

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS**

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THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
("Declaration") are made as of the 14th day of September, 1998, by Hori Investment Corporation, a
Texas Corporation (the "Declarant").

ARTICLE 1.

GENERAL

1.1. Community Area. Declarant is the owner of that certain parcel of land located in the County of Dallas, Texas, more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Community Area"). Declarant intends to develop the Community Area, as hereinafter defined, as a high quality, planned community of single family homes, as hereinafter provided in accordance with all governmental laws and regulations pertaining thereto.

1.2. Purposes of Declaration. This Declaration is executed (a) in furtherance of a common and general plan for the Community Area; (b) to protect and enhance the quality, value, aesthetic, desirability and attractiveness of the Community Area; (c) to provide for an Association as a vehicle to hold, maintain, care for and manage Association Properties, including internal landscaped areas which will benefit all Owners of Lots; (d) to define the duties, powers and rights of the Association; (e) to define certain duties, powers and rights of Owners of Lots within the Community Area.

1.3. Declaration. Declarant, for itself, its successors and assigns, hereby declares that the Community Area and all property which becomes subject to this Declaration in the manner hereinafter provided, and each part thereof, shall from the date the same becomes subject to this Declaration, be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered and improved subject to the covenants, conditions, restrictions, limitations, reservations, exceptions, easements and other provisions set forth in this Declaration, for the duration hereof, all of which are declared to be part of, pursuant to, and in furtherance of a Declaration of Covenants and Restrictions common and general plan of development, improvement, enhancement and protection of the Community Area. The provisions of this Declaration are intended to and shall run with the land and, until their expiration in accordance with the terms hereof, shall bind, be a charge upon and inure to the mutual benefit of (a) the Community Area and all property which becomes part of the Community Area, and each part of parcel thereof, (b) Declarant and its successors and assigns, (c) the Association and its successors and assigns, and (d) all Persons having or acquiring any right, title or interest in any property which is or becomes part of the Community Area, or any part of parcel thereof, or any Improvement thereon and their heirs, personal representatives, successors and assigns. This Declaration shall be recorded in the real property records of Dallas County, Texas.

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ARTICLE 2.

DEFINITIONS

Unless otherwise expressly provided herein, the following words and phrases when used in this Declaration shall have the meanings hereinafter specified.

2.1 Administrative Functions. "Administrative Functions" shall mean all functions as are necessary and proper under this Declaration and shall include, without limitation, providing management and administration of the Association; providing architectural review services under Article 4 hereof; incurring reasonable attorneys' fees and accountants' fees; obtaining errors and omissions insurance for officers, directors, and agents of the Association; obtaining fidelity bonds for any Person Handling funds of the Association; paying taxes levied against the Association Properties; incurring filing fees, recording costs, and bookkeeping fees, obtaining and maintaining offices and office furniture and equipment; retaining the services of contractors, materialmen, suppliers and management assistance as deemed necessary; and performing other such reasonable and ordinary administration tasks associated with operating the Association as determined by the Board of Directors from time to time.

2.3. Approved Builder. "Approved Builder" shall mean and refer to the Owner of a Lot located within the Community Area who (a) acquires such lot from Declarant for the purpose of constructing a residential dwelling unit for resale to the general public; (b) has submitted to, and obtained approval of, the plans and specifications for such residential dwelling unit from the Design Review Committee, and has otherwise complied with the provisions of Article 6 of this Declaration; and (c) has been designated in writing as an "Approved Builder" by Declarant.

2.4. Articles of Incorporation. "Articles of Incorporation" shall mean the Articles of Incorporation of: Hampton Homeowners Association, Inc. which have been filed in the office of the Secretary of State of the State of Texas, as the same may be amended from time to time.

2.5. Assessment. "Assessment" shall mean a Common Assessment, Special Assessment or Reimbursement Assessment.

2.6. Association. "Association" shall mean Hampton Homeowners Association, Inc., a Texas nonprofit corporation, its successors and assigns, established for the purpose set forth.

2.7. Association Properties. "Association Properties" shall mean (a) all real and personal property, including Improvements, (b) all streets, lanes, alleys, roads and other pathways designated or amended for vehicular and pedestrian traffic, and (c) all Common Areas, now or hereafter owned by the Association or with respect to which the Association holds an easement for the use, care, or maintenance thereof, or for which the Association has a right or duty to maintain, and which property is held for the common use and enjoyment of the Members pursuant to the terms and provisions of this Declaration, and subject to the Permitted Exceptions.

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2.8. Beneficiary. "Beneficiary" shall mean a beneficiary under a Deed of Trust and the assignees of such Deed of Trust.

2.9. Board of Directors. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

2.10. Budget. "Budget" shall mean a written itemized estimate of the expenses to be incurred by the Association in performing its functions under this Declaration and prepared pursuant to Section 9.12 of this Declaration.

2.11. Bylaws. "Bylaws" shall mean the Bylaws of the Association which have been or will be adopted by the Board of Directors of the Association, as the same may be amended from time to time.

2.12. Building Envelope. "Building Envelope" shall mean that portion of each Lot which is designated on the Plat as suitable for construction of single family dwelling thereon. In no event shall any structure be built in the Building Envelope that is greater than eighty percent (80%) of the Lot area.

2.13. Common Area. "Common Area" shall mean any portions of the Community Area designated on a Plat as Common Area and which is owned or maintained by the Association for the common use and enjoyment of the Owners, including, but not limited to, streets, rights-of-way, entry ways, entry features, sidewalks (to the extent not included within a Lot, and if so included an easement which is Common Area shall be deemed to exist therefore), gardens or other open space, all property more particularly described in Exhibits A (same as 2.15) attached hereto and made a part hereof, and such other easements for the use and benefit of the Owners as may be provided in this Declaration. Such Common Area may be owned: (a) in undivided interests by certain Owners; or (b) separately by individual Owners over which the Association may have an easement for maintenance purposes.

2.14. Common Assessment. "Common Assessment" shall mean the assessments made for the purpose of covering the portion of the annual costs of operating the Association, including, but not limited to, expenses incurred in connection with any authorized function of the Association, which are to be paid by each Owner to the Association for the purposes provided herein and charged to such Owner and to the Lot of such Owner.

2.15. Common Maintenance Area. "Common Maintenance Area" shall mean and refer to the Common Areas, if any, and the entrance ways, drainage facilities, right-of-way landscaping, all property more particularly described in Exhibits A (same as 2.13) attached hereto and made a part hereof, and such other areas lying within any subsequent dedicated public easements or right-of-way as deemed appropriate by the Board of Directors of the Association for the preservation, protection, and enhancement of the property values and the general health, safety, and welfare of the Owners.

2.16. **Community Area.** "Community Area" shall mean the real property described in Exhibit A attached hereto, subject to the Permitted Exceptions, and such other real property which may be made subject to this Declaration, from time to time, together with all rights and subject to all obligations, of the Association granted in and to any property pursuant to the Deed Restrictions, and other easement granted pursuant to the terms recited.

2.17. **County.** "County" shall mean Dallas County, Texas, and any and all other counties in which the Community Area or any portion thereof is located.

2.18. **Declaration.** "Declaration" shall mean this instrument as it may be amended from time to time.

2.19. **Declarant.** "Declarant" shall mean Horri Inv. Corp. (HIC), its successors, assigns, and affiliates. A Person shall be deemed to be a "successor and assign" of, as Declarant only, if specifically designated in a duly recorded instrument as a successor or assign of Declarant under this Declaration and shall be deemed a successor and assign of Declarant only as to the articular rights or interests of Declarant under this Declaration which are specifically designated in the written instrument. However, a successor to HIC, by consolidation or merger shall automatically be deemed a successor or assign of HIC, as Declarant under this Declaration.

2.20. **Deed of Trust.** "Deed of Trust" shall mean any deed of trust or other such instrument, given voluntarily by the Owner of a Lot, encumbering the Lot to secure the performance of an obligation or the payment of a debt and which is required to be released upon performance of the obligation or payment of the debt.

2.21. **Deed Restrictions.** "Deed Restrictions" shall be defined as those restrictions set forth in and Agreements Pertaining to the Hampton Addition.

2.22. **Design Review Committee.** "Design Review Committee" shall mean the Committee provided for in Article 4 of this Declaration.

2.23. **Drainage Easements.** "Drainage Easements" shall mean those certain easements which may be created by Declarant or the Association from time to time granting to certain parties the right to locate, relocate, construct, repair and maintain drainage and irrigation ditches and pipes over, under and across certain portions of the Community Area and Common Area.

2.27. **Grantor.** "Grantor" shall mean the Person who is the trustor or grantor under a Deed of Trust.

2.28. **Improvement.** "Improvement" shall mean all structures and any appurtenances thereto of every type or kind, including, but not limited to, buildings, outbuildings, swimming pools, patio covers, awnings, painting or any exterior surfaces of any visible structure, additions, walkways,

outdoor sculptures or artwork, sprinkler pipes, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, fixtures, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, solar equipment, exterior air conditioning and water softener fixtures.

2.29. Improvement to Property. "Improvement to Property" shall mean any improvement, change, alteration, or addition to any property within the Community Area. "Improvement to Property" shall include, but not be limited to, those improvements more particularly described in Section 4.2 of this Declaration.

2.30. Lease. "Lease" shall mean and refer to any agreement for the leasing or rental of a single family dwelling located on a Lot, and shall specifically include, without limitation, a month-to-month rental.

2.31. Lot. "Lot" shall mean any lot within the Community Area which is shown upon any recorded Plat, Supplemental Plat, or any other parcel of land which may be sold or conveyed without violation of the provisions of Texas law pertaining to the subdivision of land. "Lot" shall not include (a) any property owned by a public body, or (b) the Association Properties.

2.32. Maintenance Funds. "Maintenance Funds" shall mean the accounts into which the Board shall deposit monies paid to the Association and from which disbursements shall be made in the performance of the functions of the Association pursuant to Articles 8 and 9 hereof.

2.33. Member. "Member" shall mean the Person or, if more than one, all Persons collectively who constitute the Owner of a Lot. Until the expiration of the Declarant's Control Period as defined in Article Seven hereof, Class A membership shall consist of the Declarant and Class B membership shall consist of the Person or, if more than one, all Persons collectively who constitute the Owner of a Lot.

2.34. Notice of Hearing. "Notice of Hearing" shall mean a written notice and public hearing before the Board of Directors or such other designated body, as defined in the Bylaws, appointed by the Board, in the manner provided in the Bylaws.

2.35. Notice of Completion. "Notice of Completion" shall mean written notice to the Design Review Committee of the completion of any improvement to Property pursuant to Article 4 of this Declaration.

2.37. Owner. "Owner" shall mean the Person, including Declarant, or, if more than one, all Persons collectively, who hold fee simple title of Record to a Lot, including sellers under executory contracts of sale and excluding buyers thereunder.

2.38. Permitted Exceptions. "Permitted Exceptions" shall mean all encumbrances, liens, restrictions, easements and other items of record as of the date this Declaration is recorded.

2.39. Person. "Person" shall mean a natural person, a corporation, a partnership, or any other entity.

2.40. Plat. "Plat" shall mean and include the land survey plat (and any amendments thereto) which depicts all or a portion of the Community Area and which further depicts and locates thereon the location of Lots, Building Envelopes, Common Elements, and such other items as may be required by the Ordinance. The Plat, and any amendments or supplements thereto are hereby incorporated herein and made a part hereof by reference as recorded as the Hampton Addition of the Plat Records of Dallas County, Texas. For the purposes of this Declaration the term "Plat" shall also mean and include each Supplemental Plat.

2.41. Public Functions. "Public Functions" shall mean and include, but not be limited to, the act of providing, installing, operating, administering, managing, and overseeing public services and functions for the benefit of Owners, including repairs, replacements and maintenance obligations commonly associated with municipal or other local governmental or quasi-governmental organizations, including, without limitation, repair and maintenance of streets, sidewalks, bicycle and pedestrian paths and walkways, security, including the provision of gated entrances and guard houses, animal control, vegetation control, insect and pest control, television service, parking facilities, public transportation facilities, including paths and trails, street cleaning, snow removal, signage, including entry monuments, lighting, including seasonal lighting, project and perimeter fencing, landscape walls, landscaping services and facilities, drainage facilities, including retention and detention ponds, trash and solid waste disposal services, including recycling programs, utility services, and such other services, functions and activities, as are deemed appropriate by the Board of Directors. The foregoing list shall not be deemed to be a representation by Declarant of services or facilities which will be available for use of the Owners.

2.42. Rules and Regulations. "Rules and Regulations" shall mean rules and regulations adopted by the Board of Directors, as provided in Section 8.16 of this Declaration.

2.43. Special Assessment. "Special Assessment" shall mean a charge against each Owner and his Lot representing a portion of the costs of the Association for the purpose of funding major capital repairs, maintenance, replacements, and improvements or for any other purpose authorized by the Board of Directors as provided herein to ensure the continuous and perpetual use, operation, maintenance, and/or supervision of all facilities, structures, improvements, systems, areas, roads or grounds that are the responsibility of the Association.

2.44. Supplemental Plat. "Supplemental Plat" shall mean and include any land survey plat which is recorded by Declarant.

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ARTICLE 3

GENERAL RESTRICTIONS APPLICABLE TO COMMUNITY AREA

All real property within the Community Area shall be held, used, and enjoyed subject to the following limitations and restrictions, and subject to exemptions of Declarant set forth in this Declaration. Subject to the Deed Restrictions, the strict application of the following limitations and restrictions in any specific case may be modified or waived in whole or in part by the Design Review Committee if such strict application would be unreasonably or unduly harsh under the circumstances. Any such modification or waiver must be in writing or be contained in written guidelines or rules promulgated by the Design Review Committee.

3.1. Maintenance of Community Area. No property within the Community Area shall be permitted to fall into disrepair, and all property within the Community Area, including any improvements and landscaping thereon, shall be kept and maintained in a clear, attractive, and slightly condition and in good repair. Maintenance, repair, and upkeep of each Lot shall be the responsibility of the Owner of the Lot. Maintenance repair, and upkeep of Association Properties shall be the responsibility of the Association. Violation of this provision by an Owner shall permit the Association, after Notice and Hearing, to enter on the Lot of the Owner and cure the violation or cause compliance with this provision and to levy and collect a Reimbursement Assessment for the costs and expenses of the Association in so doing; provided, however, that there shall be no entry into the interior of an Improvement intended for human occupancy without the consent of the Owner thereof unless a clear emergency exists.

3.2. Property Uses. All Lots shall be used for private residential purposes. Except as otherwise provided herein, no dwelling erected or maintained within the Community Area shall be used or occupied for any purpose other than for a single-family dwelling. Notwithstanding the foregoing, business activities associated with the sale of Lots or residences constructed thereon shall be allowed. In addition, in-home businesses or occupations not involving the servicing of customers or employees, other than the Owners, shall be allowed, provided such activities are conducted solely within the residence and do not create or result in any nuisance or any unreasonable, unwarranted, or unlawful use or interference with public rights, including, but not limited to, unreasonable or unwarranted use or interference with public streets, excessive traffic or parking requirements, rights-of-way, or sidewalks, or in any other offensive or noxious activities. Notwithstanding anything to the contrary, Declarant and its successors and assigns shall have the right to construct and operate a temporary building or mobile home as a development sales office and nothing recited in the Declaration shall be applicable to restrict, interfere, limit or be applicable to Declarant's sales activities concerning the Community Area which activities are specifically exempted until all lots are sold to an Owner.

3.3. Construction Type. All construction shall be new. No building previously used at another location nor any building or structure originally constructed as a mobile dwelling or structure may be moved onto a Lot, except as expressly hereinafter provided for Declarant's or its successors and assigns, temporary buildings. The foregoing restriction shall be enforceable in the same manner

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as the other Special conditions set forth in Article 10 hereof. No building shall be erected or maintained on any Lot unless it complies with all applicable control standards, including any governmental ordinances, and the Design Review Committee. Further, the following construction standards shall apply as set forth in Section 4.7

3.4. Building Envelopes. All dwelling units erected or placed on any Lot shall face the road or street adjacent to the Lot as shown on the recorded Plat for such Lot and such dwelling unit shall be constructed solely within the Building Envelope for such Lot. Except as otherwise provided herein, no Improvements shall be constructed upon any portion of a Lot except within the Building Envelope for such Lot. No Improvement of any kind other than approved landscaping, shall be constructed or placed upon any Lot outside any perimeter fencing located upon such Lot. In no event shall any dwelling exceed seventy-five percent (75%) of the surface area of the Lot.

3.5. No Noxious or Offensive Activity. No noxious or offensive activity shall be carried on upon any property within the Community Area, nor shall anything be done or placed thereon which is or may become a nuisance or cause an unreasonable embarrassment, disturbance, or annoyance to others.

3.6. Annoying Sounds or Odors. No sound or odor shall be emitted from any property within the Community Area which is noxious or unreasonably offensive to others. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells, or other sound devices, other than security devices used exclusively for security purposes, shall be located or used on any property except with the prior written approval of the Design Review Committee.

3.7. No Hazardous Activities. No activity shall be conducted on and no Improvement shall be constructed on any property within the Community Area which is or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any property within the Community Area and no open fires shall be lighted or permitted on any property within the Community Area except in a contained barbecue unit while attended and in use for cooking purposes or within an interior or exterior fireplace designed to prevent the dispersal of burning embers.

3.8. No Unsightliness. All unsightly conditions, structures, facilities, equipment, objects, and conditions shall be enclosed within a structure, including equipment and garden or maintenance equipment except when in actual use.

3.9. Weeds. All yards and open spaces and the entire area of every Lot on which no building has been constructed shall be maintained in accordance with standards to be established by the Design Review Committee. In addition, each Lot shall be kept free from brush or other growth or trash which, in the reasonable opinion of the Design Review Committee, is unsightly or causes undue danger of fire. Notwithstanding the foregoing, the Design Review Committee shall be authorized to permit landscaping on a Lot in accordance with a landscaping plan approved by the Design Review Committee in accordance with the provisions hereof.

3.10. Restrictions on Garbage and Trash. No refuse, garbage, trash, lumber, grass, shrub, or tree clippings, plant waste, compost, metal, bulk materials, scrap, refuse, or debris of any kind shall be kept, stored, or allowed to accumulate on any Lot except within an enclosed structure or appropriately screened from view, except that any container containing such materials be placed outside at such times as may be necessary to permit garbage or trash pickup.

3.11. Animals. No livestock of any description may be kept or permitted on the Property with the exception of dogs, cats, and other animals which are bona fide household pets, and which do not make objectionable noise or constitute a nuisance or inconvenience to Owners of other Lots nearby. Upon receipt of a written complaint regarding any dog or other pet, the Design Review Committee may notify the Owner of such dog or other pet of the complaint and, after affording the Owner an opportunity to be heard, impose such restriction upon the Owner, regarding such dog or other pet as may be reasonably necessary to satisfy said complaint, in the discretion of the Design Review Committee. No raising, breeding, training or dealing in dogs, cats or any other animals may be permitted on or from any Lot. All household pets shall be controlled by their Owner and shall not be allowed off the Owner's Lot except when properly leashed and accompanied by the pet Owner or his representative. Each Owner of a household pet shall be financially responsible and liable for any damage caused by said household pet.

3.12. Restrictions on Traffic. Establish and enforce rules and regulations governing the operation of vehicles and conveyances, motor-powered or otherwise, on the streets of the subdivision. Such rule and regulation making power and option shall include, but is in no way limited to, the establishment and enforcement of speed limits, stop signs, yield signs, no parking zones, traffic control signals, safety zones and other traffic control and safety devices, rules and regulations together with reasonable remedies, including fines for violations of such rules or regulations.

3.13. No Temporary Structures. Except for temporary structures used by Declarant and its successors, agents, and assigns for any activities concerning the sale of Lots or Residences in the Community Area, no tent, shack, temporary structures, or temporary building shall be placed upon any property within the Community Area except with the prior written consent of the Design Review Committee obtained in each instance.

3.14. Restriction of Antennae, Pipes, Utility Lines and Transmitters. Pipes for water, gas, sewer, drainage, or other purposes, and wires, poles, aerials, antennae, satellite dishes and other facilities for the transmission or reception of audio or visual signals or electricity, and utility meters or other utility facilities shall be kept and maintained, to the extent reasonably possible, underground or within an enclosed structure. No exterior radio antenna, television antenna, or other antenna of any type shall be erected or maintained in the Community Area. With the approval of the Design Review Committee, a master antenna or cable television antenna may, but need not, be provided for use of all Owners or a group of Owners, and Declarant may grant easements for such purposes. No electronic or radio transmitters or receivers of any kind other than garage door openers, cordless telephones or direct satellite TV receivers not exceeding 24 inches in height and occupying a base not exceeding 4 square feet, shall be operated in or on any structure or within any Lot.

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3.15. **Restrictions on Signs and Advertising.** No sign, poster, billboard, advertising device, or display of any kind shall be erected or maintained anywhere within the Community Area so as to be evident to public view, except: (a) any Approved Builder during the applicable initial construction and sales period, may utilize one standard sign for advertising and sales purposes, which will be made available to all builders for such purposes by Declarant at cost of production; (b) development related signs owned or erected by Declarant, which shall be permitted; and (c) signs displaying the name of a security company shall be permitted provided such signs are (i) ground mounted, (ii) limited to two (2) in number (one in the front yard and one in the backyard) (iii) of a reasonable size, and (iv) have been approved in writing by the Design Review Committee and shall be subject to the specific size and specifications established therefor.

3.16. **Restriction on Mining or Drilling.** No property within the Community Area shall be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing oil, gas, or other hydrocarbons, minerals, rocks, stones, gravel, or earth except drilling, exploring for, or removing underground water by Declarant or any person designated by Declarant.

3.18. **Maintenance of Drainage.** There shall be no interference with the established drainage pattern over any property within the Community Area, except as approved in writing by the Design Review Committee. Approval shall not be granted unless provision is made for adequate alternate drainage. The "established drainage pattern" shall mean the drainage pattern which exists at the time the overall grading of any property is complete.

3.19. **Compliance with Insurance Requirements.** Except as may be approved in writing by the Board of Directors, nothing shall be done or kept on property within the Community Area which may result in a material increase in the rates of insurance or would result in the cancellation of any insurance maintained by the Association.

3.20. **Compliance with Laws.** Nothing shall be done or kept on any property within the Community Area in violation of any law, ordinance, rule, or regulation of any governmental authority having jurisdiction.

3.21. **Further Subdivision of Lots.** The Owner of a Lot shall not further subdivide that Lot.

3.22. **Restoration in the Event of Damage or Destruction.** In the event of damage or destruction of any Improvement on any Lot the Owner thereof shall cause the damaged or destroyed Improvement to be restored or replaced to its original condition or such other condition as may be approved in writing by the Design Review Committee, or the Owner shall cause the damaged or destroyed Improvement to be demolished and the Lot to be suitably landscaped, subject to the approval of the Design Review Committee, so as to present, a pleasing and attractive appearance. Such restoration or replacement shall commence within 30 days of the event of damage or destruction.

3.23. **Storage.** No building materials shall be stored on any Lot except temporarily during continuous construction of an Improvement. Each dwelling shall be built with a garage suitable for

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the storage of one or two automobiles equipped with an automatic garage door opener in working condition.

3.24. Vehicle Repairs. No maintenance, servicing, repair, dismantling, or repainting of any type of vehicle, boat, machine, or device may be carried on, except within a completely enclosed structure which screens the sight and sound of the activity from the street and from other lots.

3.25. Storage of Gasoline and Explosives, Etc. No Lot shall be used as storage of explosives, gasoline, or other volatile and/or incendiary materials or devices or any materials deemed hazardous substances under applicable environmental laws, rules, or regulations. Gasoline or fuel for Owner's lawn mower, snowblower, and the like may be maintained on an incidental basis on the Lot in the amount not to exceed five (5) gallons.

3.26. Fireworks and Use of Firearms. The sale and use of fireworks, of any kind whatsoever, in the Community Area is prohibited. The use and discharge of any firearms of any kind whatsoever is prohibited.

3.27. Trailers, Campers, Recreational and Junk Vehicles. No boat, camper (on or off supporting vehicles), trailer, tractor, truck, industrial or commercial vehicle (both cabs or trailers), towed trailer unit, motorcycle, disabled, junk, or abandoned vehicles, motor home, mobile home, recreational vehicle, or any other vehicle, the primary purpose of which is recreational, sporting, or commercial use, shall be parked or stored in, on, or about any Lot or street within the Community Area, except within the attached garage or unless such vehicles are concealed from view and approved by the Design Review committee. For the purposes of the covenant, any 3/4 ton or smaller vehicle, commonly known as a pickup truck, shall not be deemed a commercial vehicle or truck. The Association shall have the right to enter Owner's Lot to remove and store, at Owner's expense, vehicles in violation of this Section. Each Owner shall be entitled to 21 days' written notice prior to such action by the Association. Each Owner shall provide garage space for a minimum of two (2) conventional automobiles. No go-cart, dirt bike, motorcycle, or recreational vehicle powered by an internal combustion engine may be operated within the Community Area except for purposes on ingress and egress and only across designated streets and rights-of-way.

3.28. Air Conditioning and Heating Equipment/Solar Collecting Devices. No heating, air conditioning, air movement, solar collection or refrigeration equipment shall be placed, allowed, or maintained anywhere other than on the ground. No air conditioning apparatus shall be installed on the ground on the front of the dwelling house. No air conditioning apparatus shall be attached to any front wall or side wall of a dwelling house other than compressor units for central air conditioning systems. In the event a compressor system is placed in the required side yard of any lot, this compressor system must be located behind the front building line, but in no instance shall this compressor system extend further than the front wall of the dwelling house. No evaporative cooler shall be installed on the front wall or the side wall of a dwelling house. Solar units meeting all governmental guidelines for residential uses may be located on the roof if (a) such solar unit is built into any made an integral part of the roof flashing or the structure of any house constructed on such Lot, and (b) if specifically approved by the Design Review Committee in accordance with

Article 4 below. The type, size, location, and necessary screening for any proposed solar collection device shall be submitted to the Design Review Committee in accordance with its established procedures and the Design Review Committee shall have the authority to approve, conditionally approve, or disapprove the proposed collection device in accordance with the terms and provisions hereof.

3.29. Leases. Any Owner shall have the right to Lease his Lot under the following conditions:

3.29.1. All Leases shall be in writing;

3.29.2. All Leases shall be for a Lot with a completed residence thereon;

3.29.3. All Leases shall provide that the terms of the Lease and lessee's occupancy of the Lot shall be subject in all respects to the provisions of this Declaration, and the Articles of Incorporation, the Bylaws, and the Rules and Regulations of the Association, and that any failure by the lessee to comply with any of the aforesaid documents, in any respect, shall be a default under the Lease; and

3.29.4. Each Owner shall notify the Association immediately upon the leasing of his Lot, and register with the Association both the name(s) of the tenant(s) and new mailing information for notices to be sent from the Association directly to such Owner.

3.30. Easements; Utilities. All streets, pedestrian ways and easements shown on the recorded Plat for any portion of the Community Area have been reserved for the purposes indicated on such Plat. In addition, as long as Class B Membership shall be in effect, Declarant, hereby reserves the right to grant perpetual, nonexclusive easements for the benefit of Declarant or its designees, upon, across, over, through and under any portion of the Common Area or any portion of any Lot outside of the permitted building area of such Lot, for ingress, egress, installation, replacement, repair, maintenance, use and operation of all utility and services lines and service systems, public and private, including, without limitation, cable television. Declarant, for itself and its designees, reserves the right to retain title to any such easements. Upon cessation of Class B membership, the Association shall have the right to grant the easements described herein. No owner may erect any structure of any type whatsoever in such easement areas, nor may an Owner use the surface of such easement areas for any private use, other than landscaping which will not interfere with the use of said easement by the entities for whose benefit it has been reserved. With respect to such easement areas, as well as any other such easement areas described on a Plat or within recorded easement documents, any and all bona fide public utility service companies, shall have the right of access, ingress, egress, and use of such easement areas for the installation and maintenance of utility facilities. Except as to special street lighting or other aerial facilities which may be required by city or county bodies or may be required by the franchise of any utility company, no aerial utility facilities of any type (except meters, risers, service pedestals and other surface installations necessary to maintain or operate appropriate underground facilities) shall be erected or installed within the Community Area, whether upon Lots, easements, streets, or rights-of-way of any type, either by a

utility company or any other person or entity, (including but not limited to any person owning or acquiring any part of the Community Area) and all utility service facilities (including but not limited to water, sewer, gas, electricity and telephone) shall be buried underground, under streets, or other utility easement areas for the purpose of servicing any structure located on any part of the Community Area.

3.31. Easement for Use of Streets. Declarant hereby grants conveys and assigns and sets over to every Owner, his family, tenants or bona fide guests, the right of ingress and egress over, upon and across the private roads within the Community Area and they shall have the use of said roads for access to and from public highways adjoining the property. Declarant reserves the right to itself and the Association at any time hereafter to dedicate and convey such streets to any appropriate governmental body or to the public.

3.32. Declarant's Easement of Correct Drainage. As long as Class B Membership shall be in effect, Declarant hereby reserves a blanket easement on, over and under the ground within the property to maintain and correct drainage of surface waters and other erosion controls in order to maintain reasonable standards of health, safety, and appearance and shall be entitled to remove trees or vegetation, without liability for replacement or damage, as may be necessary to provide adequate drainage for any portion of the property. Notwithstanding the foregoing, nothing herein shall be interpreted to impose any duty upon Declarant to correct or maintain any drainage facilities within the property.

3.33. Easement for Unintentional Encroachment. Declarant hereby reserves any exclusive easement for the unintentional encroachment by any structure upon the common Area caused by or resulting from, construction, repair, shifting, settlement or movement of any portion of the property, which exclusive easement shall exist at all times during the continuance of such encroachment as an easement appurtenant to the encroaching property to the extent of such encroachment.

3.34. Entry Easement. In the event that an Owner maintains the Lot as required herein, or in the event of emergency repairs, or to do work reasonably necessary for the repair maintenance and operation of the property, entry upon a Lot as provided herein shall not be deemed a trespass, and an Owner or the Association shall not be liable for any damage so created unless such damage is caused by the Owner or the Association's willful misconduct or gross negligence.

3.35. Drainage Easements. Easements for the installation and maintenance of utilities, storm water retention/detention ponds, and/or a conservation area are reserved as may be sworn on the recorded Plat. Within these easement areas, no structure, plant or material shall be placed or permitted to remain which may hinder or change the direction or flow of drainage channels or slopes in the easements. The easement area of each Lot and all improvement contained therein shall be maintained continuously by the Owner of the Lot, except for those Improvements for which a public authority, utility company or the Association is responsible.

3.36. Temporary Completion Easement. All Lots shall be subject to easement of ingress and egress for the benefit of Declarant, its employees, subcontractors, successors and assigns, over and upon the front, side or rear yards of the property as may be expedient or necessary for the construction, servicing and completion of dwellings and landscaping upon Lots adjacent to the property, provided that such easement shall terminate twelve (12) months after the date such Lot is conveyed to the Owner by Declarant.

3.37. Owner's Right to Ingress and Egress. Each Owner shall have the right to ingress and egress over, upon and across the Common Area necessary for access to his Lot, and such right shall be appurtenant to and pass with the title to each Lot.

3.38. Landscaping. Each Lot shall be landscaped within ten (10) days of the date on which a certificate of occupancy is obtained for residence, including the sod, landscaping of the front of the dwelling and landscaping of any drainage areas, subject to excusable delays due to weather. The landscaping of each Lot shall be primarily indigenous plant life from an established plant list as established by the Design Review Committee. No landscaping plan shall be implemented until approval of the Design Review Committee has been obtained. Each Owner shall maintain the landscaping upon such Owner's Lot in good condition. Each Owner shall diligently maintain, cultivate, water, husband, protect and preserve the shrubs and trees upon his Lot, including, without limitation, the removal of weeds, tall grass, dead branches, dead brush and performance of other tasks calculated to remove or eliminate material which constitutes or creates an unsightly condition or a fire hazard. Each Owner shall cooperate with the Association in its brush clearing and fire protection husbandry program for reduction of fire hazard on Common Areas. The front lawn of each Lot shall be maintained by the Association and each Member shall cooperate fully by taking all actions necessary to remove obstructions, set sprinklers and in every way make the area clear for mowing. No laundry or wash shall be dried or hung outside any dwelling unit.

3.39. Basketball Goal and Recreational Equipment. No basketball goals, backboards, nets, golf, soccer, baseball or softball pitching or batting cages, roller hockey, skateboard ramp or other such recreational equipment may be permanently affixed to any Property or remain on the Property overnight where it can be seen from any street or driveway in the Community Area.

3.40. Swimming Pools and Pool Equipment. No pool may be erected, constructed or installed without the prior written consent of the Design Review Committee. Above-ground pools are expressly prohibited. All pools service equipment shall be fenced and located in either (a) a side yard between the front and rear boundaries of the dwelling, or (b) in the rear yard adjacent to the dwelling; and shall not be visible from any residential street or any Lot adjacent to the Lot on which the pool is located.

3.41. Outside Lighting. All exterior lighting installed or maintained on any dwelling unit located on a Lot shall be placed so that the light source is not visible from the dwelling on and neighboring Lot. The Design Review Committee may establish various standards for exterior lighting including, without limitation, standards for hue and intensity.

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ARTICLE 4.

ARCHITECTURAL APPROVAL

4.1. **Approval of Improvements Required.** The approval of the Design Review Committee shall be required for any Improvement to Property, as hereinafter defined, on any Lot, except (a) for any Improvement to Property made by Declarant; (b) for any Improvements to property made by an Approved Builder; provided, however, the plans for such Improvements have previously been approved by the Design Review Committee; (c) where approval is not reasonably required to carry out the purposes of this Declaration; (d) where prior approval of Improvements to Property may be waived or certain Improvements to property may be exempted in writing or under written guidelines or rules promulgated by the Design Review Committee.

4.2. **Improvement to Property Defined.** "Improvement to Property" requiring approval of the Design Review Committee shall mean and include, without limitation; (a) the construction, installation, erection, or expansion of any building, structure, or other Improvement, including utility facilities and fences; (b) the demolition or destruction by voluntary action, of any building, structure, or other Improvement; (c) the grading, excavation, filling, or similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, change of drainage pattern, or change of stream bed; and (d) any change or alteration of any previously approved Improvement to Property, including any change of exterior appearance, color, or texture occurring on the community Area.

4.3. **Membership of Committee.** The Design Review Committee shall consist of three (3) members, all of whom shall be initially appointed by Declarant. Declarant shall have the continuing right to appoint all three (3) members during the appointment Period (as hereinafter defined). The Association shall have the right to appoint such members after the expiration of the Appointment Period. During the period of development of the Community Area while Declarant has rights to appoint members of the Design Review Committee, Declarant shall give the Association written notice of the appointment or removal of any member of the Design Review Committee. The "Appointment Period" shall mean the period of time commencing as of the date of recordation of this Declaration and continuing until the earliest to occur of the following events: (a) when all Lots which may be created within the Community Area have been conveyed to Persons other than Declarant and certificates of occupancy have been issued for the residences constructed thereon; or (b) twenty-five (25) years from the date of recordation of this Declaration. Members of the Design Review Committee may but shall not necessarily be Members of the Association. After expiration of the Appointment Period, members of the Design Review Committee to be appointed by the Association shall be appointed by the Board of Directors. Members of the Design Review Committee appointed by the Board of Directors may be removed at any time by the Board, and shall serve for such term as may be designated by the Board or until resignation or removal by the Board. After the expiration of the appointment Period, the Association may at any time and from time to time change the authorized number of members of the Design Review Committee, but the number of members of the Design Review Committee shall not be less than three (3). Notwithstanding the

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expiration of the Appointment Period, the Design Review Committee and the Community Area shall be subject to the Deed Restrictions.

4.5. Address of Design Review Committee. The address of the Design Review Committee shall be at the principal office of the Association.

4.6. Submission of Plans. Prior to commencement of work to accomplish any proposed Improvement to Property, the Person proposing to make such Improvement to Property ("Applicant") shall submit to the Design Review Committee at its offices such descriptions, surveys, plot plans, drainage plans, elevation drawings, construction plans, specifications, and samples of materials and colors as the Design Review Committee shall reasonable request showing the nature, kind, shape, height, width, color, materials, and location of the proposed Improvement to Property. The Applicant shall be entitled to receive a receipt for the same from the Design Review Committee or its authorized agent. The Design Review Committee may require submission of additional plans, specifications, or other information prior to approving or disapproving the proposed Improvement to property. Until receipt by the Design Review Committee of all required materials in connection with the proposed Improvement to Property, the Design Review Committee may postpone review of any materials submitted for approval.

4.7. Criteria for Approval.

(A) General. The Design Review Committee shall approve any proposed Improvement to Property only if it deems in its reasonable discretion that the Improvements to Property in the location indicated will not be detrimental to the appearance of the surrounding areas of the Community Area as a whole; that the appearance of the proposed Improvement to Property will be in harmony with the surrounding areas of the Community Area; that the Improvement to Property will not detract from the beauty, wholesomeness and attractiveness of the Community Area or the enjoyment thereof by Owners; that the upkeep and maintenance of the proposed Improvement to Property will not become a burden on the Association; and that the proposed Improvement to Property does not affect the drainage plan for the Community Area or any portion thereof. The Design Review Committee may condition its approval of any proposed improvement to Property upon the making of such changes therein as the Design Review Committee may deem appropriate.

(B) Type of Building Permitted. No single building shall be erected, altered, or permitted on any Lot other than one detached single family building not to exceed 36 feet in height, with a private garage for at least 2 automobiles.

(D) Construction of new buildings only shall be permitted, it being the intent of this covenant to prohibit the moving of any existing building onto a lot and remodeling or converting same into a dwelling house in this Addition.

(E) All driveways and sidewalks shall be of concrete, brick, or stone, or other similar substance. No gravel or dirt driveways or sidewalks shall be permitted.

4.8. Design Standards. The Design Review Committee may issue standards or rules ("Design Standards") relating to the procedures, materials to be submitted, fees, and additional factors which will be taken into consideration in connection with the approval of any proposed Improvement to Property. The Design Standards may specify circumstances under which the strict application of limitations or restrictions under this Declaration will be waived or deemed waived in whole or in part because strict application of such limitations or restrictions would be unreasonable or unduly harsh under the circumstances. The Design Standards may waive the requirement for approval of certain Improvements to Property or exempt certain Improvements to Property from the requirement for approval, if such approval is not reasonably required to carry out the purpose of this Declaration.

4.9. Design Review Fee. The Design Review Committee may, in the Design standards, provide for the payment of a fee to accompany each request for approval of any proposed Improvement to Property. The Design Review Committee may provide that the amount of such fee shall be uniform for similar types of any proposed Improvement to Property or that the fee shall be determined in any other reasonable manner, such as based upon the estimated cost of the proposed Improvement to Property. The Design Committee may further provide that the amount of any such design review fee include engineering, consultant and other fees reasonably incurred by the Association in reviewing any proposed Improvement to Property.

4.10. Decision of Committee. Any decision of the Design Review Committee shall be made within thirty (30) days after receipt by the Design Review Committee of all materials required by the Design review committee, unless such time period is extended by mutual agreement. The decision shall be in writing and if the decision is not to approve a proposed Improvement to Property, the reasons therefor shall be stated. The decision of the Design Review Committee shall be promptly transmitted to the Applicant at the address furnished by the applicant to the Design Review Committee.

4.11. Failure of Committee to Act on Plans. Any request for approval of a proposed Improvement to Property shall be deemed approved, unless disapproval or a request for additional

information or materials is transmitted to the applicant by the Design Review Committee within thirty (30) days after the date of receipt by the Design Review Committee of all required materials.

4.12. Prosecution of Work After Approval. After approval of any proposed Improvement to Property, the proposed Improvement to Property shall be accomplished as promptly and diligently as possible and in complete conformity with the description of the proposed Improvement to Property, any materials submitted to the Design Review Committee in connection with the proposed Improvement to Property, and any conditions imposed by the Design Review Committee. Failure to complete the proposed Improvement to Property within twelve (12) months after the date of approval or such shorter period as specified in writing by the Design Review Committee, shall constitute noncompliance with the requirements for approval of Improvement to Property.

4.13. Notice of Completion. Upon completion of the Improvement to Property, the applicant shall give written Notice of Completion to the Design Review Committee. Until the date of receipt of such Notice of Completion, the Design Review Committee shall not be deemed to have notice of completion of such Improvement to Property.

4.14. Inspection of Work. The Design Review Committee or its duly authorized representative shall have the right to inspect any Improvement to Property prior to or after completion, provided that the right of inspection shall terminate thirty (30) days after the Design Review Committee shall have received a Notice of Completion from Applicant. The Design Review Committee's right to review and inspect the Improvement to Property shall not impose any duty, obligation or liability of any nature concerning the construction, maintenance or engineering of the Improvements.

4.15. Notice of Noncompliance. If, as a result of inspections or otherwise, the Design Review Committee finds that any Improvement to Property has been done without obtaining the approval of the Design Review Committee or was not done in complete conformity with the description and materials furnished to, and any conditions imposed by, the Design Review Committee or was not completed within twelve (12) months after the date of approval by the Design Review Committee or such shorter period as specified herein or in writing by the Design Review Committee, the Design Review Committee shall notify the Applicant in writing of the noncompliance, which notice shall be given, in any event, within thirty (30) days after the Design Review Committee receives a Notice of Completion from the Applicant. The notice shall specify the particulars of the noncompliance and shall require the applicant to take such action as may be necessary to remedy the noncompliance.

4.16. Failure of Committee to Act After Completion. If for any reason other than the Applicant's act or neglect, the Design Review Committee fails to notify the Applicant of any noncompliance within thirty (30) days after receipt by the Design Review Committee of written Notice of Completion from the Applicant, the Improvement to Property shall be deemed in compliance if the Improvement to Property was, in fact, completed as of the date of Notice of Completion.

4.17. Appeal to Board of Directors of Finding of Noncompliance. If the Design Review Committee given any notice of noncompliance, the Applicant may appeal to the Board of Directors by giving written notice of such appeal to the Board and the Design Review Committee within fifteen (15) days after receipt of the notice of noncompliance by the Applicant. If after a notice of noncompliance, the applicant fails to commence diligently to remedy such noncompliance, the Design Review Committee shall request a finding of noncompliance by the Board of Directors by giving written notice of such request to the Association and the Applicant within sixty (60) days after delivery to the Applicant of a notice of noncompliance from the Design Review Committee. In either event, the Board of Directors shall hear the maker in accordance with the provisions of the Bylaws for Notice and Hearing, and the Board shall decide whether or not there has been such noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same.

4.18. Correction of Noncompliance. If the Board of Directors determines that a noncompliance exists, the Applicant shall remedy or remove the same within a period of not more than thirty (30) days from the date of receipt by the applicant of the ruling of the Board of directors. If the applicant does not comply with the Board ruling within such period, the Board may, at its option, record a Notice of Noncompliance against the real property on which the noncompliance exists, may enter upon such property and remove the noncomplying Improvement to Property, or may otherwise remedy the noncompliance, and the applicant shall reimburse the Association, upon demand, for all expenses incurred therewith. If such expenses are not promptly repaid by the Applicant or Owner to the Association, the Board may levy a Reimbursement Assessment against the Owner of the Lot for such costs and expenses. The right of the Association to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Association or Declarant may have at law, in equity, or under this Declaration. The Applicant and Owner of the Lot shall have no claim for damages or otherwise on account of the entry upon the property and removal of the noncomplying Improvement to Property.

4.19. No Implied Waiver or Estoppel. No action or failure to act by the Design Review Committee or by the Board of Directors shall constitute a waiver or estoppel with respect to future action by the Design Review Committee or the Board of Directors with respect to any Improvement to Property. Specifically, the approval of the Design Review Committee of any Improvement to Property shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar Improvement to Property or any similar proposals, plans, specifications, or other materials submitted with respect to any other Improvement to Property.

4.20. Committee Power to Grant Variances. The Design Review Committee may authorize variances from compliance with any of the provisions of this Declaration including restrictions upon height, size, floor area, or placement of structures of similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing and shall become effective when signed by at least a majority of the members of the Design Review Committee. If any such variance is granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter (or which the variance was granted), provided, however, that the

granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned, including, but not limited to, zoning ordinances and setback lines or requirements imposed by any governmental authority having jurisdiction.

4.21. Meetings of Committee. The Design Review Committee shall meet from time to time as necessary to perform its duties hereunder. The Design Review Committee may from time to time, by resolution in writing adopted by a majority of the members designate a Committee Representative (who may but need not be one of its members) to take any action or perform any duties for or on behalf of the Design Review committee, except the granting of variances. The action of such Committee Representative within the authority of such Committee Representative or the written consent of the vote of a majority of the members of the Design Review Committee shall constitute action of the Design Review Committee.

4.22. Records of Actions. The Design Review Committee shall report in writing to the Board of Directors all final actions of the Design Review Committee, and the Board shall keep a permanent record of such reported action.

4.23. Estoppel Certificates. The Board of Directors shall, upon the reasonable request of any interested Person and after confirming any necessary facts with the Design Review Committee, furnish a certificate with respect to the approval or disapproval of any Improvement to Property or with respect to whether any Improvement to Property was made in compliance herewith. Any Person, without actual notice to the contrary shall be entitled to rely on said certificate with respect to all matters set forth herein.

4.24. Nonliability of Committee Action. There shall be no liability imposed on the Design Review Committee, any member of the Design Review Committee, and Committee Representative, the Association, any member of the board of directors, or Declarant for any loss, damage, or injury arising out of or in any way connected with the performance of the duties of the Design Review Committee unless due to the willful misconduct of the party to be held liable. In reviewing any matter, the Design Review Committee shall not be responsible for reviewing, nor shall its approval of an Improvement to Property be deemed approval of the Improvement to Property from the standpoint of safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations.

4.25. Construction Period Exception. During the course of actual construction of any permitted structure or Improvement to Property, and provided construction is proceeding with due diligence, the Design Review Committee shall temporarily suspend the provisions contained in this Declaration as to the property upon which the construction is taking place to the extent necessary to permit such construction, provided that, during the course of any such construction, nothing is done which will result in a violation of any of the provisions of this Declaration upon completion of construction and nothing is done which will constitute a nuisance or unreasonable interference with

the use and enjoyment of other property. The Design Review Committee shall promulgate rules and regulations concerning the use of temporary sanitary facilities and trash dumpsters, type of construction vehicles allowed on and use of the streets, roads, and rights-of-way located within the community Area and Association Properties, and other activities associated with the construction of Improvements on the Lots, provided said rules and regulations shall not interfere with the rights existing under the Permitted Exceptions.

ARTICLE 5.

ASSOCIATION PROPERTIES

5.1. Member's Rights of Use and Enjoyment Generally. Unless otherwise provided in this Declaration, all Members, their immediate family dependents, and their guests may use the Association Properties, subject to the provisions of the Rules and Regulations.

5.2. Allocation of Interests in Common Elements and Association Properties. The undivided interests in the common Areas appurtenant to each Lot, as well as the undivided interests of each Owner in Association Properties, shall be expressed as a percentage, the numerator of which shall be one and the denominator of which shall be the number of Lots located in the Community Area at any given time.

5.3. Right of Association to Regulate Use. The Association, acting through the board, shall have the power to regulate use of Association Properties to further enhance the overall rights of use and enjoyment of all Members through the promulgation of the Rules and Regulations, subject to the rights contained in the Deed Restrictions.

5.4. No Partition of Association Properties. No Owner shall have the right to partition or seek partition of the Association Properties or any part thereof.

5.5. Liability of Owners for Damage by Member. Each Owner shall be liable to the Association for any damage to Association Properties or for any expense or liability incurred by the Association, which may be sustained by reason of the negligence or willful misconduct of such Owner or any Person using the Association Properties through such owner and for any violation by such Owner or any Person of this Declaration or any Rule and Regulation adopted by the Association. Each Owner shall indemnify and hold the Association harmless from any and all loss, damage, expense, or liability arising from any negligence or willful misconduct of any Owner or Persons using the Association Properties through such Owner. The Association shall have the power, as elsewhere provided in this Declaration, to levy and collect a Reimbursement Assessment against a Member, after Notice and Hearing, to cover the costs and expenses incurred by the Association on account of such damage or any such violation of this Declaration or of such Rules and Regulations or for any increase in insurance premium directly attributable to any such damage or any such violation.

5.6. Association Duties if Damage, Destruction, or Required Improvements. In the event of damage to Association Properties by fire or other casualty or in the event any governmental authority shall require any repair, reconstruction, or replacement of any Association Properties, the Association shall have the duty to repair, reconstruct, or replace the same, to the extent funds are available to do so. Any insurance proceeds payable by reason of damage or destruction of Association Properties by fire or other casualty shall be paid to the Association and shall be used, to the extent necessary, to pay the costs of repair, reconstruction, or replacement. If funds from insurance proceeds or from reserves for replacement are insufficient to pay all cost of repair, reconstruction, or replacement of Improvements damaged or destroyed, or if the Association is required to make repairs, replacements, or Improvements by governmental authorities, the Association may, in order to make up any deficiency in the insurance proceeds or to pay for the required repair, replacement, or improvement, levy a Special Assessment in accordance with Section 9.19, or if a Member or group of Members is liable for such damage, levy a Reimbursement Assessment against the Member or group of Members responsible therefor, to provide the additional funds necessary. Repair, reconstruction, or replacement of Association Properties shall be done under such contracting and bidding procedures as the Association shall determine are appropriate. If insurance proceeds available to the Association on account of damage or destruction exceed the cost of repair, reconstruction, and replacement, the Association may use the same for future maintenance, repair, Improvements, and operation of other Association Properties or any other used deemed appropriate by the Board.

5.7. Association Powers in the Event of Condemnation. If any Association Properties or interests therein are taken under exercise of the power of eminent domain or by private purchase in lieu thereof, the award in condemnation or the price payable shall be paid to the Association, except to the extent payable to any other Person with an interest in such property, including any Beneficiary of such property. The Association shall have the exclusive right to participate in such condemnation proceedings and to represent the interests of all Owners or other Persons therein. Any award or funds received by the Association shall be held by the Association in the Maintenance Fund as determined by the Board, as a reserve for future maintenance, repair, reconstruction, or replacement of Association Properties or may be used for improvements or additions to or operation of Association Properties or such other uses deemed appropriate by the Board. No Owner shall be entitled to participate as a party or otherwise in any condemnation proceedings nor to receive any proceeds therefrom.

5.8. Title to Association Properties on Dissolution of Association. In the event of dissolution of the Association, the Association Properties shall, to the extent permitted by law and reasonably possible, be conveyed or transferred to an appropriate public, governmental or quasi-governmental agencies or organizations or a nonprofit corporation, association, trust, or other organization, to be used, in any event, for the common benefit of Owners for similar purposes for which the particular Association Property was held by the Association. To the extent the foregoing is not possible, the Association Properties shall be sold or disposed of and the proceeds for the sale or disposition shall be distributed to Members in proportion to each Member's interest in the Association Properties as heretofore allocated.

ARTICLE 6

DECLARANT'S RIGHTS AND RESERVATIONS

6.1. **Period of Declarant's Rights and Reservations.** Declarant shall have, retain, and reserve certain rights as hereinafter set forth with respect to the Association and the Association Properties from the date hereof, until (a) the time that the last Lot within the Community Area has been sold and conveyed by Declarant to persons other than Declarant and a certificate of occupancy has been issued for the residence constructed thereon, or (b) the date which is twenty-five (25) years from recordation of this Declaration, whichever even occurs first. The rights and reservations hereinafter set forth shall be deemed excepted and reserved in each conveyance of property by Declarant to the Association whether or not specifically stated therein and in each deed or other instrument by which any property within the Community Area is conveyed by Declarant. The rights, reservations, and easements hereinafter set forth shall be prior and superior to any other provisions of this Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded, or affected by any amendment of this Declaration. Declarant's consent to any one such amendment shall not be construed as consent to any other subsequent amendment.

6.2. **Right to Construct Additional Improvements on Association Properties.** Declarant shall have and hereby reserves the right, but shall not be obligated to, construct additional Improvements on Association Properties at any time and from time to time in accordance with this Declaration for the improvement and enhancement thereof and for the benefit of the Association and Owners. Declarant shall convey or transfer such Improvements to the Association and the Association shall be obligated to accept title to, care for, and maintain the same as Association Properties as elsewhere provided in this Declaration.

6.3. **Declarant's Rights to Use Association Properties in Promotion and Marketing of Community Area.** Declarant shall have and hereby reserves the right to reasonable use of the Association Properties and of services offered by the Association in connection with the promotion and marketing of the Community Area. Without limiting the generality of the foregoing, Declarant may (a) erect and maintain on any part of the Association Properties such signs, temporary buildings, and other structures as Declarant may reasonable deem necessary or proper in connection with the promotion, development, and marketing of real property within the Community Area; (b) provide sales personnel, at Declarant's option, in the entryway facility or other areas of the Association Properties; (c) use vehicles and equipment on Association Properties for promotional purposes; (d) permit prospective purchasers of property within the boundaries of the Community Area who are not Owners or Members of the Association to use Association Properties at reasonable times and in reasonable numbers; and (e) refer to the Association properties and to the Association and services offered by the Association in connection with the development, promotion, and marketing of property within the boundaries of the Community Area.

6.4. **Declarant's Rights to Complete Development of Community Area.** No provision of this Declaration shall be construed to prevent or limit Declarant's rights to complete development of property within the boundaries of the Community Area; to construct or alter improvements on any

property owned by Declarant within the Community Area, including temporary buildings to maintain model homes, temporary buildings, construction trailers, or offices for construction or sales purposes, or similar facilities on any property owned by Declarant or owned by the Association within the Community Area or to post signs incidental to development, construction promotion, marketing, or sales of property within the boundaries of the Community Area. Nothing contained in this Declaration shall limit the right of Declarant or require Declarant to obtain approvals (a) to excavate, cut, fill, or grade any properties owned by Declarant or to construct, alter, demolish, or replace a Improvement on any property owned by Declarant; (b) to use a model home, or real estate sales office in connection with the sale of any property within the boundaries of the Community Area; or (c) to require Declarant to seek or obtain the approval of the Design Review Committee or of the Association for any such activity or improvement to Property on any property owned by Declarant. Nothing in this Declaration shall limit or impair the reserved rights of Declarant as elsewhere provided in this Declaration.

6.5. Declarant's Approval of Conveyances or Changes in the Use of Association Properties. Until Declarant has lost the right to appoint the members of the Design Review Committee, the Association shall not, without first obtaining the prior written consent of Declarant, which consent shall not be unreasonably withheld, convey, change, or alter the use of Association Properties, encumber or mortgage the Association Properties, or use Association Properties other than solely for the benefit of Members or as specifically allowed hereunder, including the right of Declarant.

6.6. Declarant's Rights to Grant and Create Easements. Declarant shall have and hereby reserves the right to grant or create temporary or permanent easements or to relocate existing easements for (a) access to and egress from or through the Community Area; (b) utilities, including, but not limited to water, sewer and electrical lines, (c) drainage, including but not limited to, drainage and ditch lateral easements; (d) sidewalks and pedestrian and bicycle trails and paths; (e) other purposes incidental to the development and sale of the Community Area (collectively the "Easements"). Such Easements may be located by Declarant in, on, under, over, and across (i) Lots within the community Area so long as such easements do not lie within any Building Envelope, and (ii) the Common Areas. Declarant shall further have the right to grant to public or quasi-public entities the right to construct certain storage or other similar facilities on the common areas in connection with the provision of utility or other services to the Community Area. Any such facilities so located, and all distribution lines located in any easements created pursuant to the provisions hereof, or otherwise, shall, in all events, belong to the provider of such services.

6.7. Creation of Drainage Easements. Notwithstanding anything set forth herein to the contrary, Declarant shall have the right to enter into such easements and rights-of-way which provide for the use of the Association and Owners of certain drainage facilities that may be located outside the Community Area. Such easements may contain the obligation of the Association to bear a proportionate cost of constructing and maintaining any such facilities that are for the benefit of the Association. The existence of such easements shall no way be construed as creating any rights of Owners to use or gain access to such drainage facilities.

6.8. **Approved Builders.** Subject to the provisions of Article 4 hereof, Approved Builders shall have the right to construct or alter Improvements on any Lots owned by the Approved Builder within the Community Area provided it has first received the approval from the Design Review Committee (which approval may be in the form of blanket approval of a particular plan or model intended to be built on more than one Lot), including temporary buildings; to maintain model homes, temporary buildings, or offices for construction or sales purposes, or similar facilities on any property owned by any Approved Builder within the Community Area; or to post signs subject to the approval of the Design Review Committee incidental to development, construction promotion, marketing, or sales of property within the boundaries of the Community Area. Nothing contained in this Declaration shall limit the right of any Approved Builder or require any Approved Builder to obtain approvals (a) to excavate, cut, fill, or grade any property owned by any Approved Builder or to construct, alter, demolish, or replace any Improvements on any property owned by any Approved Builder; (b) to use any structure on any property owned by any Approved Builder as a construction (including storage of construction material subject to Declarant's approval of the location of such storage), model home, or real estate sales office in connection with the sale of any property within the boundaries of the Community Area.

6.9. **Conversion of Common Areas to Lots.** Declarant shall have the right to convert any Common Areas specifically identified on the Plat or any Supplemental Plat as convertible properties into Lots owned by Declarant.

ARTICLE 7

ASSOCIATION OPERATION

7.1. **Association.** The formal establishment of the Hampton Homeowners Association will be accomplished by filing of the Articles of Incorporation of the Hampton Homeowners Association with the Secretary of State of Texas and the subsequent issuance by the Secretary of State of the Certificate of Incorporation of the Hampton Homeowners Association. As more specifically set forth herein, the Association shall have a Board of Directors to manage its Affairs. Bylaws for the Hampton Homeowners Association will be established and adopted by the Board of Directors of the Hampton Homeowners Association except as may be provided herein, the Articles of Incorporation or the Bylaws, the Board of Directors shall be elected by Owners acting in their capacity as Members of the Association.

7.2. **Association Board of Directors.** The affairs of the Association shall be managed by a Board of Directors. The number, term, and qualifications of the Board of Directors shall be fixed in the Articles of Incorporation and Bylaws. The Board of Directors may, by resolution, delegate portions of its authority to officers of the Association, but such delegation of authority shall not relieve the Board of Directors of the ultimate responsibility for management of the affairs of the Association. Action by or on behalf of the Association may be taken by the Board of Director or any duly authorized executive committee, officer, agent, or employee without a vote of Members, except as otherwise specifically provided in this Declaration.

7.3. Membership in Association. Each Owner of a Lot within the Community Area shall be a Member of the Association. There shall be one Membership in the Association for each Lot within the Community Area. The Person or Persons who constitute the Owner of a Lot shall automatically be the holder of the Membership appurtenant to that Lot, and the Membership appurtenant thereto shall automatically pass with fee simple title to the Lot. Declarant shall hold a Membership in the Association for each Lot owned by Declarant. Membership in the Association shall not be assignable separate and apart from fee simple title to a Lot except that an Owner may assign some or all of his rights as an owner and as a Member of the Association to a tenant or Beneficiary and may arrange for a tenant to perform some or all of such Owner's obligations as provided in this Declaration, but no Owner shall be permitted to relieve himself of the responsibility for fulfillment of the obligation of an Owner under this Declaration.

7.4. Classes of Membership. The Association shall have two (2) classes of membership: (i) Class A Members, which shall be all Owners of Lots other than Declarant, who shall be entitled to one (1) vote for each Lot owned. When more than one (1) person owns an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as determined among themselves, but in no event shall more than one (1) vote be cast with respect to any Lot; (ii) the Class B Member shall be Declarant, who shall be entitled to four (4) votes for each Lot owned. The Class B membership for each Lot shall cease and be converted to Class A membership upon the date [the "Transfer Date"] when the total votes in Class A memberships equal or exceed the total votes in Class B membership provided, however, that if additional land is annexed or added to the property pursuant to the provisions recited herein, the Class B membership status shall be reinstated to Declarant based upon the number of new Lots, if any, contained in such additional land and the Lots remaining in the original developed land.

7.5. Voting Rights of Members. Regardless of the manner in which voting requirements may be described in this Declaration, the requisite number of votes shall be determined with reference to the number of votes, not number of Owners or Members, in the Association. This provision is intended to address the case of a single person who owns more than one (1) Lot. Notwithstanding the foregoing, Declarant shall be entitled to select and appoint, in its sole discretion, Directors, in accordance with the Bylaws (the "Declarant's Control Period"), until the expiration of Declarant's Control Period as hereinafter provided; provided, however, that not later than next fiscal year of the Hampton Homeowners Association following the conveyance of fifty percent (50%) of the total number of Lots that may be created within the community Area to Owners other than Declarant, not less than thirty-three and one-third percent (33-1/3%) of the Members of the Board of Directors must be elected by Owners other than Declarant. Declarant's Control Period shall cease when seventy-five percent (75%) of the total number of Lots that may be created within the Community Area have been conveyed to Persons other than Declarant and certificates of occupancy have been issued for residences constructed thereon; or (b) when, in the discretion, Declarant determines.

7.6. Determination of Member Voting Percentages. Notwithstanding anything to the contrary contained herein, only Members whose voting rights are in good standing under the Association's Bylaws (e.g., voting rights which have not been suspended as provided therein) shall

be entitled to vote on Association matters. In accordance therewith, any and all provisions contained herein requiring the approval of a requisite percentage of Members of the Association shall be deemed satisfied when the requisite percentage of Members entitled to vote has been met.

ARTICLE 8

DUTIES AND POWERS OF ASSOCIATION

8.1. General Duties and Powers of Association. The Association has been formed to further the common interests of the Members. The Association, acting through the Board or Persons to whom the Board has delegated such powers, shall have power to do anything that may be necessary or desirable to further the common interests of the Members, to maintain, improve, and enhance the common interests of the Members, to maintain, improve, and enhance Association Properties, to improve and enhance the attractiveness, aesthetics, and desirability of the Community Area, and to protect the general health, safety and welfare of the Members.

8.2. Duty to Accept Property and Facilities Transferred by Declarant. The Association shall accept title to any real property, including any improvements thereon and personal property transferred to the Association by Declarant, and equipment related thereto, together with the responsibility to perform any and all Administrative Functions associated therewith, provided that such property and functions are not inconsistent with the terms of this Declaration. Property interests transferred to the Association by Declarant may include fee simple title, easements, leasehold interests, and licenses to use. Any property or interest in property transferred to the Association by Declarant shall be within the boundaries of the Community Area; provided, however, that Declarant shall be entitled to transfer and convey the beneficial use of an easement, subject to, any obligating thereunder, located outside of the Community Area but which benefits the Association and the Owners. Any property or interest in property transferred to the Association by Declarant shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all monetary obligations, liens and encumbrances (other than the lien of property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration and easements, covenants, conditions, restrictions, and equitable servitude or other encumbrances of record. Except as otherwise specifically approved by resolution of the Board of Directors, no property or interest in property transferred to the Association by Declarant shall impose upon the Association any obligation to make monetary payments to Declarant or any affiliate of Declarant, including, but not limited to, any purchase price, rent, charge or fee.

8.3. Landscaping Easement. The Association hereby establishes for itself a nonexclusive easement for landscaping maintenance purposes over that portion of the Lots fronting the streets, roads and rights-of-way within the Community Area. The Association shall have the right, but not the obligation, to install landscaping and irrigation facilities within eighteen feet (18) abutting the roads, streets and rights-of-way within the Community Area (the "Landscaping Easement"). The Association shall have the right, but not the obligation, to plant, maintain, and replace landscaping within any portion of the Landscaping Easement as it determines, for any period that it desires. Further, the Association can commence or terminate its landscaping maintenance, for any portion

of the Landscaping Easement as it chooses, and can recommence or cease landscaping maintenance from time to time, in its sole discretion. During any period the Association chooses not to maintain the landscaping within all or any portion of the Landscaping Easement, in accordance with the provisions of Section 3.1 of this Declaration. Should any Owner fail to maintain the landscaping within the Landscaping Easement, during a period in which the Association is not maintaining such landscaping, the Association shall have the right to enter onto such Lot Owners property and maintain the landscaping, and charge such Lot Owner with the cost of such maintenance, as provided in Section 3.1.

8.4. Duty to Manage and Care for Association Properties. The Association shall manage, operate, care for, maintain, and repair all Association Properties and to keep the same in an attractive and desirable condition for the preservation, protection, and enhancement of the property value and the general health, safety, and welfare of the Members, use and enjoyment of the Members.

8.5. Duty to Pay Taxes. The Association shall pay all taxes and assessments levied upon the Association Properties and all taxes and assessments payable by the Association. The Association shall have the right to contest any such taxes or assessments provided that the Association shall contest the same by appropriate legal proceedings which shall have the effect of preventing the collection of the tax or assessment and the sale or foreclosure of any lien for such tax or assessment and provided that the Association shall keep and hold sufficient funds to pay and discharge the taxes and assessments, together with any interest and penalties which may accrue with respect thereto, if the contest of such taxes is unsuccessful.

8.6. Duty to Maintain Casualty Insurance. The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, property insurance on all insurable Improvements and personal property owned by the Association or that must be owned by the Association in the future, for broad form covered causes of loss, including, casualty, fire, and extended coverage insurance with respect to all insurable Improvements and personal property owned by the Association including, if available at reasonable cost, coverage for vandalism and malicious mischief and, if available and if deemed appropriate, coverage for flood, earthquake, and war risk. Such insurance shall, to the extent reasonably obtainable, be for the full insurable replacement cost of the insured property, less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavation, foundations and other items normally excluded from property policies.

8.7. Duty to Maintain Liability Insurance. The Association shall obtain and keep in full force and effect at all times, to the extent reasonable obtainable, general liability insurance against claims and liability arising in connection with ownership, existence, use, or management of the Association Properties and covering public liability for bodily injury and property damage and, if the Association owns or operates motor vehicles, public liability for bodily injury and property damage arising as a result of the ownership and operation of motor vehicles. Such liability insurance for other than motor vehicle liability shall, to the extent reasonable obtainable, have limits of not less than Five Hundred Thousand Dollars (\$500,000) per person and One Million Dollars

(\$1,000,000.00) per occurrence; (b) insure the Board, the Association, the Manager, if any, and their respective employees, agents and all Persons acting as agents; (c) include Declarant as an additional insured in such Declarant's capacity as a Member or Board Member; (d) include the Members as an additional insured but only for claims and liabilities arising in connection with the ownership, existence, use or management of Association Properties; and (e) cover claims of one or more insured parties against other insured properties.

8.8. General Provisions Respecting Insurance. Insurance obtained by the Association may contain such deductible provisions as good business practice may dictate. If the insurance described is not reasonably available, or if any policy of such insurance is canceled or renewed without a replacement policy therefor having been obtained by it, the Association shall promptly cause notice of that fact to be delivered to all Members. The Association may carry any other type of insurance it considers appropriate in amounts it deems appropriate, to insure the interest of the Association. Insurance policies carried pursuant to Section 8.6 and 8.7 shall provide that (a) each Member is an insured Person under the policy with respect to liability arising out of such Member's interest in the Association Properties or membership in the Association; (b) the insurer waives its right of subrogation under the policy against the Association, each Member, and any Person claiming by, through, or under such Member or any director, agent, or employee of the foregoing; (c) no act or omission by any Member, unless acting within the scope of such Member's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and (d) if at the time of a loss under the policy, there is other insurance in the name of a Member covering the same risk covered by the policy, the Association's policy shall be the primary insurance. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment to the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefitting from such repair or restoration for all deductibles paid by the Association. Insurance obtained by the Association shall, to the extent reasonable possible, and provided Declarant reimburses the Association for any additional premium payable on account thereof, name Declarant as an additional insured and shall contain a waiver of rights of subrogation as against Declarant. Insurance policies and insurance coverage shall be reviewed at least annually by the Board of Directors to ascertain whether coverage under the policies is sufficient in light of the current values of the Association Properties and in light of the possible or potential liabilities of the Association. The aforementioned insurance may be provided under blanket policies covering the Association Properties and property of Declarant. In no event shall insurance coverage obtained or maintained by the Association be bought into contribution with insurance purchased by Owners, occupants or their Beneficiaries.

8.09. Other Insurance and Bonds. The Association shall obtain such other insurance as may be required by law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association shall deem necessary or desirable.

8.10. Duty to Prepare Budgets. The Association shall prepare Budgets for the Association as elsewhere provided in this Declaration.

8.11. Duty to Levy and Collect Assessments. The Association shall levy and collect Assessments as elsewhere provided in this Declaration.

8.12. Duty to Keep Association Records. The Association shall keep financial records sufficiently detailed to provide a statement setting forth the amount of any unpaid Assessments currently levied against an Owner.

8.13. Duties with Respect to Design Review Committee Approvals. The Association shall perform functions to assist the Design Review Committee as elsewhere provided in this Declaration.

8.14. Power to Acquire Property and Construct Improvements. The Association may acquire property or interests in property for the common benefit of Owners including Improvements and personal property. The Association may construct Improvements on property and may demolish existing Improvements.

8.15. Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal, and enforce Rules and Regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of Association Properties, and the use of any other property within Community Area, including Lots. Any such Rules and Regulations shall be effective only upon adoption by resolution of the Board of Directors. Notice of the adoption, amendment, or repeal of any Rule or Regulation shall be given in writing to each Member at the address for notices to Members as elsewhere provided in this Declaration or the Bylaws, and copies of the currently effective rules and Regulations shall be made available to each Member upon request and payment of the reasonable expense of copying the same. Each Member shall comply with such Rules and Regulations and shall see that Person claiming through such Member comply with such Rules and Regulations. Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of conflict between the rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail. Such Rules and Regulations may contain provisions relating to control over limiting access to the community Area to Owners, their guest and invitees, establishing traffic safety and parking regulations and a system of fines for noncompliance, provided in no event shall the Rules and Regulations limit or prohibit the rights of Declarant set forth herein.

8.16. Power to Enforce Declaration and Rules and Regulations. The Association shall have the power to enforce the provisions of the Declaration and the rules and Regulations and shall take such action as the Board deems necessary or desirable to cause such compliance by each member and each Person claiming by, through, or under such Member ("Related User"). Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and have the power to enforce the provision of this Declaration and the Rules and Regulations by any one or more of the following means: (a) by entry upon any property within the Community Area after Notice and Hearing (unless a bona fide emergency exists), without liability to the Owner thereof or the Association, for the purpose of enforcement or causing

compliance with this Declaration or the Rules and Regulations; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Declaration or the Rules and Regulations; (d) by suspension, after Notice and Hearing of the voting rights of a Member during and for up to ten (10) days following any breach by such Member or a Related User of such Member of this Declaration or the rules and Regulations, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (e) by levying and collecting, after Notice and Hearing, a Reimbursement Assessment against any Member for breach of this Declaration or the Rules and Regulations by such Member or Related User of such Member; and (f) uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member or Related User for breach of this Declaration or the Rules and Regulations by such Member or Related User of such Member. In the event that the Association fails to enforce the provisions of this Declaration as provided for herein, each Member shall, upon thirty (30) days written notice to the Association, have the power (a) to enforce the provisions hereof by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration, by mandatory injunction or otherwise; or (b) to commence or maintain actions and suits to recover damages for breach of any of the provisions of this Declaration.

8.17. Power to Grant Easements. The Association shall have the power to grant access, utility, drainage, water facility, and other such easements in, on, over, or under Association Properties, as well as the power to designate portions of the Association Properties as limited common elements for the benefit of specific Lot owners.

8.18. Power to Convey and Dedicate Property to Governmental Agencies. The Association shall have the power to grant, convey, dedicate, or transfer any Association properties or facilities to any public, governmental or quasi-governmental agency or authority for such purposes and subject to such terms and conditions as the Association shall deem appropriate, subject to the provisions elsewhere contained in this Declaration for approval of the same by Declarant with respect to property transferred to the Association by Declarant. Further, to the extent that any easement or right-of-way is required under or across any Association Properties, the Association shall have the right to grant or convey the same without the consent of the Members.

8.19. Power to Borrow Money and Mortgage Property. The Association shall have the power to borrow money and to encumber Association Properties as security for such borrowing, subject to provisions elsewhere contained in this Declaration with respect to required approvals and consents to such action.

8.20. Power to Engage Employees, Agents, and Consultants. The Association shall have the power to hire and discharge employees and agents and to retain and pay for management, (e.g., management company), legal and accounting services as may be necessary or desirable in connection with the performance of any duties or the exercise of any powers of the Association under this Declaration.

8.21. General Corporate Powers. The Association shall have all of the ordinary powers and right of a Texas corporation, including, without limitation, entering into partnership and other agreements, subject only to such limitations upon such powers as may be set forth in this Declaration or in the Articles of Incorporation or Bylaws. The Association shall also have the power to do any and all lawful things which may be authorized, required, or permitted to be done under this Declaration or the Articles of Incorporation or Bylaws and to do and perform any and all acts which may be necessary or desirable for, or incidental to, the exercise of any of the express powers or rights of the Association under this Declaration and the Articles of Incorporation or Bylaws.

8.22. Power to Provide Public Functions. The Association shall have the power to acquire, construct, operate, manage, maintain, repair, and replace public facilities and to provide Public functions as defined in this Declaration. The Association may enter into such cooperative agreements and arrangements as it may deem necessary and appropriate with any provider of utilities or public services to Owners, including any special municipal or quasi-municipal districts created for the purpose of providing such services.

8.23. Power to Employ Managers. The Association shall have the power to retain and pay for the services of a Manager or Managers, which may be an affiliate of Declarant, to undertake any of the management of any functions or duties for which the Association has responsibility under this Declaration to the extent deemed advisable by the Association, and may delegate any of its duties, powers, or functions to any such Manager. Any contract or agreement with any such Manager shall be terminable by the Association for cause or no more than thirty (30) days prior written notice, and shall be terminable by the Association without cause and without payment of a termination fee of no more than ninety (90) days prior written notice. Any such contract or agreement shall be for a term of no more than one (1) year each. Notwithstanding any delegation to a Manager of any duties, powers, or functions of the Association, the Association and its Board of Directors shall remain ultimately responsible for the performance and exercise of such duties, powers, and functions.

8.24. Powers Provided by Law. In addition to the above-referenced powers, the Association shall have full power to take and perform any and all actions which may be lawfully taken by the Association under the laws of the State of Texas.

ARTICLE 9.

ASSESSMENTS, BUDGETS, AND FUNDS

9.1. Maintenance Funds To Be Established. The Association may establish and maintain the following separate Maintenance Funds: (a) an Administrative Functions Operating Fund; and (b) an Administrative Functions Reserve Fund. The Maintenance Funds shall be established at one or more trust savings or trust checking accounts at any financial institution in which deposits are insured by an agency of the federal government. Notwithstanding anything else to the contrary contained herein, in no event shall the Association be required to apply any surplus funds of the Association remaining after payment of a provision for common expenses, or any prepayment of

or provision for reserves, against any Members' future Common Assessment or return such surplus funds to the Members.

9.2. Establishment of Other Funds. The Association may establish other funds as and when needed. Nothing herein shall limit, preclude, or impair the authority of the Association to establish other funds for specified purposes authorized by this Declaration. If the Association establishes any additional funds, the Board shall designate an appropriate title for the fund to distinguish it from other funds maintained by the Association.

9.3. Deposit of Common Assessment to Maintenance Funds. Monies received by the Association for Common Assessments shall be deposited in the Maintenance funds in accordance with the following provisions: (a) there shall be deposited to the Administrative Functions Operating fund that portion of the Common Assessments which, according to the Association Budget for the year, was budgeted for operating costs and expenses of the Administrative Functions; and (b) there shall be deposited to the Administrative functions Reserve fund that portion of the Common Assessments which were budgeted for the Reserve fund for Administrative Functions.

9.4. Other Deposits to Maintenance Funds. The Association shall deposit monies received by the Association from sources other than Common Assessments in the Maintenance fund determined by the Board of Directors to be most appropriate. For example, the Reimbursement Assessments shall be deposited to the Maintenance Fund from which the costs and expenses were or will be paid which form the basis for the Reimbursement Assessments; and Special Assessments for capital repairs, maintenance, replacements, and Improvements shall be deposited to the Reserve Fund from which such capital costs have been or will be paid. Interest and late charges received on account of delinquent assessments may be allocated among the Maintenance Funds in the same proportions as the delinquent assessments were allocated or at the discretion of the Board of Directors, may be allocated to any one or more of the Maintenance funds or other funds.

9.5. Disbursements from Maintenance Funds. All amounts deposited in the Maintenance Funds shall be used solely for the common benefit of all the Members for purposes authorized by this Declaration. Disbursements from particular Maintenance Funds shall be limited to specified purposes as follows: (a) disbursements from the Administrative Functions Operating Fund may be made for such purposes as are necessary or proper under this Declaration, except those purposes for which disbursements are to be made from other Maintenance Funds; and (b) disbursements from the Administrative Functions Reserve fund shall be made solely for purposes of funding those Administrative Functions which cannot be expected to recur on an annual or more frequent basis.

9.6. Authority for Disbursements. The Board shall have the authority to make or to authorize an agent to make disbursements of any monies in the Maintenance Fund.

9.7. Common Assessments. For each calendar year, the Association may levy Common Assessments against Owners of the Lots. Each Owner shall be obligated to pay the common Assessments levied against and allocated to such Owner and the Lot of such Owner, as hereinafter provided.

9.8. Apportionment of Common Assessments. For purposes of assessing the Common Assessments, each Lot shall constitute one (1) Unit regardless of the size, value, location, or use of such Lot. The amount of the Common Assessment for any year, payable by the Owner of such Lot, shall be computed by multiplying the total amount to be raised by the Common Assessments for that year, as shown in the Association Budget for that year, by a percentage (rounded to the nearest one-tenth of one percent (0.1%)), derived from a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots in the Community Area as of the first day of that calendar year.

9.9. Funding of Reserve Funds. The Board, in budgeting and levying assessments, shall endeavor, whenever possible, to fund the Administrative Functions Reserve Fund by regularly scheduled payments, included as part of the Common Assessments rather than by large Special Assessments. Amounts in the Administrative Functions Reserve Fund may be used in the discretion of the Board of Directors, from time to time, for any purpose for which a Common or Special Assessment may be used.

9.10. Supplemental Common Assessments. Subject to the provision of Section 9.14 hereof, if the estimated sums prove inadequate for any reason, including nonpayment of any Owners Common Assessment, the Board may from time to time levy a Supplemental Common Assessment for any of the Maintenance Funds. Such Supplemental Common Assessment shall be assessed against the Owner of each Lot, in the same manner Common Assessments are originally assessed each year by the Board with respect to the particular Maintenance Fund. Written notice of any change in the amount of any annual Common Assessment shall be sent to every Owner subject thereto, not less than thirty (30) days prior to the effective date of such change.

9.11. Limitation on Common Assessments. Except as otherwise provided herein, the Board of Directors, shall not levy a Common Assessment against a Lot in an calendar year which is greater than one hundred twenty-percent (120%) of the respective Common Assessment assessed against each Lot in the preceding calendar year. ("Maximum Common Assessment"), except with the approval of Members representing at least two thirds (2/3) of the Owners who in fact vote.

9.12. Annual Budgets. The Board of Directors shall cause to be prepared, at least sixty (60) days prior to the commencement of each calendar year, a Budget for such calendar year, including a reasonable provision for contingencies and deposits into the Administrative Functions and Reserve Funds. The Budget shall show, in reasonable detail, the categories of expenses and the amount of expenses in each Maintenance fund, and shall reflect any expected income of the Association for the coming calendar year and any expected surplus from the prior year and any existing surplus in any Reserve Fund. The Budget may include an amount for contingencies and amounts deemed necessary or desirable for deposits to create, replenish, or add to the proper Reserve Fund for major capital repairs, replacements and improvements for Association Properties. Within thirty (30) days after the adoption of any Budget, the Board shall cause a copy of the Budget to be posted at the principal office of the Association, and shall set a date for a meeting of the Owners to consider ratification of the Budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Such meeting may be concurrent with the annual meeting

of Members as provided in the Bylaws. Unless at that meeting a majority of the Owners entitled to vote reject the Budget, the Budget shall be deemed ratified, whether or not a quorum is present. In the event the Budget is rejected, the periodic Budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent Budget proposed by the Board. In the event the Association does not have an address for any Member, such posting shall be deemed delivered to any such Member. At such time as the Association publishes a newsletter for Members, the Budget shall be published in such newsletter. Copies of the Budget shall be made available by the Association to any Member requesting a copy of the same upon payment of the reasonable expense of copying the same.

9.13. No Disbursements To Abate Adjoining Nuisances or Zoning Amendments. Nothing in this Declaration shall be construed so as to permit the Association to use any Assessments to abate any annoyance or nuisance emanating from outside the physical boundaries of the Community Area or to dispute any change to the zoning or assessment of any property adjacent to or outside the boundaries of the Community Area.

9.14. Supplemental Common Assessments. Subject to the provisions of Section 9.11 of this Declaration, if the Board levies a Common Assessment for any calendar year, the Board by majority vote may thereafter levy one or more supplemental common assessments during such calendar year, if it determines that the important and essential functions of the Association cannot be funded by such lesser Common Assessments. In no event shall the sum of the initial and supplemental Common Assessment, as the case may be, for a calendar year exceed the Maximum Common Assessment permitted for that year except as provided in said Section 9.11.

9.15. Member Approval of Increase in Maximum Common Assessment. If the Board of Directors, by majority vote, determines that the important and essential functions of the Association will not be properly funded in any one year or in any one year and subsequent years by the amount of the Maximum Common Assessment, it may call a meeting of Members entitled to vote requesting approval of a specified increase in the Maximum Common Assessment, or either of them, for either one year or for that one year and one or more of all subsequent years. An increase in the Maximum Common Assessment for any one year or for any one year and all subsequent years shall require the approval of Members representing two-thirds (2/3) of the Owners who in fact vote.

9.16. Commencement of Common Assessments/Community Areas. Common Assessments shall commence and be due and payable as to each Lot within the Community Area within thirty (30) days following the date of recordation of the first Deed conveying a Lot within the Community Area. The Common Assessments for the then current calendar year shall then be prorated within the Community Area on the basis of the number of days in such calendar remaining from the date of commencement of such Common Assessments to the end of such calendar year. For the purposes of this Declaration, the Common Assessment shall be an amount equal to \$25.00 per month for each undeveloped Lot and \$75.00 per month for each Developed Lot (the "Initial Assessment"), until revised by a vote of the Board of Directors, subject to the limitations in Section 9.11. Provided, however, in no event shall the amount assessed against an undeveloped Lot for the Initial Assessment or any subsequent Common Assessment be greater than two-thirds (2/3rds) of the

amount assessed against a Developed Lot. A Lot shall be deemed a "Developed Lot" as of the date any improvements to be constructed on the Lot are approved by the Design Review Committee. In addition to the foregoing, each purchaser of a Lot from Declarant shall deposit with the Association on the closing date of the sale an amount equal one-half (1/2) of the Common Assessment for the applicable calendar year which amount shall be held by the Association in the Administrative Functions Reserve Fund.

9.17. Payment of Assessment. Except for the Initial Assessment, common Assessments shall be due and payable in advance to the Association by the assessed Member during the calendar year in twelve monthly installments, on or before the first day of each month of each calendar year, or in such other manner and on such other dates as the Board of Directors may designate in its sole and absolute discretion. Notice of the amount of the Common Assessments shall be given to each Member prior to January 1 of each year.

9.18. Failure to Fix Assessment. The failure by the Board of Directors to levy and Assessment for any year shall not be deemed a waiver or modification with respect to any of the provisions of this Declaration or a release of the liability of any Member to pay Assessments, or any installment thereof, for that or any subsequent year. No abatement of the Common Assessment or any other Assessment shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or Improvements to Association Properties or from any action taken to comply with any law or any determination of the Board of Directors or for any other reason.

9.19. Special Assessments for Capital Expenditures. In addition to Common Assessments, the Board of Directors may subject to the provisions of this Section, levy Special Assessments for the purpose of raising funds not otherwise provided under the Budget from Common Assessments to construct or reconstruct, repair, or replace capital Improvements upon Association properties, including necessary personal property related thereto; to add to the Association Properties; to provide for necessary facilities and equipment to offer the services authorized in this Declaration; to repair or replace the streets, walls or entry; or to repay any loan made to the Association to enable it to perform the duties and functions authorized in this Declaration. Except as set forth elsewhere herein, the Board of Directors shall not levy Special Assessments without the vote of the Members representing at least two-thirds (2/3) of the Owners of Lots subject to the Special Assessment who are entitled to vote. The Association shall notify Members in writing of the amount of any Special Assessment and of the manner in which, and the dates on which, any Special Assessment is payable and the Members shall pay any such Special Assessment in the manner so specified.

9.20. Reimbursement Assessments. The Board of Directors may, subject to the provisions hereof, levy an Assessment against any Member if the willful or negligent failure of the Member or a Person claiming through the Member to comply with this Declaration, the Articles of Incorporation, the Bylaws, or the Rules and Regulations shall have resulted in the expenditure of funds by the Association to cause such compliance including, but not limited to, court costs and attorney's fees. Such Assessment shall be known as a Reimbursement Assessment and shall be levied only after written notice is given to the Member in which is described the violation or act.

damage. (ii) states the amount of the Reimbursement Assessment, (iii) states that the Member may request a hearing before the Board within 30 days of the notice, and (iv) the amount of the Reimbursement Assessment shall be due and payable to the Association thirty (30) days after notice to the Member of the decision of the Board of Directors that the Reimbursement Assessment is owing.

9.21. Units or Lots by Declarant. Notwithstanding the foregoing, Declarant and all Lots owned by Declarant, including Lots subsequently reacquired by Declarant, shall be exempt from the Common Assessments or Special Assessments charged to Owners, delinquent assessments charged to prior Owners or any reacquired Lots, and any lien created thereby so long as there is a Class B Membership as set forth in Section 7.4. Declarant hereby agrees that for such period of time as there is a Class B Membership in effect and Declarant's Lots are exempt from assessment as provided above, that in the event that the annual Common Assessments are insufficient to pay the operating expenses of the Association, Declarant shall provide the funds necessary to make up the deficit, within thirty (30) days of receipt of request for payment thereof from the Association, provided that if the deficit is the result of the failure or refusal of an Owner or Owners to pay their annual Common Assessments, the Association shall diligently pursue all available remedies against such defaulting Owners, including the immediate institution of litigation to recover the unpaid Common Assessments, and shall reimburse Declarant the amounts, if any, so collected. Notwithstanding the above, Declarant reserves the right to convert at anytime upon written notice to the Association its Lots from Class B Member to Class A Member and (i) the exemption from the Common Assessments and special Assessments shall immediately terminate, and (ii) the obligation of Declarant to fund any subsequent deficit amount referenced above arising after the date of termination shall terminate.

9.22. Late Charges and Interest. Any Common Assessment, Special Assessment, or Reimbursement Assessment or any installment thereof not paid within ten (10) days after the due date shall bear interest from due date at the highest rate of interest allowed by Texas law or eighteen percent (18%) per annum, whichever is less. The Association shall have the authority to impose late charges to compensate for the administrative and processing costs of late payments on such terms as it may establish by duly adopted resolutions and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien retained herein against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non use of the Common Areas or abandonment of his property.

9.23. Attribution of Payments. If any installment of a Common Assessment payment is less than the amount assessed and the payment does not specify the Maintenance fund or funds into which it should be deposited, the receipt by the Association from that Owner shall be credited in the following order of priority: (a) to the Administrative Functions Reserve Fund until that portion of the Common Assessment has been satisfied; and (b) to the Administrative Functions Operating Fund. In each of the foregoing cases, receipts shall be credited first to interest, attorney's fees and other costs of collection, and next to principal reduction, satisfying the oldest obligations first followed by more current obligations in accordance with the foregoing order of priority.

9.24. **Notice of Default.** If any Common Assessment, Special Assessment, or Reimbursement Assessment or any installment thereof is not paid within ten (10) days after its due date, the Board of Directors may mail a notice of default ("Notice of Default") to the Owner and to each first Beneficiary of the Lot who has requested a copy of the notice. The notice shall specify (a) the fact that the installment is delinquent; (b) the action required to cure the default; (c) a date, not less than thirty (30) days from the date the notice is mailed to the Member, by which such default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the Assessment or the installments of the Assessment for the then current calendar year, if applicable, and the filing and foreclosure of the lien for the Assessment against the Lot of the Member. The notice shall further inform the Member of any right to cure the default and of any right to bring a court action to assert the nonexistence of a default or any other defense of the Member. If the delinquent Assessment and any late charges or interest thereon are not paid in full on or before the date specified in the notice, the Board, at its option may declare all of the unpaid balance of the Assessment to be immediately due and payable without further demand, if applicable, and may enforce the collection of the Assessment and all charges and interest thereon in any manner authorized by law in this Declaration subject to the protection afforded to Beneficiaries under this Declaration.

9.25. **Obligation/Remedies to Enforce Assessments.** Subject to the terms of this Article, each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association (i) the Common Assessments or charges, (ii) Special Assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (iii) the Reimbursement Assessments (collectively, the "Assessments"). The Assessments will remain effective for the full term (and extended term, if applicable) of this Declaration. The Common Assessments and Special Assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such Assessment, together with interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time the Assessment fell due. Each Assessment levied hereunder shall be a separate, distinct, and personal debt and obligation of the Owner or Member against whom the same is assessed. In the event of a default in payment of any Assessment or installment thereof, whether Common, Special, or Reimbursement, the Board may, in addition to any other remedies provided under this Declaration or by law, enforce such obligation on behalf of the Association by suit or by filing and foreclosure of a lien as hereinafter provided.

9.26. **Lawsuit to Enforce Assessments.** The Board may bring a suit at law to enforce any Assessment obligation. Any judgment rendered in such action shall include any late charges, interest, and other costs of enforcement, including reasonable attorney's fees in the amount as the court may adjudge, against the defaulting Owner or Member.

9.27. **Lien to Enforce Assessments.** Pursuant to the laws of the State of Texas, the Association shall have a statutory lien on a Lot for any Assessment levied against that Lot, or fines imposed against its Owner, from the time the Assessment or fine becomes due. All late charges, late charges, attorney's fees, fines and interest outstanding from such Owner shall be included in such

lien. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. Unless paid or otherwise satisfied the lien may be foreclosed and enforced through appropriate proceeding at law or in equity by the Beneficiary; provided however, that such lien shall be specifically made secondary, subordinate, and inferior to all liens, present and future, given, granted, and created by or at the insistence and request of the Owner of any such Lot to secure the payment of monies advanced or to be advanced on account of the purchase price and/or the Improvements of any such Lot; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Lot upon which there is an outstanding, valid, and subsisting first mortgage lien, said beneficiary shall give the holder of first mortgage sixty (60) days written notice of such proposed actions, such notice, which shall be sent to the nearest office of the lienholder by prepaid U.S. registered mail, to contain the statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such first mortgage lienholder, the Beneficiary shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to the holder thereof. Sale or transfer of a Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure shall extinguish the lien of such assessment as to payments which become due prior to such sale or transfer. No sale, foreclosure, or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. The Association shall have the right to file notices of liens in favor of such Association in the official records of Dallas County, Texas.

9.28. Estoppel Certificates. Upon the written request of any Member and any Person with, or intending to acquire, any right, title, or interest in the Lot of such Member, the Association shall furnish a written statement setting forth the amount of any Assessments or other amounts, if any, due and accrued and then unpaid with respect to a Lot and the Owner thereof, and setting forth the amount of any Assessment levied against such Lot which is not yet due and payable. Such statement shall, with respect to the Person to whom it is issued, be conclusive against the association and all Persons for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other Assessments have been levied

9.29. No Offsets. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration.

9.30. Failure of Association to Perform Duties. The City of Dallas or its lawful agents, after due notice to the Association, shall have the right to remove any landscape systems, features, or elements that cease to be maintained by the Association; to perform the responsibilities of the Association 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 of Dallas coded or regulations; to assess the Association for all costs incurred by the City of Dallas in performing said responsibilities if the Association fails to do so; and/or to avail itself of any other enforcement actions available to the City of Dallas pursuant to state law or the City of Dallas regulations. When the City of Dallas assumes the maintenance obligation, the City of Dallas shall have the right of

access to the Common Areas. Should the City of Dallas exercise its rights as specified above, the Association shall indemnify and hold harmless the City of Dallas from any and all costs, expenses, suits, demands, liabilities, or damages, including attorney's fees and costs of suite, incurred or resulting from the City of Dallas's removal of any landscape systems, features, or elements that cease to be maintained by the Association or from the City of Dallas' performance of the aforementioned operation, maintenance, or supervision responsibilities of the Association due to the Association's failure to perform said responsibilities. When the City of Dallas assumes the maintenance obligation, the Association shall not collect any assessments, and shall have no authority to perform the maintenance obligations. The Association may collect assessments and resume its duties to maintain the common areas when it presents to the City of Dallas substantial evidence of its willingness and ability to resume its obligations.

ARTICLE 10.

SPECIAL PROVISIONS

10.1. Effect of Declaration. Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, restrictions and covenants herein described or to this Declaration shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees, or trustees of said parcels as fully and completely as if those easements, restrictions and covenants were fully related and set forth in their entirety in said documents.

10.2. Duration and Enforceability. The provisions of this Declaration and the Articles of Incorporation and Bylaws, and the rights and obligations established thereby, shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees, and mortgagees. By the recording of the acceptance of a deed conveying a Lot of any ownership interest in the Lot whatsoever, the person to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration and the Articles of Incorporation and Bylaws, the Deed Restrictions and all other easement referenced herein, whether or not mentioned thereof is made in said deed. Notwithstanding any other provision of this Declaration, the Deed Restrictions, and other easements referenced herein, shall be enforceable in perpetuity and shall not be amended or terminated by action of the Owners nor by any provisions for termination of this Declaration. The restrictions of the special environmental use restrictions shall be enforceable in any and all manners provided in this Declaration by any Owners, by Declarant, or by any County, State or Federal agency charged with preservation of the affected areas. Any such enforcement action shall entitle the enforcing party to recovery of damages equal to the cost of restoration of the property, and such enforcing party shall be entitled to an award of its reasonable attorney fees and costs of enforcement, including, but not limited to, court costs, expert witness fees, and cost of depositions and exhibits.

ARTICLE 11

MISCELLANEOUS

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Page 11

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11.1. Term of Declaration. Unless amended as herein provided, and except for those provisions set forth in Article 10 hereof, each provision contained in this Declaration shall continue and remain in full force and effect for a term of twenty-five (25) years from the date this Declaration is recorded and thereafter shall be automatically extended for successive periods of ten (10) years each unless terminated by the vote, by written ballot, of Members holding at least seventy-five percent (75%) of the Members of the Association entitled to vote at a duly constituted meeting of the Members, and prior approval has been obtained from the City of Dallas upon expiration of the initial 25 year period or any extension thereof, which termination shall be by written instrument signed by seventy-five percent (75%) of the Owners and countersigned by a duly authorized representative of the City of Dallas and properly recorded in the Dallas County, Texas, land records. In the event this Declaration is terminated, the termination of this Declaration shall be evidenced by a termination agreement ("Termination Agreement"), or ratification thereof, executed by the requisite number of Owners. The Termination Agreement shall specify a date after which the Termination Agreement will be void unless recorded before such date. The Termination Agreement shall be recorded and the termination of this Declaration shall be effective upon such recording.

11.2. Amendment of Declaration. Except as otherwise provided in this Declaration, including Section 6.1 and subject to provisions elsewhere contained in this Declaration requiring the consent of Declarant or others, any provision, covenant, condition, restriction, or equitable servitude contained in this Declaration may be amended or repealed at any time and from time to time upon approval of the amendment or repeal by Members of the Association holding at least seventy-five percent (75%) of the Members entitled to vote in person or by proxy at duly constituted meetings of the Members and countersigned by a duly authorized representative of the City of Dallas. The approval of any such amendment or repeal shall be evidenced by the certification by the Members to the Board of Directors of the Association of the votes of Members. The amendment or repeal shall be effective upon the recordation of a certificate executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Association setting forth the amendment or repeal in full and certifying that the amendment or repeal has been approved by the Members. Any Amendment to the Declaration made hereunder shall be effective only when recorded. Amendments hereto shall be indexed in the grantee's index in the name of Declarant and the Association and in the Grantor's index in the name of each person executing the amendment.

11.3. Amendment of Articles and Bylaws. The Articles of Incorporation and Bylaws may be amended in accordance with the provisions set forth in such instrument.

11.4. Alternative Dispute Resolution. Except as may otherwise be provided herein and after exercising all rights and remedies provided hereunder or under the Bylaws, any claim, controversy, or dispute over any Special Assessment or Reimbursement Assessment, or any decision of the Design Review Committee, or any other matters as the Association and the affected party may agree, shall be resolved by binding arbitration in accordance with the rules of the American Arbitration Association. The parties to such dispute shall agree upon a single arbitrator who shall be an experienced operator or manager of a Planned Community. In the event the parties are unable to agree upon an arbitrator within sixty (60) days after written notice, the presiding Judge of the District Court of the county shall appoint an arbitrator qualified as set forth herein upon application

by a party. Judgment upon the determination of the arbitrator shall be entered and entered by the District Court for the county. Any and all discovery conducted in conjunction with such arbitration shall be in accordance with the limited discovery provisions of the Texas Rules of Civil Procedure.

11.5. Notices. Any notice permitted or required to be given under this Declaration shall be in writing and may be given either personally or by mail, telephone, or telegraph. If served by mail, each notice shall be sent postage prepaid, addressed to any Person at the address given by such Person to the Association for the purpose of service of such notice, or to the Lot of such Person. If no address has been given to the Association and shall be deemed given, if not actually received earlier, at 5:00 p.m. of the second business day after it is deposited in a regular depository of the United States Postal Service. Such address may be changed from time to time by notice in writing to the Association.

11.6. Persons Entitled to Enforce Declaration. The Association, acting by authority of the Board, and any Member of the Association entitled to vote shall have the right to enforce any or all of the provisions, covenants, conditions, restrictions, and equitable servitude contained in this Declaration against any property within the Community Area and the Owner thereof. The right of enforcement shall include the right to bring an action for damages as well as an action to enjoin any violation of any provision in this Declaration. Landowners of property directly bordering on the Community Area are intended third party beneficiaries of this Declaration and shall be entitled to enforce any or all of the provisions, conditions and restrictions contained in this Declaration against any property within the Community Area and the Owner thereof.

11.7. Violations Constitute a Nuisance. Any violation of any provision, covenant, condition, restriction, and equitable servitude contained in this Declaration, whether by act or omission, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by any Person entitled to enforce the provisions of this Declaration.

11.8. Enforcement of Self-Help. Declarant or the Association, or any authorized agent of either of them, may enforce, by self-help, any of the provisions, covenants, conditions, restrictions, and equitable servitude contained in this Declaration, provided such self-help is preceded by Notice and Hearing as set forth in the Bylaws.

11.9. Violation of Law. Any violation of any federal, state, municipal, or local law, ordinance, rule, or regulation, pertaining to the ownership, occupation, or use of any property within the Community Area is hereby declared to be a violation of this Declaration and shall be subject to any and all enforcement procedures set forth in this Declaration.

11.10. Remedies Cumulative. Each remedy provided under this Declaration is cumulative and not exclusive.

11.11. Costs and Attorney's Fees. In any action or proceeding under this Declaration, the prevailing party shall be entitled to recover its costs and expenses in connection therewith including reasonable attorney fees.

11.12. Limitation on Liability. The Association, The Board of Directors, the Design Review Committee, Declarant, and any Member, agent, or employee of any of the same shall not be liable to any person for any action or for any failure to act if the action or failure to act was in good faith and without malice.

11.13. No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its agents or employees in connection with any portion of the Community Area, or any Improvement thereon, its or their physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing.

11.14. Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

11.15. Governing Law. This Declaration shall be construed and governed under the laws of the State of Texas.

11.16. Severability. Each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or unenforceability or partial validity or partial enforceability of the provisions or portion thereof shall not affect the validity or enforceability of any other provision.

11.17. Number and Gender. Unless the context requires a contrary construction, the singular shall include plural and the plural the singular, and the masculine, feminine, or neuter genders shall include the masculine, feminine, and neuter genders.

11.18. Captions for Convenience. The titles, headings, and captions used in this Declaration are intended solely for convenience of reference and shall not be considered in construing any of the provisions of this Declaration.

11.19. Mergers or Consolidations. Upon a merger or consolidation of the Association with another association, its properties, rights, and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, 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 a merger. The surviving consolidated association may administer and enforce the covenants, conditions, and restrictions established by this Declaration governing the property, together with the covenants and restriction established upon any other property, as one plan.

11.20. Disclaimer Regarding Safety. DECLARANT AND THE ASSOCIATION HEREBY DISCLAIM ANY OBLIGATION REGARDING THE SECURITY OF ANY PERSONS OR PROPERTY WITHIN THE COMMUNITY AREA. ANY OWNER OF PROPERTY WITHIN THE COMMUNITY AREA ACKNOWLEDGES THAT DECLARANT AND THE ASSOCIATION ARE ONLY OBLIGATED TO DO THOSE ACTS SPECIFICALLY ENUMERATED HEREIN, OR IN THE ARTICLES OF INCORPORATION AND BYLAWS, AND IS NOT OBLIGATED TO DO ANY OTHER ACTS WITH RESPECT TO THE SAFETY OR PROTECTION OF PERSONS OR PROPERTY WITHIN THE COMMUNITY AREA.

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

Horri Investment Corporation

By: [Signature] PEYMAN KRIZI
Title: PRESIDENT

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF DALLAS

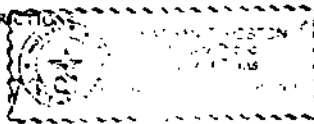
BEFORE ME, the undersigned authority, on this day personally appeared PEYMAN KRIZI Horri, PRESIDENT of Horri Investment Corporation, and who me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the set and deed of said limited liability company, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 12 day of SEPT, 2014

Matthew J. [Signature]
NOTARY PUBLIC

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

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CLERK OF DISTRICT COURT
COUNTY CLERK

SEP 14 1998

SEP 14 1998



Earl Bink
COUNTY CLERK, TARRANT COUNTY, TEXAS

RETURN TO:

NAME Horr: Investment Corporation

ADDRESS 3985 Turtle Creek Blvd #2110

Dallas TX 75219