING and enclosing 13.166 acres of land.

[survey depiction of 13.166 acre Save and Except tract follows]



Appendix "A"

SAVE AND EXCEPT THE 13.492 ACRE TRACT OF LAND (RYAN SPIRITAS PARKWAY) DESCRIBED AS FOLLOWS:

BEING that certain tract of land situated in the Marcella Jones Survey, Abstract Number 662, in the Town of Little Elm, Denton County, Texas, and being part of that certain tract of land described in deed to MM Little Elm 548, LLC, recorded in Instrument No. 2020-123025 of the Real Property Records of Denton County, Texas (RPRDCT), and being more particularly described by metes and bounds as follows:

BEGINNING at a point located on the north line of said MM Little Elm 548, LLC tract, from which a 3/8-inch iron rod found at an interior "ell" corner of that certain tract of land described in deed to Spiritas Ranch Enterprises, recorded in Volume 833, Page 38, RPRDCT bears North 87°31'42" West, a distance of 4.08 feet;

THENCE South 87°31'42"East, with the north line of said MM Little Elm 548, LLC, tract, a distance of 70.00 feet to a point for corner;

THENCE departing the south line of said MM Little Elm 548, LLC, tract, and over and across said MM Little Elm 548, LLC, tract, the following courses, all points for corner unless otherwise noted:

South 01°46'35" West, a distance of 1282.81 feet to the beginning of a tangent curve to the right;

Southwesterly, with said curve which has a central angle of 89°34'17", a radius of 1320.00 feet, a chord that bears South 46°33'44" West, a chord distance of 1859.77 feet, and an arc distance of 2063.58 feet;

North 88°39'07"West, a distance of 512.18 feet to the beginning of a tangent curve to the left;

Southwesterly, with said curve which has a central angle of 16°51'49", a radius of 630.00 feet, a chord that bears South 82°54'58" West, a chord distance of 184.76 feet, and an arc distance of 185.42 feet;

South 74°29'04" West, a distance of 104.96 feet to the beginning of a tangent curve to the left;

Southwesterly, with said curve which has a central angle of 23°19'36", a radius of 930.00 feet, a chord that bears South 62°49'16" West, a chord distance of 376.02 feet, and an arc distance of 378.63 feet;

South 51°09'28" West, a distance of 263.92 feet to the beginning of a tangent curve to the right;

Southwesterly, with said curve which has a central angle of 25°49'54", a radius of 770.00 feet, a chord that bears South 64°04'25" West, a chord distance of 344.22 feet, and an arc distance of 347.15 feet;

South 76°59'22" West, a distance of 20.68 feet, said point being located on the easterly right-of-way line of Farm to Market Road 720 (a variable width right-of-way), from which a 5/8-inch iron rod with cap stamped "BCG 10194538" found at the most westerly southwest corner of said MM Little Elm 548, LLC tract is located on the curving said easterly right-of-way line on a chord which bears South 11°44'47" East, a chord distance of 15.55 feet, said point for corner also being the beginning of a non-tangent curve to the left;

THENCE Northwesterly with said easterly right-of-way line of Farm to Market Road 720, and with said curve which has a central angle of 01°22'47", a radius of 5814.58 feet, a chord that bears North 12°31'02" West, a chord distance of 140.01 feet, and an arc distance of 140.01 feet;

THENCE departing the easterly right-of-way line of Farm to Market Road 720, and over and across said MM Little Elm 548, LLC, tract, the following courses, all points for corner unless otherwise noted:

North 76°59'22" East, a distance of 19.46 feet to the beginning of a tangent curve to the left;

Northeasterly, with said curve which has a central angle of 25°49'54", a radius of 630.00 feet, a chord that bears North 64°04'25" West, a chord distance of 281.64 feet, and an arc distance of 284.04 feet;

North 51°09'28" East, a distance of 263.92 feet to the beginning of a tangent curve to the right;

Northeasterly, with said curve which has a central angle of 23°19'36", a radius of 1070.00 feet, a chord that bears North 62°49'16" East, a chord distance of 432.63 feet, and an arc distance of 435.63 feet;

North 74°29'04" East, a distance of 104.96 feet to the beginning of a tangent curve to the right;

Northeasterly, with said curve which has a central angle of 16°51'49", a radius of 770.00 feet, a chord that bears North 82°54'58" East, a chord distance of 225.81 feet, and an arc distance of 226.63 feet;

South 88°39'07"East, a distance of 512.18 feet to the beginning of a tangent curve to the left;

Northeasterly, with said curve which has a central angle of 68°06'10", a radius of 1180.00 feet, a chord that bears North 57°17'48" East, a chord distance of 1321.45 feet, and an arc distance of 1402.57 feet;

South 66°45'17"East, a distance of 70.00 feet to the beginning of a non-tangent curve to the left;

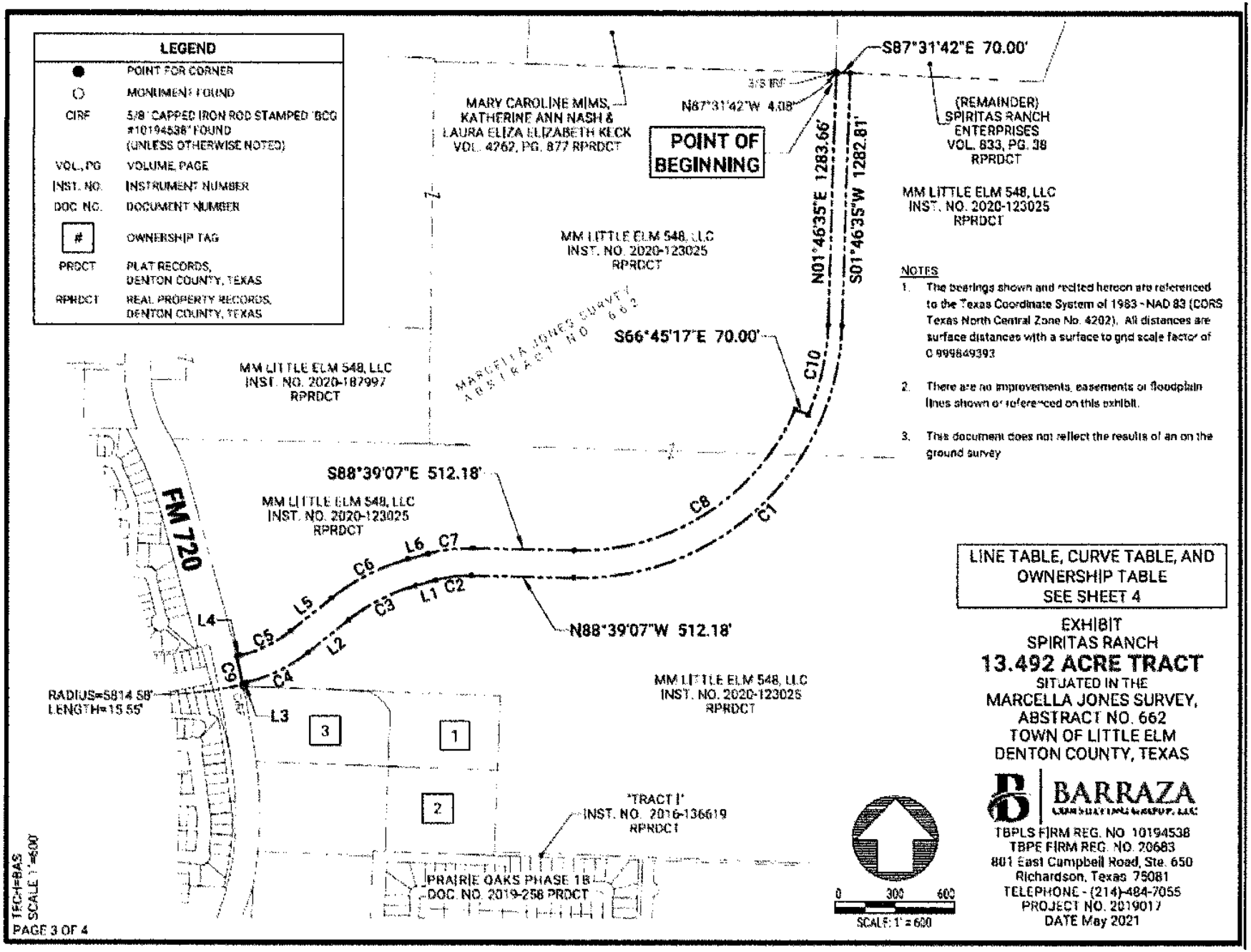
Northeasterly, with said curve which has a central angle of 21°28'08", a radius of 1250.00 feet, a chord that bears North 12°30'39" East, a chord distance of 465.64 feet, and an arc distance of 468.38 feet;

And North 01°46'35" East, a distance of 1283.66 feet to the POINT OF BEGINNING, containing an area of 13.492 acres of land.

Notes:
The bearings shown and recited hereon are referenced to the Texas Coordinate System of 1983 - NAD 83 (CORS Texas North Central Zone No. 4202). All distances are surface distances with a surface to grid scale factor of 0.999849393.

[survey depiction of 13.492 acre Save and Except tract follows]

Appendix "A"


LEGEND
POINT FOR CORNER
MONUMENT FOUND
CIRF 5/8" CAPPED IRON ROD STAMPED "BCG #10194538" FOUND (UNLESS OTHERWISE NOTED)
VOL., PG VOLUME, PAGE
INST. NO. INSTRUMENT NUMBER
DOC. NO. DOCUMENT NUMBER
OWNERSHIP TAG
PRDCT PLAT RECORDS, DENTON COUNTY, TEXAS
RPRDCT REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS
S87°31'42"E 70.00'
3/8 IRF
N87°31'42"W 4.08'
MARY CAROLINE MIMS, KATHERINE ANN NASH & LAURA ELIZA ELIZABETH KECK VOL. 4762, PG. 877 RPRDCT
POINT OF BEGINNING
(REMAINDER) SPIRITAS RANCH ENTERPRISES VOL. 833, PG. 38 RPRDCT
MM LITTLE ELM 548, LLC INST. NO. 2020-123025 RPRDCT
N01°46'35"E 1283.66'
S01°46'35"W 1282.81'
MM LITTLE ELM 548, LLC INST. NO. 2020-123025 RPRDCT
MARCELLA JONES SURVEY ABSTRACT NO 662
S66°45'17"E 70.00'
C10
MM LITTLE ELM 548, LLC INST. NO. 2020-187997 RPRDCT
S88°39'07"E 512.18'
MM LITTLE ELM 548, LLC INST. NO. 2020-123025 RPRDCT
C8
C1
L6 C7
C6
L5
L4
C5
C3
L1 C2
L2
C4
C2
N88°39'07"W 512.18'
RADIUS=5814.58'
LENGTH=15.55'
L3
3
1
2
MM LITTLE ELM 548, LLC INST. NO. 2020-123025 RPRDCT
"TRACT I" INST. NO. 2016-136619 RPRDCT
PRAIRIE OAKS PHASE 1B DOC. NO. 2019-258 PRDCT
FM 720
0 300 600
SCALE: 1" = 600'
NOTES
1. The bearings shown and recited hereon are referenced to the Texas Coordinate System of 1983 - NAD 83 (CORS Texas North Central Zone No. 4202). All distances are surface distances with a surface to grid scale factor of 0.999849393
2. There are no improvements, easements or floodplain lines shown or referenced on this exhibit.
3. This document does not reflect the results of an on the ground survey
LINE TABLE, CURVE TABLE, AND OWNERSHIP TABLE SEE SHEET 4
EXHIBIT
SPIRITAS RANCH
13.492 ACRE TRACT
SITUATED IN THE
MARCELLA JONES SURVEY, ABSTRACT NO. 662
TOWN OF LITTLE ELM
DENTON COUNTY, TEXAS
BARRAZA
TBPLS FIRM REG. NO. 10194538
TBPE FIRM REG. NO. 20683
801 East Campbell Road, Ste. 650
Richardson, Texas 75081
TELEPHONE - (214)-484-7055
PROJECT NO. 2019017
DATE May 2021
TEC-I=BAS
SCALE 1"=600'
PAGE 3 OF 4

Appendix "A"

LINE TABLE		
LINE #	BEARING	DISTANCE
L1	S74°29'04"W	104.96
L2	S51°09'28"W	263.92
L3	S76°59'22"W	20.68
L4	N76°59'22"E	19.46
L5	N51°09'28"E	263.92
L6	N74°29'04"E	104.96

CURVE TABLE					
CURVE #	DELTA	RADIUS	CH. BEARING	CH. LENGTH	LENGTH
C1	089°34'17"	1320.00'	S46°33'44"W	1859.77'	2063.58'
C2	016°51'49"	630.00'	S82°54'58"W	184.76'	185.42'
C3	023°19'36"	930.00'	S62°49'16"W	376.02'	378.63'
C4	025°49'54"	770.00'	S64°04'25"W	344.22'	347.15'
C5	025°49'54"	630.00'	N64°04'25"E	281.64'	284.04'
C6	023°19'36"	1070.00'	N62°49'16"E	432.63'	435.63'
C7	016°51'49"	770.00'	N82°54'58"E	225.81'	226.63'
C8	068°06'10"	1180.00'	N57°17'48"E	1321.45'	1402.57'
C9	001°22'47"	5814.58'	N12°31'02"W	140.01'	140.01'
C10	021°28'08"	1250.00'	N12°30'39"E	465.64'	468.38'

OWNERSHIP TABLE	
1	"TRACT 1" UPPER TRINITY REGIONAL WATER DISTRICT VOL. 4646, PG. 212 RPRDCT
2	"TRACT 2" UPPER TRINITY REGIONAL WATER DISTRICT VOL. 4646, PG. 212 RPRDCT
3	"TRACT 3" UPPER TRINITY REGIONAL WATER DISTRICT VOL. 4646, PG. 212 RPRDCT

NOTES:

1. The bearings shown and recited hereon are referenced to the Texas Coordinate System of 1983 - NAD 83 (CORS Texas North Central Zone No. 4202). All distances are surface distances with a surface to grid scale factor of 0.999849393.
2. There are no improvements, easements or floodplain lines shown or referenced on this exhibit.
3. This document does not reflect the results of an on the ground survey.

EXHIBIT
SPIRITAS RANCH
13.492 ACRE TRACT
SITUATED IN THE
MARCELLA JONES SURVEY,
ABSTRACT NO. 662
TOWN OF LITTLE ELM
DENTON COUNTY, TEXAS

BARRAZA
TBPLS FIRM REG. NO. 10194538
TBPE FIRM REG. NO. 20683
801 East Campbell Road, Ste. 650
Richardson, Texas 75081
TELEPHONE - (214)-484-7055
PROJECT NO. 2019017
DATE May 2021

TECH=BAS
SCALE NA

SAVE AND EXCEPT THE 2.601 ACRE TRACT OF LAND (FIRE STATION TRACT) DESCRIBED AS FOLLOWS:

BEING that certain tract of land situated in the Marsella Jones Survey, Abstract No. 662, in the Town of Little Elm, Denton County, Texas, and being part of that certain tract of land described in deed to MM Little Elm 548, LLC recorded in Instrument No. 2020-123025 of the Real Property Records of Denton County, Texas (RPRDCT), and being more particularly described by metes and bounds as follows:

BEGINNING at 5/8-inch iron rod with blue plastic cap stamped "BCG 10194538" found on the easterly right-of-way line of Farm-to-Market Road No. 720 (variable width right-of-way), and being located at the southeast corner of that certain tract of land described as Parcel 18 in Judgement Deed to the State of Texas recorded in Document No. 2018-119616, RPRDCT, also being the most westerly southwest corner of said MM Little Elm 548, LLC tract, and being the beginning of a curve to the left;

THENCE northwesterly with said easterly right-of-way line of Farm-to-Market Road No. 720 according to said Parcel 18, and with said curve which has a central angle of 00°09'12", a radius of 5814.58 feet, a chord that bears North 11°45'02" West, a chord distance of 15.55 feet, and for an arc distance of 15.55 feet to a 5/8-inch iron rod with blue plastic cap stamped "BCG 10194538" set for corner at the southwest corner of that certain tract of land described in Dedication Deed to the Town of Little Elm recorded in Instrument No. 2021-95337, RPRDCT;

THENCE with the southerly line of said Town of Little Elm tract (Ryan Spiritas Parkway- called 140' width right-of-way), the following courses to 5/8-inch iron rods with blue plastic cap stamped "BCG 10194538" set for corner:

North 76°59'22" East, a distance of 20.67 feet to the beginning of a tangent curve to the left;

Northeasterly, with said curve which has a central angle of 25°49'54", a radius of 770.00 feet, a chord that bears North 64°04'25" East, a chord distance of 344.22 feet, and an arc distance of 347.15 feet;

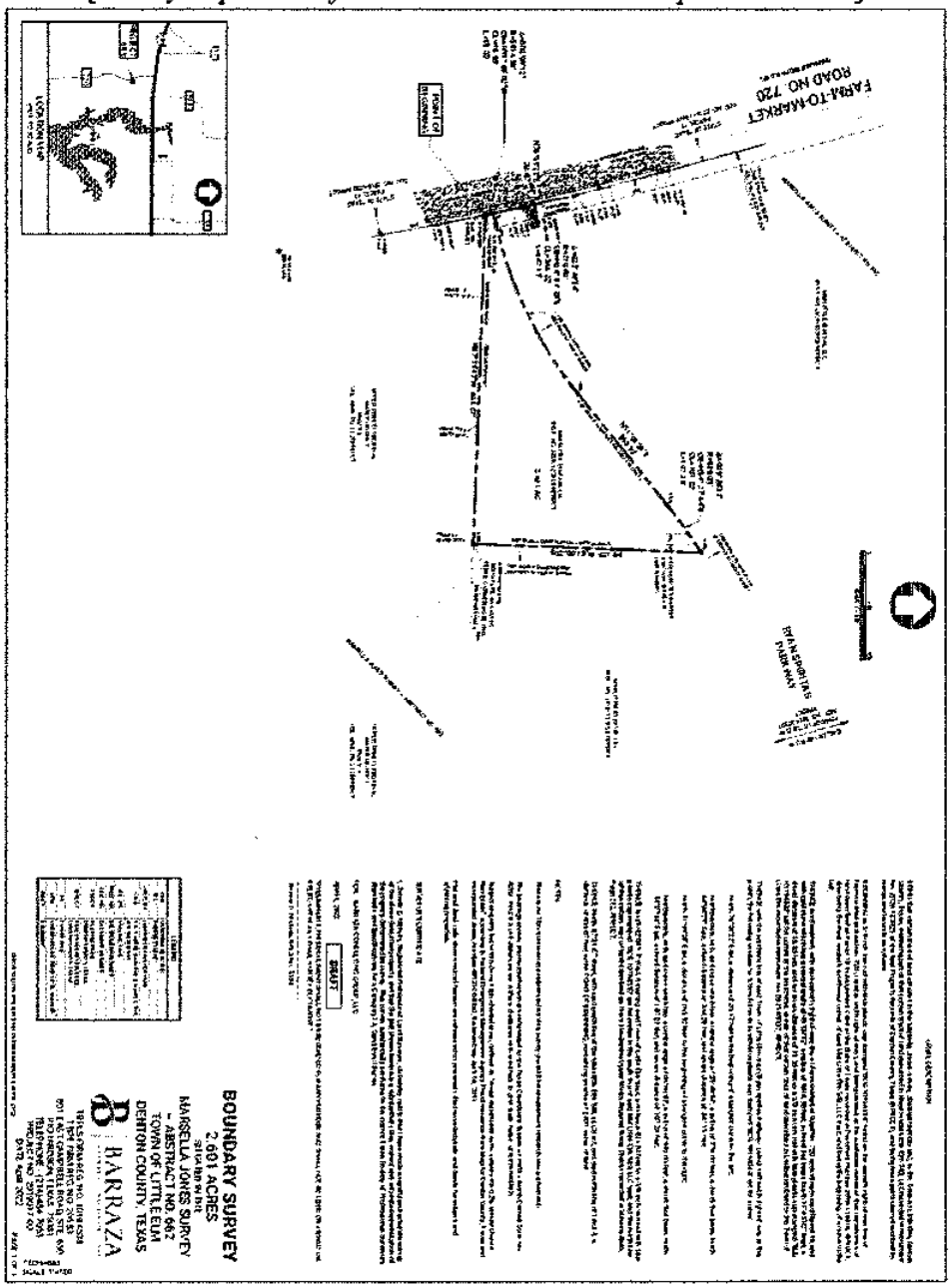
North 51°09'28" East, a distance of 263.92 feet to the beginning of a tangent curve to the right;

Northeasterly, with said curve which has a central angle of 06°36'33", a radius of 930.00 feet, a chord that bears North 54°27'44" East, a chord distance of 107.22 feet, and an arc distance of 107.28 feet;

THENCE South 02°08'13" West, departing said Town of Little Elm tract, a distance 421.04 feet to a 5/8-inch iron rod with blue plastic cap stamped "BCG 10194538" set for corner in the south line of said MM Little Elm 548, LLC tract, and the north line of that certain tract of land described as Tract 3 in deed to Upper Trinity Regional Water District recorded in Volume 4646, Page 212, RPRDCT;

THENCE North 87°51'47" West, with said south line of the MM Little Elm 548, LLC tract, and said north line of Tract 3, a distance of 604.07 feet to the POINT OF BEGINNING, containing an area of 2.601 acres of land.

[survey depiction of 2.601 acre Save and Except tract below]



SAVE AND EXCEPT THE 1.00 ACRE TRACT OF LAND (DIRECTOR LOT) DESCRIBED AS FOLLOWS:

BEING that certain tract of land situated in the Marsella Jones Survey, Abstract No. 662, in Denton County, Texas, according to and being part of those certain tracts of land described in deeds to Spiritas Ranch Enterprises recorded in Volume 833, Page 38, of the Real Property Records of Denton County, Texas (RPRDCT); and Volume 842, Page 851, RPRDCT; and being more particularly described as follows:

COMMENCING at a 1/2 inch iron rod found on the south right-of-way line of U.S. Highway No. 380 (variable width right-of-way), and being the most northerly northwest corner of said Spiritas Ranch Enterprises tract recorded in Volume 842, Page 851, RPRDCT, and also being the northeast corner of that certain tract of land described in deed to RPM xConstruction recorded in Document No. 2014-54052, RPRDCT, from which a TXDOT monument found at the northwest corner of said RPM xConstruction tract bears North 88°21'17" West, a distance of 209.89 feet;

THENCE South 02°14'40" West, leaving said south right-of-way line of U.S. Highway No. 380, and with a west line of said Spiritas Ranch Enterprises tract recorded in Volume 842, Page 851, RPRDCT, passing at a distance of 518.63 feet the southeast corner of said RPM xConstruction tract, continuing over and across said Spiritas Ranch Enterprises tract recorded in Volume 842, Page 851, RPRDCT, in all, a total distance of 688.87 feet to the POINT OF BEGINNING, a 5/8 inch iron rod with cap stamped "BCG 10194538" set;

THENCE South 02°14'40" West, continuing over and across said Spiritas Ranch Enterprises tract recorded in Volume 842, Page 851, RPRDCT, a distance of 52.51 feet to a 5/8 inch iron rod with cap stamped "BCG 10194538" set for corner, and the beginning of a non-tangent curve to the left;

THENCE continuing over and across said Spiritas Ranch Enterprises tract recorded in Volume 842, Page 851, RPRDCT, and said Spiritas Ranch Enterprises tract recorded in Volume 833, Page 38, RPRDCT, and with said curve which has a central angle of 24°30'27", a radius of 1475.00 feet, a chord which bears South 61°54'11" West, a chord distance of 626.11 feet, and an arc distance of 630.91 feet to the end of said curve, a 5/8 inch iron rod with cap stamped "BCG 10194538" set for corner;

THENCE continuing over and across said Spiritas Ranch Enterprises tract recorded in Volume 833, Page 38, RPRDCT, the following courses to 5/8 inch iron rods with cap stamped "BCG 10194538" set for corner;

South 49°38'57" West, a distance of 169.00 feet, and being the beginning of a tangent curve to the left;

With said curve which has a central angle of 05°10'17", a radius of 560.00 feet, a chord which bears South 47°03'49" West, a chord distance of 50.53 feet, and an arc distance of 50.54 feet to the end of said curve, a point for corner;

North 45°31'19" West, a distance of 50.00 feet, and being the beginning of a non-tangent curve to the right;

With said curve which has a central angle of 05°10'17", a radius of 610.00 feet, a chord which bears North 47°03'49" East, a chord distance of 55.04 feet, and an arc distance of 55.06 feet to the end of said curve, a point for corner;

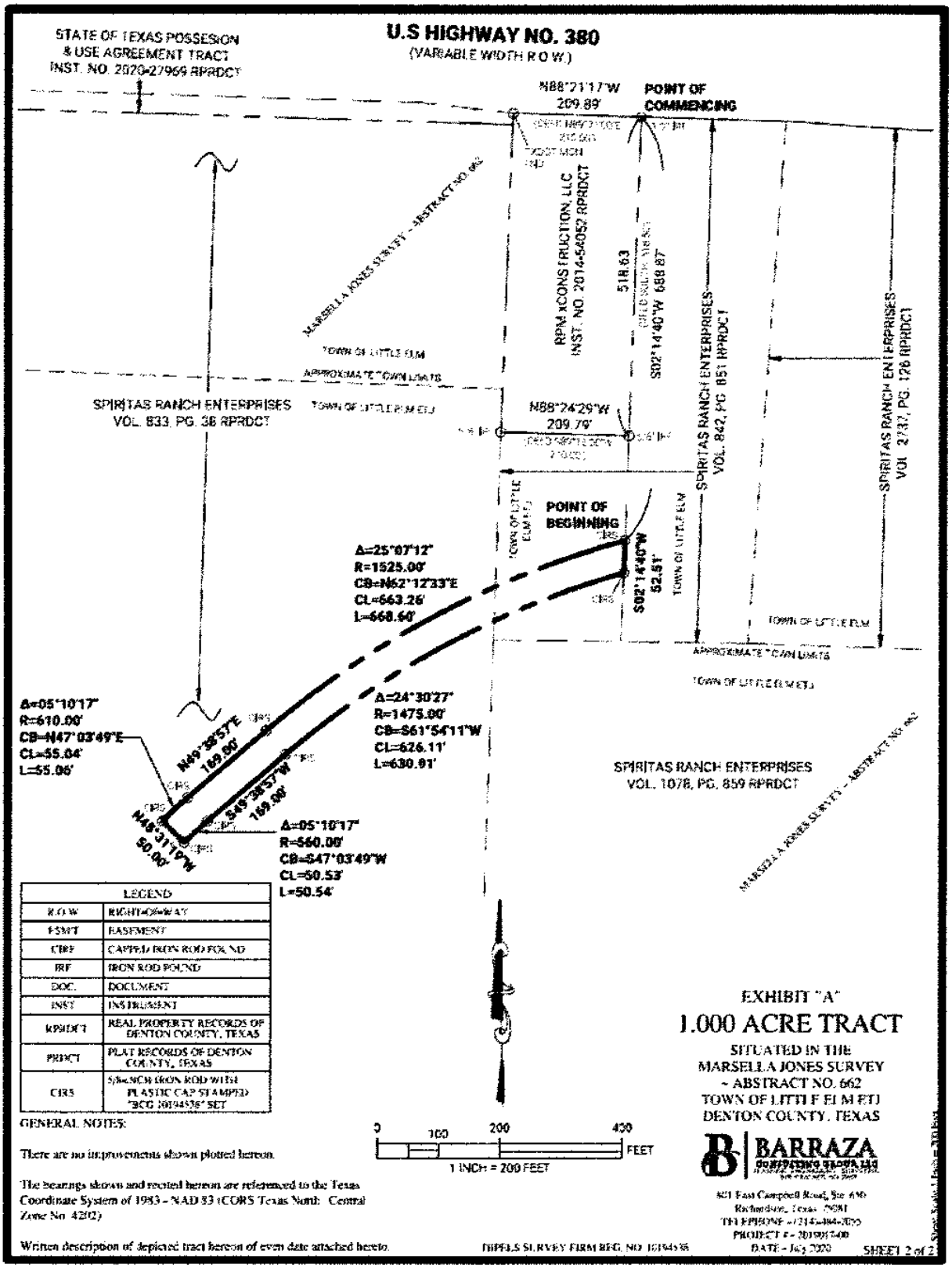
And North 49°38'57" East, a distance of 169.00 feet, and being the beginning of a tangent curve to the right;

THENCE continuing over and across said Spiritas Ranch Enterprises tract recorded in Volume 833, Page 38, RPRDCT, and said Spiritas Ranch Enterprises tract recorded in Volume 842, Page 851, RPRDCT, and with said curve which has a central angle of 25°07'12", a radius of 1525.00 feet, a chord which bears North 62°12'33" East, a chord distance of 663.26 feet, and an arc distance of 668.60 feet to the end of said curve, and the POINT OF BEGINNING, containing a calculated area of 1.000 acres of land.

Notes:

The bearings shown and recited hereon are referenced to the Texas Coordinate System of 1983 - NAD 83 (CORS Texas North Central Zone No. 4202).

[survey depiction of 1.00 acre Save and Except tract follows]



[End of Appendix "A"]

APPENDIX "B"
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SPIRITAS RANCH

DECLARANT REPRESENTATIONS & RESERVATIONS

B.1. GENERAL PROVISIONS.

B.1.1. Introduction. Declarant intends the Declaration to be perpetual and understands that provisions pertaining to the initial development, construction, marketing, and control of the Property will become obsolete when Declarant's role is complete upon expiration of the Development Period. As a courtesy to future users of the Declaration, who may be frustrated by then-obsolete terms, Declarant is compiling the Declarant-related provisions in this Appendix. The terms of Appendix "B" may not be modified or amended without the express written consent of Declarant.

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

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

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

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

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

(1) fifty (50) years from date this Declaration is recorded.

(2) the date title to the Lots and all other portions of the Property has been conveyed to Owners other than Builders or Declarant.

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

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

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

B.2.2. Weighted Votes. During the Declarant Control Period, Declarant shall hold Class B Member status and the vote appurtenant to each Lot owned by Declarant is weighted twenty (20) times that of the vote appurtenant to a Lot owned by another Owner. In other words, during the Declarant Control Period, Declarant may cast the equivalent of twenty (20) votes for each Lot owned by Declarant on any issue before the Association. On termination of the Declarant Control Period, Declarant's Class B Member status shall expire (subject to Section B.7.4 of this Appendix "B" below) and thereafter, the vote appurtenant to Declarant's Lots is weighted uniformly with all other votes.

B.2.3. Budget Funding. During the Declarant Control Period only, Declarant is responsible for the difference between the Association's operating expenses and the Regular Assessments received from Owners other than Declarant, and will either levy a special assessment to fund such deficit or provide any additional funds necessary to pay actual cash outlays of the Association. At the Declarant's sole discretion, funds provided for the purpose of offsetting a deficit may be treated as a loan. On termination of the Declarant Control Period, Declarant will cease being responsible for the difference between the Association's operating expenses and the Assessments received from Owners other than Declarant. Declarant is not responsible for funding the Reserve Fund and may, at its sole discretion, require the Association to use Reserve Funds when available to pay operating expenses prior to the Declarant funding any deficit.

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

B.2.5. Builder Obligations. During the Declarant Control Period only, Declarant has the right, but not the duty or obligation, to reduce the Assessment obligation of a Builder, provided the agreement is in writing. Absent any reduction granted by Declarant in writing for the benefit of a Builder, each Builder shall pay and be liable for a Assessments from and after the time of Builder's acquisition of a Lot in the same manner as any Owner. Following the Builder's acquisition of a Lot, any Builder who owns a Lot is liable for all Assessments and other fees charged by the Association in the same manner as any Owner.

B.2.6. Commencement of Assessments. During the initial development of the Property, Declarant may elect to postpone the Association's initial levy of Regular Assessments until a certain number of Lots are sold. During the Declarant Control Period, Declarant will determine when the Association first levies Regular Assessments against the Lots. Prior to the first levy, Declarant will be responsible for all operating expenses of the Association; however, Declarant may elect to treat any advance made by the Declarant to cover operating or other expenses of the Association as a loan to the Association subject to reimbursement and repayment by the Association.

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

B.2.8. Budget Control and Termination of Association Contracts. During the Declarant Control Period, the right of Owners to veto Assessment increases or Special Assessments is not effective and may not be exercised. During the Declarant Control Period, any contracts entered into by the Association may not be terminated without the prior written consent of Declarant.

B.2.9. Organizational Meeting. Within sixty days after the end of the Declarant Control Period, or sooner at the Declarant's option, Declarant will call an organizational meeting of the Members of the Association for the purpose of electing, by vote of the Owners, directors to the Board. Written notice of the organizational meeting must be given to an Owner of each Lot at least ten days but not more than sixty (60) days before the meeting. For the organizational meeting, Owners of ten percent (10%) of the Lots constitute a quorum. The directors elected at the organizational meeting will serve as the Board until the next annual meeting of the Association or a special meeting of the Association called for the purpose of electing directors, at which time the staggering of terms will begin. At this transition meeting, the Declarant will transfer control over all utilities related to the Common Areas owned by the Association and Declarant will provide information to the Association, if not already done so, relating to the total costs to date related to the operation and maintenance of the Common Areas.

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

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

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

B.3.3. Architectural Control. **During the Development Period, Declarant has the absolute right to serve as the Architectural Reviewer pursuant to Article 6.** Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under Article 6 and this Appendix to (1) an ACC appointed by the Board, or (2) a committee comprised of architects, engineers, or other persons who may or may not be Members of the Association. Any such delegation is at all times subject to the unilateral rights of Declarant (1) to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (2) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason. Declarant also has the unilateral right to exercise architectural control over vacant Lots in the Property. **Neither the Association, the Board of directors, nor a committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of new Residences and related improvements on vacant Lots.**

B.3.4. Amendment. During the Development Period, Declarant may amend this Declaration and the other Documents to include Bylaws, without consent of the Board, other Owners or mortgagee, or Members for any purpose, including without limitation the following purposes:

a. To create Lots, easements, and Common Areas within the Property.

b. To subdivide, combine, or reconfigure Lots.

c. To convert Lots into Common Areas and Common Areas back to Lots.

d. To modify the construction and use restrictions of Article 7 of this Declaration.

e. To merge the Association with another property owners association.

f. To comply with the requirements of an underwriting lender.

g. To resolve conflicts, clarify ambiguities, and to correct misstatements, errors, or omissions in the Documents.

h. To enable any reputable title insurance company to issue title insurance coverage on the Lots.

i. To enable an institutional or governmental lender to make or purchase mortgage loans on the Lots.

j. To change the name or entity of Declarant.

k. To change the name of the addition in which the Property is located.

l. To change the name of the Association.

m. For any other purpose, provided the amendment has no material adverse effect on any right of any Owner.

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

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

B.3.7. Promotion. During the Development Period, Declarant reserves for itself an easement and right to place or install signs, banners, flags, display lighting, potted plants, exterior decorative items, seasonal decorations, temporary window treatments, and seasonal landscaping on the Property, including items and locations that are prohibited to other Owners and Residents, for purposes of promoting, identifying, and marketing the Property and/or Declarant's Residences, Lots, developments, or other products located outside the Property. Declarant reserves an easement and right to maintain, relocate, replace, or remove the same from time to time within the Property. Declarant also reserves the right to sponsor marketing events – such as open houses, MLS tours, and broker's parties – at the Property to promote the sale of Lots. During the Development Period, Declarant also reserves (1) the right to permit Builders to place signs and promotional materials on the Property and (2) the right to exempt Builders from the sign restriction in this Declaration.

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

B.3.9. Access. During the Development Period, Declarant has an easement and right of ingress and egress in and through the Property for purposes of constructing, maintaining, managing, and marketing the Property and the Property Subject to Annexation (as hereinafter defined), and for discharging Declarant's obligations under this Declaration.

Declarant also has the right to provide a reasonable means of access for the home buying public through any existing or future gate that restricts vehicular access to the Property in connection with the active marketing of Lots and Residences by Declarant or Builders, including the right to require that the gate be kept open during certain hours and/or on certain days. This provision may not be construed as an obligation or intent to gate the Property.

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

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

B.3.12. Land Transfers. During the Development Period, any transfer of an interest in the Property to or from Declarant is not subject to any transfer-related provision in the Documents, including without limitation on an obligation for transfer or Resale Certificate fees, and the transfer-related provisions of Article 8 of this Declaration. The application of this provision includes without limitation Declarant's Lot take-downs, Declarant's sale of Lots to Builders, and Declarant's sale of Lots to homebuyers.

B.4. COMMON AREAS. Declarant will convey title to the Common Areas, including any and all facilities, structures, improvements and systems of the Common Areas owned by Declarant, to the Association by one or more deeds – with or without warranty. Any initial Common Area improvements will be installed, constructed, or authorized by Declarant, the cost of which is not a Common Expense of the Association. At the time of conveyance to the Association, the Common Areas will be free to encumbrance except for the property taxes accruing for the year of conveyance the terms of this Declaration and matters reflected on the Plat. Declarant's conveyance of title is a ministerial task that does not require and is not subject to acceptance by the Association or the Owners. The transfer of control of the Association at the end of the Declarant Control Period is not a transfer of Common Areas requiring inspection, evaluation, acceptance, or approval of Common Area improvements by the Owners. Declarant is under no contractual or other obligation to provide amenities of any kind or type.

B.5. WORKING CAPITAL FUND. Declarant may (but is not required to) establish a separate working capital fund for the Association which shall be different from the Operating Reserve Fund

set forth in the Declaration, Section 8.11.3, by requiring purchasers of Lots to make a one-time contribution to this fund, subject to the following conditions:

a. The amount of the contribution to this fund will be (each referred to herein as a "Working Capital Contribution"):

(i) for transfers from Declarant to an Owner (other than a Builder, a Declarant, Successor Declarant or Declarant-affiliate), one hundred percent (100%) of the annual assessment charged hereunder;

(ii) for transfers from a Builder to an Owner (other than a Builder, a Declarant, Successor Declarant or Declarant-affiliate), one hundred percent (100%) of the annual assessment charged hereunder; and

(iii) for transfers from non-Builder Owners to an Owner (other than a Builder, a Declarant, Successor Declarant or Declarant-affiliate), the greater of (i) one hundred percent (100%) of the annual assessment charged hereunder, or (ii) $1,000.00.

No Working Capital Contributions shall be due will be collected on the closing of the sale of the Lot to a Builder, a Declarant, a Successor Declarant, or Declarant-affiliate.

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

c. Working Capital Contributions to the working capital fund are not advance payments of any Assessments or made in lieu of other reserve fund payments or amounts to be collected or due hereunder in the event of a transfer of a Lot and are not refundable to the contributor by the Association or by Declarant. This may not be construed to prevent a selling Owner from negotiating reimbursement of the contribution from a purchaser. Funds may be used for any operating, administrative and/or maintenance needs of the Association, including, without limitation, funding for the Association's operating needs during the Declarant Control Period in the event of a deficit in the Association's operating budget.

d. Declarant will transfer the balance of the working capital fund, if any, to the Association's Reserve Fund on or before termination of the Declarant Control Period.

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

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

Declaration as provided in this Declaration. Notwithstanding anything herein or otherwise to the contrary, Declarant and/or such affiliates, successors and/or assigns, subject to annexation of same into the real property, shall have the exclusive unilateral right, privilege and option (but never an obligation), from time to time, for as long as Declarant owns any portion of the Property or Property Subject to Annexation, to annex (a) all or any portion of the Property Subject to Annexation owned by Declarant, and (b) subject to the provisions of this Declaration and the jurisdiction of the Association, any additional property located adjacent to or in the immediate vicinity of the Property (collectively, the "Annexed Land"), by filing in the Official Public Records of Denton County, Texas, a Supplemental Declaration expressly annexing any such Annexed Land. Such Supplemental Declaration shall not require the vote of the Owners, the Members of the Association, or approval by the Board or other action of the Association or any other person or entity, subject to the prior annexation of such Annexed Land into the real property. Any such annexation shall be effective upon the filing of such Supplemental Declaration in the Official Public Records of Denton County, Texas (with consent of Owner(s) of the Annexed Land, if not Declarant). Declarant shall also have the unilateral right to transfer to any successor Declarant, Declarant's right, privilege and option to annex Annexed Land, provided that such successor Declarant shall be the developer of at least a portion of the Annexed Land and shall be expressly designated by Declarant in writing to be the successor or assignee to all or any part of Declarant's rights hereunder.

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

(i) A legally sufficient description of the Annexed Land being added or annexed, which Annexed Land must as a condition precedent to such annexation be included in the real property;

(ii) That the Annexed Land is being annexed in accordance with and subject to the provisions of this Declaration, and that the Annexed Land being annexed shall be developed, held, used, sold and conveyed in accordance with, and subject to, the provisions of this Declaration as theretofore and thereafter amended; provided, however, that if any Lots or portions thereof being so annexed are to be treated differently than any of the other Lots (whether such difference is applicable to other Lots included therein or to the Lots now subject to this Declaration), the Supplemental Declaration should specify the details of such differential treatment and a general statement of the rationale and reasons for the difference in treatment, and if applicable, any other special or unique covenants, conditions, restrictions, easements or other requirements as may be applicable to all or any of the Lots or other portions of Annexed Land being annexed;

(iii) That all of the provisions of this Declaration, as amended, shall apply to the Annexed Land being added or annexed with the same force and effect as if said Annexed Land were originally included in this Declaration as part of the initial

Property subject to this Declaration, with the total number of Lots increased accordingly;

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

(v) Such other provisions as the Declarant therein shall deem appropriate.

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

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

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

[End of Appendix B]

APPENDIX "C"
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SPIRITAS RANCH

RESERVED

[End of Appendix C]

APPENDIX "D"
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SPIRITAS RANCH

The Declaration and Design Guidelines of Spiritas Ranch contains several construction and building requirements set forth on behalf of Spiritas Ranch, notwithstanding, the Association does not guarantee that all governing and applicable building, construction or modification requirements from any and all outside governing entities or sources exist within this Declaration or its Design Guidelines, therefore, Builders and Owners are required to follow all applicable governing rules and regulations regardless of whether any such requirements are specified or outlined within this Declaration and Design Guidelines and any amendment thereto. Builders and Owners are one-hundred percent (100%) responsible to ensure all applicable building codes, regulations or statutes by the Town, County, and Association or otherwise applicable governing body that legitimately governs are met, regardless of whether such standards are herein provided.

DESIGN GUIDELINES

PART ONE:
SECTION 1.1 FLAGS AND FLAGPOLES. ALL FLAGS, REGARDLESS OF SIZE OR PLACEMENT, AND FLAGPOLES MUST HAVE THE PRIOR WRITTEN CONSENT OF THE ARCHITECTURAL REVIEWER/ACC. NO DISPLAY OR INSTALLATION OF A FLAG OR FLAGPOLE IS ALLOWED WITHOUT WRITTEN CONSENT. THE ASSOCIATION THORUGH ITS BOARD AND/OR THE ACC RESERVES THE RIGHT TO REMOVE ANY UNAUTHORIZED FLAG WITHOUT NOTICE OR CONSENT OF THE OWNER.

1.1.1 The only flags which may be displayed are: (i) the flag of the United States of America; (ii) the flag of the State of Texas; and (iii) an official or replica flag of any branch of the United States armed forces. No other types of flags, pennants, banners, kits or similar types of displays are permitted on a Lot if the display is visible from a Street or Common Area.

1.1.2 The flag of the United States must be displayed in accordance with 4 U.S.C. Sections 5-10.

1.1.3 The flag of the State of Texas must be displayed in accordance with Chapter 3100 of the Texas Government Code.

1.1.4 Any freestanding flagpole, or flagpole attached to a Residence, shall be constructed of permanent, long-lasting materials. The materials used for the flagpole shall be harmonious with the Residence, and must have a silver finish with a gold or silver ball at the top. The flagpole must not exceed three (3) inches in diameter. Limitations as to size and placement may be exercised when setbacks and limited yard space are a factor.

1.1.5 The display of a flag, or the location and construction of the supporting flagpole, shall comply with Applicable Zoning, easements, and setbacks of record.

1.1.6 A displayed flag, and the flagpole on which it is flown, shall be maintained in good condition at all times. Any flag that is deteriorated must be replaced or removed. Any flagpole that is structurally unsafe or deteriorated shall be repaired, replaced, or removed.

1.1.7 Only one flagpole will be allowed per Lot. No such limitation applies in Common Areas. A flagpole can either be securely attached to the face of the Residence (no other structure) or be a freestanding flagpole. A flagpole attached to the Residence may not exceed 4 feet in length. A freestanding flagpole may not exceed twenty (20) feet in height. Any freestanding flagpole must be located in either the front yard or backyard of a Lot, and there must be a distance of at least five (5) feet between the flagpole and the property line.

1.1.8 Any flag flown or displayed on a freestanding flagpole may be no smaller than 3'x5' and no larger than 4'x6'.

1.1.9 Any flag flown or displayed on a flagpole attached to the Residence may be no larger than 3'x5'.

1.1.10 Any freestanding flagpole must be equipped to minimize halyard noise. The preferred method is through the use of an internal halyard system. Alternatively, swivel snap hooks must be covered or "Quiet Halyard" flag snaps installed. Neighbor complaints of noisy halyards are a basis to have flagpole removed until Owner resolves the noise complaint.

1.1.11 The illumination of a flag is allowed so long as it does not create a disturbance to other residents in the community. Solar powered, pole mounted light fixtures are preferred as opposed to ground mounted light fixtures. Compliance with all municipal requirements for electrical ground mounted installations must be certified by Owner. Flag illumination may not shine into another Residence. Neighbor complaints regarding flag illumination are a basis to prohibit further illumination until Owner resolves complaint.

1.1.12 Flagpoles shall not be installed in any Common Area or property maintained by the Association except by Declarant developing the initial improvements within such Common Area.

1.1.13 All freestanding flagpole installations must receive prior written approval from the Declarant, the ACC or other reviewing authority established under the Declaration.

SECTION 1.2 GUTTERING, RAIN BARRELS OR RAINWATER HARVESTING SYTEMS. SPECIFIC APPROVAL IN WRITING FROM THE ARCHITECTURAL REVIEWER/ACC IS REQUIRED.

1.2.1 All Residences shall be fully guttered with copper, galvanized steel, aluminum or painted if exposed to the Street or any Common Area. This requirement applies regardless of whether rain barrels or rain water harvesting systems are installed on the Lot.

1.2.2 Rain barrels or rain water harvesting systems and related system components (collectively, "Rain Barrels") may only be installed after receiving the written approval of the Declarant, the ACC or other reviewing authority established under the Declaration.

1.2.3 Rain barrels may not be installed upon or within the Common Areas, except by Declarant installing the initial improvements within such Common Area, or with written approval of the Declarant or ACC.

1.2.4 Under no circumstances shall rain barrels be installed or located in or on any area within a Lot that is in-between the front of the Owner's Residence and an adjoining or adjacent street.

1.2.5 The rain barrel must be of color that is consistent with the color scheme of the Owner's Residence and may not contain or display any language or other content that is not typically displayed on such rain barrels as manufactured.

1.2.6 Rain barrels may be located in the back-yard of Lot so long as such rain barrel(s) may not be seen from a street, another Lot or any Common Area.

1.2.7 In the event the installation of Rain Barrels in the back-yard of an Owner's property in compliance with paragraph 1.2.6 above is impossible, the Declarant, the ACC or other reviewing authority established under the Declaration may impose limitations or further requirements regarding the size, number and screening of Rain Barrels with the objective of screening the Rain Barrels from public view to the greatest extent possible. **The owner must have sufficient area on their Lot to accommodate the Rain Barrels.**

1.2.8 Rain Barrels must be properly maintained at all times or removed by the Owner.

1.2.9 Rain Barrels must be enclosed or covered.

1.2.10 Rain Barrels which are not properly maintained, become unsightly or could serve as a breeding pool for mosquitoes must be removed by the Owner from the Lot, at such Owner's sole cost and expense.

SECTION 1.3 CERTAIN RELIGIOUS DISPLAYS

1.3.1 By statute (Section 202.018 of the Texas Property Code, as amended), an Owner is allowed to display or affix to the Owner's Lot or Residence one or more religious items, the display of which is motivated by the Owner's or occupant's sincere religious belief. Such display is limited according to the provisions contained herein.

1.3.2 If displaying or affixing of a religious item on the Owner's Lot or occupant's Residence violates any of the following covenants, the Association may remove the item displayed:

(1) threatens the public health or safety;
(2) violates a law other than a law prohibiting the display of religious speech;
(3) contains language, graphics, or any display that is patently offensive to a passerby for reasons other than its religious content;
(4) is installed on property:
(A) owned or maintained by the Association; or
(B) owned in common by members of the Association;

(5) violates any applicable building line, right-of-way, setback or easement; or
(6) is attached to a traffic control device, street lamp, fire hydrant, or utility sign, pole, or fixture.

1.3.3 No owner or resident is authorized to use a material or color for an entry door or door frame of the Owner's or occupant's Residence or make an alteration to the entry door or door frame that is not authorized by the Declaration or otherwise expressly approved by the Declarant, the ACC or other reviewing authority established under the Declaration.

SECTION 1.4 SOLAR PANELS

1.4.1 **Solar energy devices, including any related equipment or system components (collectively, "Solar Panels") may only be installed after receiving the written approval of the Declarant, the ACC or other reviewing authority established under the Declaration. Owners desiring to install solar panels will be held 100% responsible for any damage or compromise to the roof or structure. The Association will not be responsible for any costs of repairs associated with the installation or use of solar panels.**

1.4.2 Solar Panels may not be installed upon or within Common Areas or any area which is maintained by the Association, except by Declarant developing the initial improvements within such Common Area, or with written approval of the Declarant or ACC.

1.4.3 Solar Panels may only be installed on designated locations on the roof of a Residence, on any structure allowed under any subdivision or Association

dedicatory instrument, or within any fenced rear-yard or fenced-in patio of an Owner's Lot, but only as allowed by the Declarant, the ACC or other reviewing authority established under the Declaration. **Solar Panels may not be installed on the front elevation of the Residence.**

1.4.4 If located on the roof of a Residence, Solar Panels shall:

(1) not extend higher than or beyond the roofline;
(2) conform to the slope of the roof;
(3) have a top edge that is parallel to the roofline; and
(4) have a frame, support bracket, or wiring that is black or painted to match the color of the roof tiles or shingles of the roof. Piping must be painted to match the surface to which it is attached, i.e. the soffit and wall. Panels must blend with the color of the roof to the greatest extent possible.

1.4.5 If located in the fenced rear-yard or patio, Solar Panels **shall not** be taller than the fence line or visible from any adjacent Lot, Common Area or Street.

1.4.6 The Declarant, the ACC or other reviewing authority established under the Declaration may deny a request for the installation of Solar Panels if it determines that the placement of the Solar Panels, as proposed by the Owner, will create an interference with the use and enjoyment of any adjacent Lot or Common Area.

1.4.7 Owners are hereby placed on notice that the installation of Solar Panels may void or adversely affect roof warranties. Any installation of Solar Panels which voids material warranties is not permitted and will be cause for the Solar Panels to be removed by the Owner.

1.4.8 Solar Panels must be properly maintained at all times or removed by the Owner.

1.4.9 Solar Panels which become non-functioning or inoperable must be removed by the Owner.

SECTION 1.5 ROOFING MATERIALS

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

1.5.1.1 Roofing Shingles allowed under Section 1.5.1 of these Guidelines shall:

(1) resemble the shingles used or otherwise authorized for use in the Property;

(2) when installed, be more durable than and are of equal or superior quality to the shingles used or otherwise authorized for use in the Property; and

(3) match the aesthetics of other roofs throughout the Subdivision and surrounding properties.

1.5.1.2 The Owner is responsible for the maintenance and repairs to the roof of its Residence. An Owner shall not make any repairs or improvements without requesting permission. Any alteration performed by an Owner without prior written approval will result in the Owner being one hundred percent (100%) responsible for any repair or maintenance that result. The responsible party shall be responsible for accrediting, certifying and demonstrating to the Declarant, the ACC or other reviewing authority established under the Declaration that the proposed installation is in full compliance with paragraphs 1.5.1 and 1.5.2 above.

1.5.1.3 Roofing Shingles shall be installed only after receiving the written approval of the Declarant, the ACC or other reviewing authority established under the Declaration.

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

1.5.2 Standard Roof Materials and Roof Design. A minimum of 6:12 roof pitch is required for the main Residence structure on a Lot and a minimum of 4:12 roof pitch is required for porches, dormers and shed roofs with approval of the City as required under any and all City codes, ordinances and other requirements, including, without limitation Applicable Zoning and the Developer's Agreement; provided however, 4:12 pitches may be utilized for egress or on small secondary roof areas with prior written approval of the Architectural Reviewer and the City as required under any and all City codes, ordinances and other requirements, including, without limitation Applicable Zoning and the Developer's Agreement. Some other roof pitches may be allowed but, shall require the prior written approval of the Architectural Reviewer. Shingles shall consist of composition shingles however; other roofing materials such as standing seam metal roofs over garage structures may be considered and shall require the prior written approval of the Architectural Reviewer before use. Composition roofs require a minimum thirty (30) year warranty shingle or equivalent. Color of shingles shall be driftwood, black, or gray in color. Other colors shall require the prior written consent of the Architectural Reviewer prior to use. Other roofing material shall not be used without the express written approval of the Architectural Reviewer. All roofing materials must be fireproof and conform to City requirements, and are subject to approval of the Architectural Reviewer. Roof materials shall in any event be in compliance with the Design Guidelines and the Declaration. Dormers above roof structure and roofing materials may be finished with an approved exterior grade siding material.

SECTION 1.6 SIGNAGE

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

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

(B) A professionally fabricated "for sale" or "for rent" or "for lease" sign (of not more than six [6] square feet in size) may be utilized by the Owner of a Lot for the applicable sale or rent situation, ONLY providing that such sign first shall have been approved in writing by the Architectural Reviewer and provided further that no "for rent" or "for Lease" signs shall be permitted to be place on a Lot in the two (2) year period immediately following the first sale of a Residence to an end-use homebuyer;

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

(D) Signs displaying the name of a security company shall be permitted, provided that such signs are (i) ground mounted, (ii) limited to one (1) in number per Lot, and (iii) of a size not in excess of two (2) square feet in size;

(E) Each Owner may display flags on or at a Residence in conformity with Section 1.1 of these Design Guidelines, and otherwise a manner otherwise consistent with the covenants, conditions and restrictions contained in the Declaration. Owners should keep in mind the close proximity of other Owners and/or businesses. Some flags may not be conducive to the aesthetic harmony of the neighborhood, street or block upon which the Residence is located. The Architectural Reviewer reserves the right to request the prompt removal of flags and should the Owner not comply, the Architectural Reviewer reserves the right to remove the flag. Such removal shall not constitute trespassing and the Architectural Reviewer or the Association shall not be responsible for the return of or replacement of flag in the event of damage or loss;

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

(G) Seasonal decorations (including lights, lawn ornamentation, flags and banners) may not be displayed without the express written consent of the Architectural Reviewer. You may not individualize the outside of your Residence without permission. If approved, use may not exceed four (4) weeks during the applicable season and provided that such decoration is in any event consistent with the covenants, conditions and

restrictions contained in this Declaration and do not constitute or cause disharmony among the Owners or businesses surrounding the Residence and must be removed within ten (10) days following the applicable season or holiday; and

(H) One (1) sign for each candidate and/or ballot item on advertising such political candidate(s) or ballot item(s) for an election shall be permitted in accordance with Section 259.002 of the Texas Election Code, provided that:

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

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

(iii) such signs shall in no event (A) contain roofing material, siding, paving materials, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative component, (B) be attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing structure or object, (C) include the painting of architectural surfaces, (D) threaten the public health or safety, (E) be larger than four feet (4') by six feet (6'), (F) violate a law, (G) contain language, graphics, or any display that would be offensive to the ordinary person, or (H) be accompanied by music or other sounds or by streamers or is otherwise distracting to motorists.

PART TWO:

SECTION 2.1 DESIGN AND CONSTRUCTION MATERIALS

2.1.1 Residence Square Footage and Height. The minimum square footage of air conditioned living space of a Residence must conform to the applicable City requirements, Applicable Zoning, and Plat. The minimum square footage of Residences constructed on 40' Lots shall be 1,800 square feet (exclusive of garages, breezeways and porches); provided, however, no more than ten percent (10%) of the Residences on 40' Lots may be a minimum of 1,500 square feet (exclusive of garages, breezeways and porches). The minimum square footage of Residences constructed on 50' Lots shall be 2,000 square feet (exclusive of garages, breezeways and porches); provided, however, no more than ten percent (10%) of the Residences on 50' Lots may be a minimum of 1,800 square feet (exclusive of garages, breezeways and porches). The minimum square footage of Residences constructed on 60' Lots shall be 2,000 square feet (exclusive of garages, breezeways and porches). The maximum building height of a Residence shall be thirty-five feet (35') or 2-½ stories.

2.1.2 Minimum Lot Dimensions, Lot Area, Set Back and Yard Restrictions. The minimum Lot width for 40' Lots shall be forty feet (40') measured at the front building line. The minimum lot area for 40' Lots shall be 4,500 square feet. The minimum Lot width for 50' Lots shall be fifty feet (50') measured at the front building line. The minimum lot area for 50' Lots shall be 5,650 square feet. The minimum Lot width for 60' Lots shall be sixty feet (60') measured

at the front building line. The minimum lot area for 60' Lots shall be 7,100 square feet. The minimum front yard setback is twenty feet (20'). The minimum rear yard setback is twenty feet (20'), exclusive of outdoor areas such as patios and outdoor kitchens). The minimum interior side yard setback is five feet (5'). The minimum street side yard setback is fifteen feet (15') from the side Lot boundary line shared with the adjacent Street. All setbacks shall comply with the Plat and all applicable City ordinances and restrictions. Builder shall be responsible for compliance with the minimum set back and all front and rear yard restrictions.

2.1.3 Exterior Materials. **The front facing exterior facades of the primary Residence shall be constructed of one hundred percent (100%) masonry finishing material that is comprised of brick, stone, cast stone, or a combination thereof. The overall minimum masonry content of all facades shall be eighty-five percent (85%). Stucco or other cementitious materials such as hardie board may be used as a secondary design feature with no more than fifteen percent (15%) of any facade other than those facing a right-of-way being made up of this material. Other materials of equal or similar characteristics may be allowed with the prior written approval of the Architectural Reviewer and the director at the City as required under the Developer's Agreement.** Cementitious fiberboard or engineered wood may constitute up to fifty percent (50%) of the exterior facades of stories other than the first floor if the eighty-five percent (85%) masonry finishing materials is maintained overall. Cementitious fiberboard or engineered wood may also be used for architectural features, including window box-outs, bay windows, roof dormers, columns, chimneys not part of an exterior wall, or other architectural features subject to the prior written approval of the Architectural Reviewer and the director at the City as required under the terms of the Developer's Agreement. **Notwithstanding anything to the contrary contained in these Design Guidelines, other than brick, stone, cast stone and stucco (stucco as allowed in the Development Standards in Section II.B (2.) of the Developer's Agreement) no other materials are allowed on elevations of Residences facing a street/right-of-way without the prior written approval of the director at the City as required under the terms of the Developer's Agreement and the Architectural Reviewer.**

Notwithstanding the foregoing or anything to the contrary contained in this Section 2.1.3, as per the Developer's Agreement in Section II(B.)(2): if a Residence is designed with a specific architectural style that warrants the use of stucco as the primary exterior material, including, without limitation, Mediterranean, Spanish, southwest or modern, then the use of stucco as a primary material will be allowed with prior approval of the Architectural Reviewer, and provided that all elements of the architectural style must be consistently incorporated, including, but not limited to composition roof and clay roof tiles typical of the style. Residences with primary stucco finishes may be accented with heavy wood beams, stonework or other features to enhance the applicable architectural style of such Residence, as approved in writing by the Architectural Reviewer. A Builder shall notify the Architectural Reviewer if plans submitted for approval by the Architectural Reviewer are meant to fall under the exception in this paragraph at the time of the initial submittal of such application. Elevations with no discernable style that simply disregard the required masonry requirement will not be permitted.

As per the Developer's Agreement in Section II(B.)(2): materials other than those listed above may be appropriate for architectural trim and accent applications only including but not limited to:

cornices and decorative brackets, frieze panels, decorative lintels, shutters, and porch or balcony railings and is subject to the approval of the Architectural Reviewer. Furthermore, the Architectural Reviewer may approve stucco as a primary material for Residences designed with a specific architectural style including Mediterranean, Spanish, southwest or modern as may be appropriate for such style; provided that all elements of the architectural style shall be consistently incorporated, including composition roof or clay tile roof typical of that style; and provided further that no more than three (3) Residences per block face may have primarily stucco exterior walls. Elevations with no discernable style that disregard the required masonry requirements will not be approved by the Architectural Reviewer.

2.1.3.1 All chimney and fireplace flues, if applicable, shall be enclosed and finished and portions located above the roof structure and roofing materials shall be finished as required by the Design Guidelines or applicable ordinances of the City, provided that in any event such exterior portions of the chimney visible from the adjacent Street or Common Area (at grade level) shall be finished with one hundred percent (100%) masonry materials matching that of the primary structure. Exposed pre-fabricated metal flue piping is prohibited above the roofline. Chimney flues not visible from the street may be enclosed by materials approved by the building code for exterior exposure and in compliance with the flue manufacturer's recommendations. Direct vent fireplaces shall be allowed if in compliance with City regulations with prior written approval of the Architectural Reviewer.

2.1.3.2 Garage doors visible from the street or right-of-way shall be stained cedar, redwood, spruce, fir or other hardwood or, with prior approval of the Architectural Reviewer and the director at the City in accordance with the requirements under the Developer's Agreement, products that are not wood, but have a wood appearance, including fiberglass, aluminum, metal or hardie. Each Residence erected on a Lot shall provide off-street parking space (inclusive of garage space) for a minimum of two (2) automobiles. Garages may not be used for a living quarters or business and must remain close at all times when not in use. Garage doors must be maintained in good condition. Garages may either face the front street or side street (for corner Lots) adjacent to a Lot. Any kind of screen, curtains, or other apparatuses to garage doors are strictly prohibited.

2.1.3.3 Residences shall be designed in a manner that enhances the front door of a Residence rather than a garage door and shall include one of the following: (a) front porch, (b) columns, gateways or articulation, or (c) other "gifts to the street" as described in Section 2.6.3 below. Some front porches of Residences shall be bricked.

SECTION 2.2 LANDSCAPING:

Upon completion of each Residence, the following landscape elements shall be installed prior to occupancy of the Residence. **No synthetic or fake sod, plants, flowers or trees are allowed**:

2.2.1 Sod/Irrigation: The front yard of each Lot shall have full sod installed with the exception of any paved areas of the Lot. All Lots must have underground irrigation systems installed providing coverage for all non-paved areas of the Lot in accordance with City requirements, and specifically include, without limitation, irrigation of Trees or Street Trees

located within any public right-of-way adjacent to the Lot. Drip irrigation systems or an acceptable alternative must be installed in the front planter beds and tree wells as applicable by city ordinances. Some hardscape landscaping which may include the use of river rock shall be allowed in certain beds or areas where the regular and healthy growth of plants or trees will be difficult due to lack of sun or soil depth.

2.2.2 Trees: At least one (1) ornamental tree of a minimum 3"-caliper shall be located in the side yard of corner Lots adjacent to the street, and at least two (2) total trees with a combined minimum of 6"-caliper inches in the aggregate shall be planted within each Lot within the Property for which a building permit has been issued. The Association shall maintain all landscaping required by the City within Common Areas of the Subdivision. All trees installed on a Lot or Common Areas to meet the landscaping requirements set forth herein or promulgated by the City for such Lot shall be selected from the City approved list of shade trees. Trees located on corner Lots which may impede line of sight must maintain a canopy a minimum of nine (9) feet above grade. Owner shall promptly notify the Association or its managing agent of any signs of distress in trees or of need for trimming.

2.2.3 Shrubbery and Planting Beds: Each Lot shall have the minimum number of shrubs as required by applicable City ordinance in a mulched planting bed; edging to separate the sod and bed is preferred but, not mandatory. Each planting bed shall also contain a minimum of twelve (12) one (1) gallon ground cover plants and twelve (12) three (3) gallon shrubs, and depending on the bed size, this number may be adjusted by the Builder upon written permission from the Architectural Reviewer, but may not fall below the minimum landscaping requirements of the City. Installation of annual or perennial flowers to the front yards of a Residence is permitted and preferred, but not required, by these Design Guidelines.

2.2.4 Initial Installations and Maintenance. Upon completion of any Residence within the Property and prior to the final inspection, the Builder must comply with any landscaping regulations, if applicable, according to the specifications outlined in these Design Guidelines and/or City ordinances (exceptions as to timing may be granted at the sole discretion of the Declarant and/or the Association due to inclement weather). All the trees in the Common Areas are the responsibility of the Association to maintain at the sole discretion of the Association. The minimum clearance of any overhanging vegetation over any sidewalk shall be nine (9) feet.

2.2.5 Trees. Trees shall be planted in locations approved by the City or authorized designee of the City or as stipulated by Declarant or Architectural Reviewer.

SECTION 2.3 FENCES:

2.3.1 Wooden Fencing: Front fencing of the Residences is not allowed. **Fencing may be optional at the sole discretion of the Declarant**. No vinyl or chain link fencing allowed. All wooden fencing shall be stained and preserved as follows:

Manufacturer: Sherwin Williams
Color: Banyan Brown – Apply per instructions

Fences must be kept in good repair at all times. Broken fences and/or pickets must be repaired. Fallen fence panels must be repaired. All Lots must be fully fenced on all sides. Leans in fences of more than five inches (5") must be repaired. Fences with faded or fading stain must be re-stained to maintain consistency of color and aesthetic appearance at all times.

2.3.2 Fencing. The side and rear yard areas of each Lot shall be fenced beginning at least five (5') feet from the front façade of a Residence on a Lot. All fencing on a Lot shall be no less than six feet (6') in height from grade, and shall be constructed of cedar with steel posts. Posts must not be visible on any fence facing the street or Common Area. Fence shall be board-on-board, planks shall be at least 5/8" thick and maintain at least one inch (1") gap between the ground and wood to prevent rotting or decay. Vertical posts spacing should be no more than eight feet (8') on center or less and set in concrete post footings of a minimum of 24" deep for six foot (6') high fences. All fencing shall include a top cap, and be stained with the color specified above at Section 2.3.1.

2.3.3 Pool Enclosures. The design and appearance of any "swimming pool enclosure" (as defined below) that is visible from the Street or Common Area adjacent to the Lot on which such swimming pool enclosure is located must be six feet (6') or less in height, black in color, and consist of transparent mesh set in metal frames, unless otherwise approved in writing by the Architectural Reviewer. In no event shall the Architectural Reviewer prohibit or restrict an Owner from installing on such Owner's Lot a swimming pool enclosure that conforms to applicable state or local safety requirements. A "swimming pool enclosure" means and refers to a fence that (1) surrounds a water feature, including a swimming pool or spa located on a Lot; (2) consists of transparent mesh or clear panels set in metal frames; (3) is not more than six feet (6') in height; and (4) is designed to not be climbable.

2.3.4 Security Measures. Any security fencing installed on an Owner's Lot as a security measure under Section 202.023 of the Texas Property Code, as amended (a) shall be no higher than six (6) feet from grade, (b) to the extent located within the front yard area of an Owner's Lot, must be open and constructed of ornamental metal or wrought iron materials that allow the front façade of the residence on such Owner's Lot to remain visible from the street through such fencing and be of a design approved by the Architectural Reviewer and also Declarant during the Development Period, (c) to the extent located within the front yard area of an Owner's Lot, shall not include or be constructed or installed with screening material, landscape screening, chain link, razor wire, electrification, or barbed wire, and (d) such fencing shall otherwise be constructed, installed and maintained in compliance with any and all governmental requirements, including permit requirements. No Owner shall place security cameras in any place other than the Owner's own Lot. The "front yard area" with respect to a Lot shall mean the area between the front façade of the residence on such Lot and the public street or right-of-way in front of such Lot.

SECTION 2.4 OTHER REQUIREMENTS

2.4.1 City Ordinances. All Lots, Common Areas, Residences and/or other structures developed, constructed and/or installed within the Property shall conform to the requirements set forth in the Declaration and Design Guidelines established by the Association and any City

ordinance to the extent the foregoing or any other restrictions set forth in this Declaration are not more restrictive. Building elevations shall be developed in general conformance with the architectural style set forth in the building elevations approved by the City and Architectural Reviewer.

2.4.2 Screening and Hardscape. Screening on the property shall be developed in general conformance with the hardscape plans approved by the City. All screening walls and fences shall be located on the property line and include a mow strip and compliment the material on the main structure. Initial screening and hardscape improvements on a Lot shall be the responsibility of the Declarant or Builders to install however, thereafter, the responsibility for maintenance and upkeep of all screening and hardscape shall belong to the Association.

SECTION 2.5 MAILBOXES

2.5.1 Mailboxes shall be cluster mailboxes of a type and design as may be approved by the Declarant, the Architectural Reviewer, and the U.S. Postal Service. All design, placement, and construction must be in accordance with any applicable guidelines and/or requirements of the City and/or United States Postal Service.

SECTION 2.6 ARCHITECTURAL FEATURES

2.6.1 Elevation Repetition. The elevation of a Residence shall not be repeated on the Lot immediately across the Street from such Residence or any Lot within four (4) Lots in either direction on the same side of the Street. Residences that have primarily stucco exterior shall be limited to thee (3) per block face. Front elevations may use more than one type of masonry construction in a variety of patterns to vary the architectural appeal of the streetscape.

2.6.2 Front Door Enhancements. Residences shall be designed in a manner that enhances the front door of Residences rather than the garage door and shall include at least one of the following features: front porch, columns/gateway/articulation, or other "Gifts to the Street" described in Section 2.6.3 below. All front doors visible from the street or right-of-way shall be stained cedar, redwood, spruce, fir or other hardwood or, with prior approval of the Architectural Reviewer and the director at the City as required under the terms of the Developer's Agreement, products that are not wood, but have a wood appearance, including fiberglass, aluminum, metal or hardie.

2.6.3 Gifts to the Street. All Residences shall include decorative driveway paving an at least three (3) of the following below listed design features ("Gifts to the Street"):

(a) Garage door(s) with hardware;
(b) Carriage style garage door(s) with hardware;
(c) Architectural pillars or posts;
(d) Bay window(s);
(e) Brick chimney on exterior wall;
(f) Cast stone accents;

(g) Covered front porches (minimum of 30 square feet covered by main roof or an architectural extension);
(h) Cupulas or turrets;
(i) Dormers or gables;
(j) Garage door not facing the street (I-swing garage style);
(k) Roof accent upgrades (e.g. metal, tile, slate, solar tiles);
(l) Recessed entries a minimum of three feet deeper than main front facade;
(m) Greater than 6:12 primary roof pitch, or variable roof pitches;
(n) Transom windows;
(o) Shutters;
(p) 8' Front door;
(q) Colored mortar;
(r) Brick smaller than "King Size;"
(s) Masonry arches;
(t) Mixed masonry patterns (over and above what is required by Applicable Zoning);
(u) Hanging or Coach lights at entrances;
(v) Decorative attic or gable feature, minimum two square feet in size (e.g. vent, window, brick detail);
(w) Divided Light Windows on the front;
(x) Colored Windows - tan or black;
(y) Decorative Hardware on front door or sconces next to front door; and/or
(z) Exposed rafter tails.