

2012-1851-621

6176

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE
PRESERVE AT SALLY CREEK PROPERTY OWNER'S ASSOCIATION, INC.**

After Recording Return To:

Stephanie Quade
Roberts Markel Weinberg, P.C.
2800 Post Oak Blvd., 57th Floor
Houston, TX 77056

Copyright © 2012 by Roberts Markel Weinberg, P.C., all rights reserved. This Declaration may be used only in connection with the Preserve at Sally Creek subdivision and the operation of the Preserve at Sally Creek Property Owner's Association, Inc.

TABLE OF CONTENTS

ARTICLE I.	DEFINITION OF TERMS.....	2
ARTICLE II.	PURPOSE AND INTENT	5
ARTICLE III.	PROPERTY SUBJECT TO RESTRICTIONS.....	5
A.	PROPERTY INITIALLY ENCUMBERED	5
B.	ANNEXATION OF ADDITIONAL PROPERTY	5
C.	DE-ANNEXATION OF PROPERTY	5
ARTICLE IV.	MEMBERSHIP AND VOTING RIGHTS.....	6
A.	ELIGIBILITY	6
B.	MEMBERSHIP	6
C.	VOTING RIGHTS	6
1.	<i>Class A Membership</i>	6
2.	<i>Class B Membership</i>	7
D.	VOTING PROCEDURES	7
E.	SELF HELP.....	8
ARTICLE V.	EFFECTIVE DATE OF DECLARATION.....	8
ARTICLE VI.	USE RESTRICTIONS.....	8
A.	RESIDENTIAL USES PERMITTED	8
B.	NON-PERMITTED USES	10
C.	ANIMALS AND PETS.....	11
D.	ANTENNAS.....	11
E.	BASKETBALL GOALS AND BACKBOARDS.....	12
F.	COMMON AREA	12
G.	EXTERIOR SEASONAL DECORATIONS	12
H.	FLAGS AND FLAGPOLES.....	12
I.	GENERAL NUISANCES	13
J.	MONUMENTS AND FENCES:	14
K.	OUT BUILDINGS/ACCESSORY BUILDINGS	14
L.	OUTSIDE STORAGE AND TRASH COLLECTION	14
M.	PARKING AND PROHIBITED VEHICLES	15
N.	SCREENING	16
O.	SIGNS	16
P.	SWIMMING POOLS/SPAS	17
Q.	TREE REMOVAL	17
R.	WINDOW AIR CONDITIONING UNITS	17
S.	WINDOW TREATMENTS	18
T.	LAKES, CREEKS AND OTHER WATER BODIES	18
U.	HUNTING	18
V.	FIREWORKS.....	19
ARTICLE VII.	NOTICES AND EASEMENTS.....	19
A.	EASEMENTS FOR GREEN BELT, LAKE, FLOOD WATER AND OTHER LANDSCAPE RESERVES	19
B.	NOTICE OF THE LAKE AND THE CREEK	19
C.	EASEMENTS TO SERVE ADDITIONAL PROPERTY	20
D.	UTILITIES AND GENERAL	21
E.	STREETS	21
F.	BRIDLE EASEMENT AND STREET RIGHT OF WAYS	21
ARTICLE VIII.	DEED RESTRICTION ENFORCEMENT.....	22
A.	AUTHORITY TO PROMULGATE RULES AND REGULATIONS.....	22

B.	ATTORNEY’S FEES AND FINES	22
C.	REMEDIES	23
D.	ENFORCEMENT BY OWNERS.....	23
ARTICLE IX.	ARCHITECTURAL RESTRICTIONS	24
A.	ARCHITECTURAL REVIEW COMMITTEE - “ARC”	24
B.	ARC APPROVAL REQUIRED	25
C.	BUILDING SETBACKS.....	27
D.	LANDSCAPING.....	27
E.	GRADING AND DRAINAGE	27
F.	TEMPORARY STRUCTURES.....	28
G.	GARAGES.....	28
H.	MINIMUM SQUARE FOOTAGE.....	28
I.	SEPTIC AND WATER SYSTEMS.....	28
ARTICLE X.	MAINTENANCE.....	28
A.	GENERAL MAINTENANCE	28
B.	LANDSCAPING.....	29
C.	DWELLING AND IMPROVEMENT EXTERIORS	29
D.	OTHER HAZARDS	29
E.	LIABILITY, COST AND APPROVAL	30
ARTICLE XI.	STANDARDS AND PROCEDURES	30
ARTICLE XII.	VARIANCES	30
ARTICLE XIII.	LIMITATION OF LIABILITY.....	31
ARTICLE XIV.	ASSESSMENTS.....	31
A.	CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS	31
B.	PURPOSE OF ASSESSMENTS.....	32
C.	ANNUAL ASSESSMENT	32
1.	<i>Creation</i>	33
2.	<i>Rate</i>	33
4.	<i>Proration</i>	33
5.	<i>Levying of the Assessment</i>	34
D.	SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS.....	34
E.	CAPITALIZATION FEE	35
F.	COLLECTION AND REMEDIES FOR ASSESSMENTS	35
G.	SUBORDINATION OF THE LIEN TO PURCHASE MONEY MORTGAGES	36
H.	NOTICE OF DELINQUENCY	36
ARTICLE XV.	MODIFICATION AND TERMINATION OF COVENANTS.....	37
ARTICLE XVI.	ALTERNATE DISPUTE RESOLUTION.....	38
A.	DISPUTE RESOLUTION	38
B.	OUTSIDE MEDIATOR.....	38
C.	MEDIATION IS NOT A WAIVER	38
D.	ASSESSMENT COLLECTION AND LIEN FORECLOSURE	39
E.	TERM.....	39
ARTICLE XVII.	GENERAL PROVISIONS	39
A.	SEVERABILITY	39
B.	COMPLIANCE WITH LAWS.....	39
C.	GENDER AND NUMBER	39
D.	HEADLINES.....	39
E.	GOVERNING LAW	39

F. FINES FOR VIOLATIONS 40
G. BOOKS AND RECORDS 40
H. NOTICES 40
I. MERGERS 40
J. CURRENT ADDRESS AND OCCUPANTS 40
K. SECURITY 40
L. VIEW IMPAIRMENT 41
M. VIDEO, DATA AND COMMUNICATION SERVICE AGREEMENTS 41
N. OCCUPANTS BOUND 42
O. TRANSFER OF TITLE; RESALE CERTIFICATE 42

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR PRESERVE AT SALLY CREEK**

STATE OF TEXAS §
 §
COUNTY OF POLK §

This Declaration of Covenants, Conditions and Restrictions for the Preserve at Sally Creek is made on the date hereinafter set forth by Sally Creek Investment Partners, LP, a Texas limited partnership, hereinafter referred to as the "Declarant."

WITNESSETH:

WHEREAS, the Declarant is the owner of certain property in Polk County, Texas platted as Preserve at Sally Creek, a subdivision of 37.277 acres and containing 17 lots and 1 block, and also being out of the A. Viesca survey, A-77, according to the map or plat thereof, under Clerk's File No. 10113 Bue 15 (the "Plat") in the Plat Records of Polk County, Texas (the "Property" and/or "The Preserve at Sally Creek", which term shall include one or more Tracts (as same is defined hereinbelow) additional land as same is annexed into the Preserve at Sally Creek subdivision and made subject to this Declaration); and

WHEREAS, Declarant desires to develop the property contained within the Preserve at Sally Creek as a single-family, residential use subdivision, and to provide and adopt a uniform plan of development including assessments, conditions, covenants, easements, reservations, and restrictions designed to govern, control and preserve the values and amenities of the property contained within the Preserve at Sally Creek for the development, improvement, aesthetic considerations, sale, common welfare of the community, and the use and enjoyment of the property contained within the Preserve at Sally Creek as a single-family, residential use subdivision; and

WHEREAS, Declarant desires to subject the Property, together with additional land as may hereinafter be made subject to the assessments, conditions, covenants, easements, reservations, and restrictions hereinafter set forth, for the benefit of the Property, additions thereto, and each Owner of any part thereof; and

WHEREAS, Declarant has deemed it desirable, for the efficient preservation of the amenities in said subdivision and enforcement of this Declaration, to create an Association (hereinafter defined) to which shall be delegated and assigned the authority to administer and enforce these assessments, conditions, covenants, easements, reservations and restrictions, including levying, collecting and disbursing the Assessments (hereinafter defined); and

WHEREAS, there has been or will be incorporated one or more non-profit corporations created under the laws of the State of Texas, including the first being the Preserve at Sally Creek Property Owner's Association, Inc. Declarant is hereby authorized to incorporate one or more entities to provide the functions of the Association. The Directors of which Association either have or will establish certain Bylaws by which the Association shall be governed through its Board of Directors, for the purpose of exercising the functions aforesaid and any other duties as

set out in the Bylaws and/or other Dedicatory Instruments as that term is defined in the Texas Property Code. No more than one such non-profit corporation shall be in existence at any one time.

NOW, THEREFORE, Declarant hereby declares that the Property shall be developed, improved, sold, used and enjoyed in accordance with, and subject to the following plan of development, including the assessments, conditions, covenants, easements, reservations, and restrictions hereinafter set forth, all of which are hereby adopted for, and placed upon said Property and shall run with the Property and be binding on all parties, now and at anytime hereinafter having or claiming any right, title or interest in the Property or any part thereof, their heirs, executors, administrators, successors and assigns, regardless of the source of, or the manner in which any such right, title or interest is or may be acquired, and shall inure to the benefit of each Owner of any part of the Property.

The Property is subject to this Declaration, which may be amended or supplemented from time to time. If any conflict exists between all or any portion of the Declaration and any amendment and/or supplement, the more restrictive provision shall control.

ARTICLE I. DEFINITION OF TERMS

The following words when used herein shall have the following meanings when capitalized (unless the context requires otherwise and then the term is not capitalized):

- A. "ARC" means the Architectural Review Committee established for the Property as set forth in Article IX, Section A.
- B. "Assessment" means the assessments levied against all Lots for the purposes set out in Article XIV or any other charge authorized by this Declaration, the Bylaws, or rules and regulations.
- C. "Association" means PRESERVE AT SALLY CREEK PROPERTY OWNER'S ASSOCIATION, INC., a Texas non-profit corporation, its successors, assigns, or replacements that has jurisdiction over all properties located within the land encumbered under this Declaration, as same may be amended from time to time as additional property is annexed into the Subdivision (hereinafter defined) as allowed under this Declaration.
- D. "Board" means the Board of Directors of the Association as provided within the Bylaws.
- E. "Builder" means an individual or entity that purchases a single or multiple Lots from the Declarant for the purpose of constructing Dwellings thereon, which Dwellings will be offered for sale to purchasers. "Builder" shall not include an individual or entity constructing additions onto a Dwelling already in existence, performing repairs or maintenance or re-constructing or replacing a Dwelling after demolition or destruction, either partial or complete.

- F. "Bylaws" means the Bylaws of the Preserve at Sally Creek Property Owner's Association, Inc., as they may be amended from time to time.
- G. "Common Area" means all real property owned in fee or held in easement, lease, or license by the Association for the common use and/or enjoyment of the Owners and shall include areas designated by Declarant to be conveyed by deed or easement to the Association.
- H. "Community Wide Standard" means the standard of conduct, maintenance, or other activity generally prevailing throughout the Subdivision. Such standards may be defined in the Guidelines or rules and regulations promulgated by the Board. Such standards may be specifically determined, and modified, by the Declarant at any time so long as Class "B" membership exists, and thereafter by the Board and/or the ARC.
- I. "Creek" and/or "Sally Creek" shall mean and refer to the Sally Creek Waterway, adjacent to a portion of the Subdivision, and as may be more particularly described in the Plat.
- J. "Declarant" means Sally Creek Investment Partners, LP, a Texas limited partnership, its successors and assigns as same may be evidenced by a written instrument recorded in the real property records of the Polk County Clerk's office.
- K. "Declaration" means this Declaration of Covenants, Conditions, and Restrictions for the Preserve at Sally Creek, which encumbers the Property, and any other property brought under the control of this Declaration, or any supplemental declaration, annexation agreement and/or amendment thereto.
- L. "Deed Restriction Violation" means a condition on a Lot that does not comply with the terms and conditions of all governing documents covering the establishment, maintenance, and operation of the Subdivision, including but not limited to this Declaration, Bylaws, Certificate of Formation, Guidelines, and policies, rules and regulations promulgated by the Board. Failure to pay all amounts due and owing on a Lot shall also be considered a Deed Restriction Violation.
- M. "Dwelling" means a main residential structure constructed on a Lot or Homesite intended for single family residential use.
- N. "Guidelines" means general, architectural, and/or builder guidelines, and application and review procedures, if any, promulgated by the Association, ARC, or Declarant that may set forth various standards relating to exterior harmony of any and all improvements placed upon or constructed on any Lot and/or construction types and aesthetics, which Guidelines may be amended by the Association, the ARC, or the Declarant for so long as Class B membership exists, without notice to Owners. There shall be no limitation on the scope of amendments to the Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Guidelines less restrictive.

- O. "Hardscape" shall include but not be limited to such items as rocks, landscape timbers, railroad ties, fountains, statuary, sculpture, terracing materials, lawn swings, and yard art.
- P. "Homesite" means one or more Lots upon which a single-family Dwelling may be erected subject to this Declaration.
- Q. "Lake" shall mean and refer to that particular lake, which is described in detail in the Plat.
- R. "Lot" means a parcel of Property defined as one Lot by the Plat and/or any replat thereof recorded in the real property records of Polk County, Texas, and encumbered by this Declaration, and restricted to single-family residential use. Homesites may be comprised of more than one Lot; each such Lot will be subject to the rights and duties of membership in the Association. There shall be an Assessment due for each Lot owned as defined by the then-plat of record. Notwithstanding anything contained herein to the contrary, this definition shall not include any Lot for so long as it is being used by Declarant as a model home Lot and/or a sales information center.
- S. "Member" means an Owner, as defined in this Article, subject to the limitations set forth in Article IV, Section A.
- T. "Member in Good Standing" means a Member who is not delinquent in the payment of any sum due to the Association, or is not noted of record (or within the records) of the Association to have a Deed Restriction Violation on any Lot owned by such Member. This definition of "Member in Good Standing" may further be expanded by the definition in the Bylaws of the Association, which definitions are incorporated herein by reference.
- U. "Owner" means an owner of any portion of the Property, including but not limited to the owner of a Lot or Tract. Persons or entities holding title only as a lienholder shall not be an Owner for purposes of this Declaration.
- V. "Property" means all of the property subject to this Declaration as same may be amended and/or supplemented from time to time as additional property is annexed into the Subdivision as allowed under this Declaration.
- W. "Special Assessment" means an Assessment levied under Article XIV, Section D for a specific purpose.
- X. "Supplemental Amendment" or "Annexation Agreement" shall mean an amendment or supplement to this Declaration, executed by or consented to by Declarant which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein. The term shall also refer to the instrument recorded by the Declarant or the Association pursuant to Article III, Section B, of this Declaration to subject additional property to this Declaration.

- Y. "Tract" or "Tracts" shall mean a multi-acre tract of land within the Preserve of Sally Creek, which Tract or Tracts shall be included in the definition of, and references to, Lot and Lots herein unless otherwise specifically provided in this Declaration. Tracts shall be restricted to residential use only and may not be subdivided. Tracts shall carry all of the benefits and burdens encumbering Lots, unless otherwise specifically provided herein.

ARTICLE II. PURPOSE AND INTENT

The Subdivision, as initially planned, is intended to be a single-family, residential development that is planned to feature residential uses.

This Declaration shall serve as the means by which design, maintenance and use of the Property and additional property anticipated to be a part of the Subdivision will be established.

ARTICLE III. PROPERTY SUBJECT TO RESTRICTIONS

A. Property Initially Encumbered

The Property that is initially encumbered by this Declaration and is therefore a part of the Subdivision is more particularly described in Plat. Owners of the Property are Members of the Association and have executed this Declaration.

B. Annexation of Additional Property

Without the joinder of any other Owners or Members, the Declarant reserves the exclusive right for twenty-five (25) years following the recording of this Declaration to annex any additional property into the Subdivision. Such annexation shall be accomplished by the execution and filing for record of a Supplemental Amendment or Annexation Agreement setting forth the land being annexed and/or the specific restrictions relating to such property, if different. Any Supplemental Declaration or Annexation Agreement may contain covenants, conditions, restrictions and easements which apply only to the real property annexed and/or may create exceptions to, or otherwise modify, the terms of this Declaration as they may apply to the real property being annexed in order to reflect the different or unique character and/or intended use of such real property.

The right of the Declarant to annex land under this Section shall pass to the Association upon the expiration of the twenty-five (25) year term granted above.

C. De-annexation of Property

For so long as Class "B" Membership exists, the Declarant, without the joinder of any other Owners or Members, may de-annex from the Subdivision any property owned by the Declarant. For so long as Class "B" Membership exists, property not owned by the Declarant may be de-annexed with the prior written consent of the Declarant.

ARTICLE IV. MEMBERSHIP AND VOTING RIGHTS

A. Eligibility

Eligibility to vote or serve as a director or officer of the Association, after the expiration of the term of the initial Board, shall be predicated upon a Member being a Member of the Association.

B. Membership

The sole criteria to become a Member of the Association is to hold title to a Lot within the Subdivision. This is not to imply that any holder of a mere security interest (such as a mortgagee, or holder of any other lien against property) would be a Member, unless that holder of the security interest foreclosed and thereby became the Owner of the Lot(s). Membership is appurtenant to and runs with the land. Membership is not severable as an individual right and cannot be separately conveyed to any party or entity.

All duties and obligations set forth in this Declaration are the responsibility of each Member. No waiver of use of rights of enjoyment created by this Declaration shall relieve Members or their successors or assigns of such duties or obligations. Mandatory membership shall begin with the execution of this Declaration and pass with title to the land (regardless of any method of conveyance) to any subsequent grantee, successor, or assignee of Members.

In consideration for payment of Assessments, all Owners of Lots in the Subdivision and subsequently annexed sections if any, shall have the right to the use and enjoyment of the Common Area in the Subdivision.

C. Voting Rights

Multiple Owners of any single Lot must vote in agreement (under any method they devise among themselves), but in no case shall such multiple Owners cast portions of votes. The vote attributable to any single Lot must be voted in the same manner (i.e. all Owners of the Lot for, or all Owners of the Lot against a particular issue) but in no event can there be more than one vote cast per Lot. The Association shall have two classes of membership, Class A and Class B, as follows:

1. Class A Membership

Class A Members shall be all Members with the exception of Class B Members, if any. Each Class A Member's voting rights shall be based on the number of Lots owned and shall be determined as follows:

One (1) vote shall be granted to Class A Members for each Lot owned.

One (1) vote shall be granted to Class A Members for each Tract owned.

2. Class B Membership

Class B Members shall include the Declarant and such Owners as the Declarant may, in its sole discretion, confer Class B Membership status upon. Such conferring of Class B Membership shall be in writing by the Declarant. Each Class B Member's voting rights shall be based on the number of Lots owned, and shall be determined as follows:

Ten (10) votes shall be granted to Class B Members for each Lot owned.

Declarant shall retain the control and authority to appoint all members of the Board of Directors of the Association until the earlier to occur of the following:

- (1) On or before the 120th day after the date that seventy-five percent (75%) of the Lots that may be created and made subject to the Declaration are conveyed to Owners other than the Declarant; at which time one-third (1/3) of the board members must be elected by the Owners other than the Declarant; or
- (2) From and after the tenth (10th) anniversary of the date this Declaration is recorded in the Real Property Records of Polk County, Texas; at which time one-third (1/3) of the board members must be elected by the Owners other than the Declarant.
- (3) The Declarant assigns to the Association its control and authority to appoint all members of the Board of Directors of the Association. If such assignment occurs prior to the termination of Declarant's control under Subsections (1) and (2) immediately above, the assignment must be evidenced by an instrument recorded in the Real Property Records of Polk County, Texas.
- (4) Declarant shall retain the control and authority to appoint two-thirds (2/3) of the members of the Board of Directors of the Association until such time as Declarant no longer owns any portion of the Property.

Upon termination of Declarant's control and authority to appoint two-thirds (2/3) of the members of the Board of Directors of the Association, any remaining Class B Members shall be converted to Class A Members and elections shall be held to elect the members of the Board of Directors of the Association pursuant to the provisions of the Certificate of Formation and the Bylaws of the Association. In the event Class B Membership terminates pursuant to the above provisions, and thereafter additional property is annexed into the jurisdiction of the Association, which results in the Declarant owning property in the Subdivision, Declarant's Class B Membership shall be restored until it again terminates as specified in (1), (2), (3) or (4) above. Notwithstanding anything contained herein to the contrary, the Declarant may assign, temporarily or permanently, all or a portion of its rights as Declarant to any person(s).

D. Voting Procedures

Class A and Class B members shall exercise their votes as set out in the Bylaws.

E. Self Help

“Self Help” shall mean the authority, but not the obligation, of the Association, upon approval of not less than a majority of the Board members, to enter upon a Lot or Homesite and cause to be performed any of the Owner’s maintenance and repair obligations, or acts required by that Owner to bring his/her Lot or Homesite into compliance with this Declaration, if said Owner fails to perform same after written demand from the Board. In exercising its Self Help remedy, the Association shall not be subject to any liability for trespass, other tort or damages in connection with or arising from such exercise of Self Help, nor in any way shall the Association or its agent be liable for any accounting or other claim for such action. Any costs incurred by the Association in the exercise of its Self Help remedy shall be the personal obligation of the person or entity who was the Owner of the Lot at the time when the Self Help costs were incurred. The personal obligation for such costs shall not pass to successors in title unless expressly assumed by them. The costs incurred by the Association in exercising its Self Help remedy, which costs may include by way of illustration and not limitation, the actual costs incurred by the Association and an administrative fee set by the Board, shall be charged to the subject Owner’s Assessment account and shall be supported by the continuing lien created in Article XIV herein.

ARTICLE V. EFFECTIVE DATE OF DECLARATION

This Declaration shall be effective as of the date this document is recorded in the Real Property Records of Polk County, Texas.

ARTICLE VI. USE RESTRICTIONS

Notwithstanding anything contained herein to the contrary, the provisions of this Article VI, “Use Restrictions” shall apply only to Lots unless other portions of the Property are specifically included in said provisions.

A. Residential Uses Permitted

Homesites within the Subdivision shall be used exclusively for single-family residential purposes. The term “Single-Family” as used herein shall refer not only to the architectural design of the Dwelling but also to the permitted number of inhabitants, which shall be limited to a single family, as defined below. Single-Family shall mean the use of, and improvement to a Lot with no more than one building designed for and containing facilities for living, sleeping, cooking, and eating therein. In no case may a Lot contain more than one Dwelling and one guesthouse, barn, shed, storage building, and other structure specifically approved by the ARC. If a guest house is constructed, it must be built at the same time, or after, the main residence has been constructed. A barn may include guest quarters or an apartment for employees. No multi-family Dwellings may be constructed on any Lot. No building, outbuilding or portion thereof shall be constructed for income property, such that tenants would occupy less than the entire Lot and/or Homesite.

It is permitted for Owners to lease a residence in the Subdivision, so long as tenants are leasing the entire land and improvements comprising the Homesite. “Leasing” for purposes of this Declaration, is defined as occupancy of a Dwelling by any person other than the Owner, for

which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. No fraction or portion of any Dwelling may be leased or rented. All leases must be in writing, shall be for a minimum of six (6) months, and shall contain such terms as the Board may prescribe from time to time. All leases shall provide that they may be terminated in the event of a violation of the Declaration or the governing documents of The Preserve at Sally Creek by a tenant or a tenant's family, guests or invitees, and the Board, in its sole discretion, may require termination by the Owner and eviction of the tenant in such event.

No Dwelling may be occupied by more than one single family. By way of illustration the following charts each depict examples of an approved single family.

For the purposes of these examples, the Owner(s) are considered the control level which establishes the other approved residents.

EXAMPLE NO. 1

No more than a total of 2 parents of the control level		
<u>Control Level:</u> Husband & Wife	One Person Not So Related	One Household Employee
Children of Husband and/or Wife		

EXAMPLE NO. 2

No more than a total of 2 parents of the control level		
<u>Control Level:</u> Domestic Partners	One Person Not So Related	One Household Employee
Children of Domestic Partners		

EXAMPLE NO. 3

No more than a total of 2 parents of the control level	
<u>Control Level:</u> Roommate One Roommate Two	One Household Employee
Children of either or both Roommates	

It is not the intent of this provision to exclude from a Lot any individual who is authorized to so remain by any state or federal law. If it is found that this definition is in violation of any law, then this provision shall be interpreted to be as restrictive as possible to preserve as much of the original provision as allowed by law.

B. Non-Permitted Uses

1. No trade or business may be conducted in or from any Dwelling, Lot or Homesite, except such use within a Dwelling where (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Dwelling; (b) the business activity conforms to all zoning requirements and other restrictive covenants applicable to the Property; (c) the business activity does not involve visitation to the Dwelling or Homesite by clients, customers, suppliers or other business invitees or door-to-door solicitation of residents of the Subdivision; and (d) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Subdivision, as may be determined in the sole discretion of the Board. The uses set out in this Section 1 (a) through (d) shall be referred to singularly or collectively as an "Incidental Business Use." At no time may an Incidental Business Use cause increased parking or traffic within the Subdivision. Any increased parking or traffic within the Subdivision as a result of an Incidental Business Use shall be deemed to be a Deed Restriction Violation. A day-care facility, home day-care facility, church, nursery, pre-school, beauty parlor, or barber shop or other similar facility is expressly prohibited.

The terms "business" and "trade" as used in this provision shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis that involves the manufacture or provision of goods for or to persons other than the provider's family, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does not generate a profit; or (iii) a license is required therefor. Notwithstanding the above, the leasing of a Dwelling shall not be considered a trade or business within the meaning of this Section. This Section does not apply to any activity conducted by the Declarant or by a Builder with approval of the Declarant with respect to its development and sale of the Property. Garage sales, attic sales, estate sales, moving sales, or yard sales (or any similar vending of merchandise) conducted on any Homesite more than once per year shall be considered business activity and therefore prohibited. The Association may, but is not required to, adopt rules and regulations regarding such sales.

2. No vehicles displaying signs or advertising shall be permitted to be parked within public view in the Subdivision, other than service vehicles contracted by Owners to perform specific services. No vehicles with more than two axles shall be permitted to be parked or stored for a period in excess of twelve (12) hours per week in the Subdivision, without prior written permission of the Association, whose approval may be issued or withheld at its sole and absolute discretion.

3. No livestock, domestic or wild animals, nor plants or crops shall be raised on any Homesite, Lot, or any portion of the Property for the purpose of breeding or selling same, whether for profit or not. Exchange of such animals, plants or produce for anything of value to the seller shall constitute a sale of the merchandise and therefore prohibited under this provision.

C. Animals and Pets

No animals, livestock, including by way of illustration and not limitation: exotics, swine, emus, fowl or poultry of any kind shall be raised, bred, or kept on any portion of the Subdivision, except that dogs, cats, or other usual and common household pets, not to exceed a total of three (3) pets, may be permitted in or on a Homesite or in a Dwelling. The foregoing limitation on number of pets shall not apply to hamsters, small birds, fish or other constantly caged animals, nor shall it apply to require the removal of any litter born to a permitted pet prior to the time that the animals in such litter are three (3) months old. No pets are permitted to roam free. If, in the sole discretion of the Association, any pet endangers the health or safety of any Owner or resident, makes objectionable noise, or constitutes a nuisance or inconvenience to the residents or Owners of other Dwellings, or the Owner of any portion of the Subdivision, it must be removed upon request of the Board. No animals or pets shall be kept, bred, or maintained for any commercial purpose. Dogs and cats shall at all times whenever they are outside a Dwelling and/or fence, be confined on a leash which must be held by a responsible person. If, in the sole opinion of the Board, any animal becomes dangerous or an annoyance or nuisance in the Subdivision, or nearby property, or destructive of wildlife, that animal shall be deemed to be a Deed Restriction Violation. If the owner of a dangerous animal refuses to remove that animal from the Subdivision, in violation of this Declaration, the Association or its agents shall be authorized to request a local governmental agency with appropriate jurisdiction to take over the enforcement of this provision. Notwithstanding anything contained herein to the contrary, Tracts may be permitted to keep horses or cows, subject to rules or regulations adopted by the Board as to the number of horses or cows to be permitted.

D. Antennas

No exterior antennas, aerials, satellite dishes, or other apparatus for the reception of television, radio, satellite or other signals of any kind shall be placed, allowed, or maintained upon any portion of the Subdivision, including any Homesite, which is visible from any street, Common Area or other Lot unless it is impossible to receive signals from said location. In that event the receiving device may be placed in a visible location as approved by the ARC. The ARC may require as much screening as possible while not substantially interfering with reception. No satellite dishes shall be permitted which are larger than one (1) meter in diameter. No exterior antennas, aerials, satellite dishes, or other apparatus shall be permitted which transmit television, radio, satellite or other signals of any kind shall be placed, allowed, or maintained upon any portion of the Property. The Declarant, by promulgating this Section, is not attempting to violate the Telecommunications Act of 1996 ("the 1996 Act"), as same may be amended from time to time. This Section shall be interpreted to be as restrictive as possible while not violating the 1996 Act.

In the event that it is impossible to receive a signal from a non-visible location, the installation of antennas shall be subject to rules and regulations which may be promulgated by the Board setting out preferred alternate locations for antennas.

Declarant and the Association shall have the right, without the obligation, to erect an aerial, satellite dish, or other apparatus (of any size) for a master antenna, cable, or other communication system for the benefit of all or any portion of the Subdivision, should any master system or systems require such exterior apparatus.

E. Basketball Goals and Backboards

No basketball goal, net and/or backboard may be kept, placed or mounted upon any Lot or kept, placed, attached or mounted to any fence or Dwelling without prior written approval by the ARC. All basketball goals and/or backboards are subject to the Guidelines, and reasonable rules and regulations promulgated by the ARC as to type, location, and hours of use. All basketball goals and/or backboards shall at all times be maintained and kept in good condition. If any basketball goal, net and/or backboard is placed within the Subdivision in violation of this Declaration, the Association or its agents shall be authorized to exercise its Self Help remedy to bring the Owner's Lot into compliance with this provision.

F. Common Area

The Association, subject to the rights of the Members set forth in this Declaration and any amendments or Supplemental Amendments thereto, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon and shall keep it in good, clean, attractive and sanitary condition. No Member may appropriate any portion of the Common Area or any improvement thereon for his or her own exclusive use. Any Member or his or her guests, family or invitees that cause damage to the Common Area shall be financially responsible for said damage. The cost of repair, if not timely paid by the Member (within thirty [30] days) shall be assessed against the Member's Lot and secured by the continuing lien set forth in Article XIV of this Declaration.

G. Exterior Seasonal Decorations

The display of exterior seasonal decorations, by way of illustration but not limited to lights, banners, flags, wreaths, shall be subject to reasonable rules and regulations, if any, promulgated by the Board. Such rules may address the appearance and length of time of such display. Such display shall be maintained and kept in good condition at all times. Unless otherwise provided in rules and regulations, exterior seasonal decorations must be removed on or before the thirtieth day following the event for which they are displayed. If any exterior seasonal decorations are placed, or remain, within the Subdivision in violation of this Declaration, the Board or its agents shall be authorized to exercise its Self Help remedy, to bring the Owner's Lot into compliance with this provision.

H. Flags and Flagpoles

No flagpole of any kind may be kept, placed, or mounted, to any fence, Dwelling, or upon any Lot without prior written ARC approval. The size, number, and placement of

flagpoles, and use of flags within the Subdivision, shall be subject to Flag Rules and Regulations adopted by the Association. If any flag and/or flagpole is placed within the Subdivision in violation of this Declaration, the Board or its agents shall be authorized to exercise its Self Help remedy to bring the Owner's Lot into compliance with this provision and the Flag Rules and Regulations.

The Declarant, by promulgating this Section, is not attempting to violate any local, state or federal law. This Section shall be interpreted to be as restrictive as possible while not violating any laws of the State of Texas and/or the United States of America.

I. General Nuisances

No portion of the Subdivision shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, animal, or material be kept upon any portion of the Subdivision that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding Homesites and users of the Common Areas.

No noxious, illegal, or offensive activity shall be carried on upon any portion of the Subdivision, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Subdivision. There shall not be maintained any plants, animals, device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Subdivision. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted within the Subdivision; provided however, that outside burning wood, leaves and/or trash may be permitted so long as all local state and federal regulations are strictly complied with. No speaker, horn, whistle, bell or other sound device, except alarm devices used exclusively for residential monitoring purposes, shall be installed or operated on the Property, unless required by federal, state or local regulation. The use and discharge of firecrackers and other fireworks is prohibited within the Subdivision.

It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot or Homesite. The pursuit of hobbies or other visible activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, that might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Subdivision. Notwithstanding the above, the disassembly and assembly of motor vehicles to perform repair work shall be permitted provided such activities are not conducted on a regular or frequent basis, and are either conducted entirely within an enclosed garage or, if conducted outside, are begun and completed within twelve (12) hours.

Notwithstanding anything contained herein to the contrary, the Association shall have the right but not the obligation to enter upon any Common Area and/or street right-of-way and remove signs not authorized by the Board in advance, and/or to regulate (including, but not limited to, the prohibition of) street vending and similar non-approved activities.

J. Monuments and Fences:

The Declarant and/or the Association are hereby granted an easement to place, maintain and repair a monument or marker at any entrance to the Subdivision.

On all Lots, fencing will be permitted, and shall be in a location and of a material and design as required by the Guidelines and as approved in writing by the ARC.

Owners shall be responsible for the maintenance, repair and/or replacement of all fences in existence at time of transfer from Builder to Owner. Replacement fences shall be of a similar material and design as originally constructed. The maintenance of any portion of a fence which lies between Lots shall be the joint responsibility of the Lot Owners on whose property the fence lies between. In the event an Owner fails to repair, replace or maintain said fence in a manner consistent with the Community Wide Standard in the sole discretion of the Board, the Board shall have the right, but not the obligation, to enter such Lot for the repair and/or replacement of such fence after notice to the Owner. Any expense incurred by the Association in effectuating such repairs/replacement shall be the responsibility of the Owner and shall be secured by the continuing lien on the Lot.

K. Out Buildings/Accessory Buildings

No living structure, Dwelling, out building and/or accessory building (including, but not limited to barns, sheds, greenhouses, gazebos, play houses, shade trellis) shall be constructed or placed on a Lot within the Subdivision without the prior written approval of the ARC. The Board shall have the right without the obligation to promulgate rules, regulations and guidelines regarding the appearance, size, quality, location and type of these structures. Unless otherwise provided in rules, regulations or guidelines, these structures must be constructed and/or modified to be compatible with the "natural wooded setting" as same is set out herein. They must be painted in a color that matches the home and have roofing material that is harmonious with the roof of the Dwelling on the Lot.

L. Outside Storage and Trash Collection

No equipment, machinery, or materials of any kind or nature shall be stored on any Homesite forward of the fence at the front wall of the Dwelling situated thereon, unless the equipment, machinery or materials is being used temporarily (not more than one week) and is incident to repair or construction of the Dwelling or Homesite. All equipment, machinery, and materials shall be properly stored out of sight of every other Homesite immediately after use of such item, and all trash, debris, excess, or unused materials or supplies shall likewise be disposed of immediately off of the Homesite, or stored out of view until trash collection occurs.

Trash may only be placed outside for collection the evening before collection. Such trash must be contained to protect from animals or spillage and trash cans must be removed from sight the same evening of collection.

M. Parking and Prohibited Vehicles

No commercial vehicles or non-motorized vehicle, boat, trailer, marine craft, recreational vehicle, camper rig off of truck, hovercraft, aircraft, golf cart, neighborhood electric vehicle, tow trucks, plumbing or similar service type vans or trucks, machinery or equipment of any kind may be parked or stored on any part of any Lot, street, easement, or right-of-way, unless such vehicle or object is completely concealed from public view inside a garage or enclosure approved by the ARC. Passenger automobiles, passenger vans, motorcycles, or pick-up trucks that: (a) are in operating condition; (b) are qualified by current vehicle registration and inspection stickers; (c) are currently licensed and in daily use as motor vehicles on the streets and highways of the State of Texas; (d) do not exceed Eighty inches (80") in height, or One Hundred inches (100") in width and (e) have no advertising or signs located thereon, may be parked in the driveway on a Lot, however, no vehicle shall be parked so as to obstruct or block a sidewalk or be parked on a grassy area. The restriction concerning advertising and signs shall not apply to any vehicles, machinery, or equipment temporarily parked and in use for the construction, repair or maintenance of a house or houses in the immediate vicinity. Storage of any vehicles in the street is prohibited. Storage shall mean the parking of a vehicle for the shorter of: (i) seventy-two (72) consecutive hours or (ii) seven (7) days in any calendar month, whichever occurs first.

Vehicles to be parked on a Homesite must meet the restrictions of this Declaration and at all times be operable, unless otherwise completely concealed in an enclosed garage, have current license tags, current state inspection stickers, and comply with current mandatory insurance under the laws of the State of Texas. Any vehicle not in daily use as a motor vehicle on the streets and highways of the State of Texas and not in compliance with the foregoing shall be considered stored on the property and such storage is strictly prohibited unless same is completely concealed in an enclosed garage. A vehicle that cannot physically fit within the designed garage of the Dwelling with the door closed will be construed as a vehicle not incident to residential use of a Homesite. Additional rules and regulations for the use, maintenance and parking on private and/or public streets may be promulgated by the Association.

Recreational vehicles, such as mobile homes, motor homes, campers, and boats are not considered vehicles incident to the residential use of a Homesite and therefore are not permitted to be stored on Homesites for any period of time greater than forty-eight (48) hours. A recreational vehicle with not more than two (2) axles may be parked in front of or on the Homesite for up to forty-eight (48) hours for loading, and unloading only.

Parking of any vehicle other than in a driveway or within an enclosed garage of a Homesite or other paved area provided for parking is expressly prohibited. The Owners of any Lot, by virtue of ownership of Property within the Subdivision, hereby contractually covenant and agree that the Association has jurisdiction over the private streets within the Subdivision, and shall have the right without the obligation to enforce the ban on parking on the private streets.

Notwithstanding anything contained herein to the contrary, Tracts may be permitted to store tractors and farm equipment, subject to prior ARC approval.

Notwithstanding anything contained herein to the contrary, the Board may promulgate Parking Rules which may change the dimensions of permitted vehicles and/or the length of time for temporary parking or storage of vehicles. If there is a conflict between this Section and Parking Rules promulgated by the Board, the Parking Rules shall control.

N. Screening

No Member or occupant of any portion of the Property shall permit the keeping of articles, goods, materials, utility boxes, refuse, trash, storage tanks, or like equipment on the Property which may be considered a nuisance or hazard in the sole opinion of the Board. Air conditioners, utility boxes, garbage containers, antennas to the extent reasonably possible and pursuant to Article VI, Section E. Antennas, or like equipment, shall not be kept in the open, exposed to public view, or exposed to view from adjacent Homesites and must be screened from view and placed in a location first approved in writing by the ARC. Such screen shall be of a height at least equal to that of the materials or equipment being stored, but in no event shall such screen be more than six feet (6') in height. Added screening must also be provided to shield such stored materials and equipment from grade view from adjacent Dwellings or Common Area. Utility boxes must be screened so that they are not visible from the street and as may be set out in the Guidelines. A combination of trees, hedges, shrubs or fences should be used as screening material, as same may be set out in the Guidelines. All screening designs, locations, and materials are subject to prior written ARC approval. Any such screening installed must be maintained in a clean and neat manner at all times, and may not detract from the appearance of the Property.

O. Signs

No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Dwelling, fence or other improvement upon such Lot so as to be visible from public view except the following:

1. For Sale Signs. An Owner may erect one (1) sign on his Lot, not exceeding 2'x3' in area, fastened only to a stake in the ground and extending not more than three (3') feet above the surface of such Lot advertising the property for sale.
2. Political Signs. Not more than one sign per political candidate or ballot item, not exceeding 4' x 6' in area, may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal, provided that such signs shall not be displayed before the ninetieth day preceding the date of the election and shall be removed before the tenth day after such election.
3. School Spirit Signs. Signs containing information about one or more children residing in the Dwelling and the school they attend shall be permitted so long as the sign is not more than 36" x 36" and is fastened only to a stake in the ground. There shall be no more than one sign for each child under the age of eighteen (18) residing in the Dwelling, and said signs may not be displayed more than ten (10) days in any calendar month, for more than three (3) months in a calendar year.

4. Security Signs/Stickers. Signs or stickers provided to an Owner by a commercial security or alarm company providing service to the Dwelling shall be permitted so long as the sign is not more than 8" x 8" or the sticker is no more than 4" x 4". There shall be no more than one sign and no more than six (6) stickers located on the windows or doors. Stickers shall also be permitted upon windows and doors for a "Child Find" program or a similar program sponsored by a local police and/or local fire department.

All signs and emblems within the Subdivision are subject to the Guidelines that may be promulgated by the Board and/or the ARC.

A Builder and/or the Declarant may place certain information and advertising signs on Lots without the prior permission of the ARC, so long as such signs are similar to those listed as acceptable for Builder use in the Guidelines promulgated by the ARC, and so long as such signs do not otherwise violate this Declaration.

If any sign is placed within the Subdivision, including but not limited to the streets, street right-of-ways, and Common Areas, in violation of this Declaration, the Board or its agents shall have the right but not the obligation to enter upon any Lot, Homesite, street, street right-of-way, and Common Areas and remove and/or dispose of any such sign violation, and in doing so shall not be subject to any liability for trespass, other tort or damages in connection with or arising from such entry, removal and/or disposal nor in any way shall the Association or its agent be liable for any accounting or other claim for such action.

P. Swimming Pools/Spas

No above ground swimming pools are permitted. All swimming pools and spas require prior written approval by the ARC as set out in Article IX herein.

Q. Tree Removal

No trees greater than five (5) caliper inches to be measured at a point twelve (12) inches above grade shall be removed, except for diseased or dead trees and trees needing to be removed to promote the growth of other trees or for safety reasons, unless approved in writing by the ARC. In the event of an intentional or unintentional violation of this Section, the violator may be required to replace the removed tree with one (1) or more comparable trees of such size and number, and in such locations, as the Board may determine necessary, in its sole discretion, to mitigate the damage. The ARC may set forth a tree preservation plan in the Guidelines governing the preservation, addition and removal of trees on Lots within the Subdivision.

R. Window Air Conditioning Units

No window or wall type air conditioners shall be permitted to be used, placed or maintained on or in any building on the Lots, with the exception that window or wall type air conditioners shall be permitted for the benefit of a garage if such air conditioning unit is located at the rear of the garage unit, is screened from public view, and is screened from view by any other Lot, Common Area or Dwelling. All window air conditioning units require prior written ARC approval as set out in Article IX herein.

S. Window Treatments

Within three (3) months of occupying a Dwelling on any Homesite, an Owner shall install appropriate window treatments in keeping with the Community Wide Standard. Appropriate window treatments would include, by way of illustration and not limitation, curtains and draperies with backing material of white, light beige, cream, light tan, or light gray; blinds or miniblinds of the same colors or natural wood; and/or shutters of the same colors or natural wood. No other window treatment color may be visible from the exterior of the Dwelling. The ARC shall have the sole discretion to determine what window treatments are appropriate.

Expressly prohibited both before and after the initial three (3) months of occupancy are any temporary or disposable coverings not consistent with the Community Wide Standard, such as reflective materials, newspapers, shower curtains, fabric not sewn into finished curtains or draperies, other paper, plastic, cardboard, or other materials not expressly made for or commonly used by the general public for window coverings in a residential subdivision of the same caliber as the Subdivision.

T. Lakes, Creeks and Other Water Bodies

The Board of Directors has the right to promulgate rules and regulations governing the use of lakes, creeks and other bodies of water within the Subdivision, including but not limited to the Creek and the Lake. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of the Lake, the Creek, or other bodies of water within or adjacent to Property.

Notwithstanding the foregoing, the Association, and the Declarant (for so long as the Declarant owns property that is or may be subjected to this Declaration) may use and regulate the use of any lakes, creeks or other bodies of water within the Subdivision for the irrigation of the Common Areas, for any other purpose deemed appropriate by the Board or Declarant, subject to the terms of any easement agreement affecting such use. The Declarant's rights under this Section shall be superior to any rights of the Association.

The use of lakes, creeks and other bodies of water within or adjoining the Subdivision are subject to Rules and Regulations, which may be promulgated by the Association.

U. Hunting

No hunting is allowed on the Property, the Lake, or the Creek. No pistol, rifle, shotgun or any other firearms or any other device capable of killing or injuring or causing property damage shall be discharged on any part of the Property, the Lake, or the Creek, except for the protection of Owners of the Lots and their property or animals from predators or nuisance varmints.

The Association has the right to adopt rules and regulations concerning the use of firearms on the Property.

V. Fireworks

Fireworks may be permitted subject to a schedule of permitted days, and further subject to rules and regulations adopted by the Board.

ARTICLE VII. NOTICES AND EASEMENTS

A. Easements for Green Belt, Lake, Flood Water and Other Landscape Reserves

Declarant and Association reserve for themselves and their successors, assigns and designees the non-exclusive right and easement, but not the obligation, to enter upon the green belts, landscape reserves, and all bodies of water located within the Property (a) to install, keep, maintain and replace pumps in order to obtain water for the irrigation of any of the Common Area, (b) to construct, maintain and repair any fountain, wall, dam, hardedge, canal, or other structure retaining water therein, and (c) to remove trash and other debris and fulfill their maintenance responsibilities, if any, as provided in this Declaration. Declarant's rights and easements hereunder shall be transferred to the Association at such time as Declarant shall cease to own any portion of the Property subject to the Declaration, or such earlier time as Declarant may decide, in its sole discretion, and transfer such rights by a written instrument. The Declarant, the Association, and their designees shall have an access easement over and across any portion of the Property abutting or containing any portion of any of the Common Areas, green belts, the Creek, the Lake, or other bodies of water and landscape reserves, to the extent reasonably necessary to exercise their rights and responsibilities under this Declaration.

There is further reserved, for the benefit of Declarant, the Association, and their designees, a perpetual, non-exclusive right and easement of access and encroachment over Common Areas and Homesites (but not the Dwellings thereon) extending from the rear Lot line of Lots bordering Lake a distance of fifty feet (50') in order: (a) to temporarily flood and back water upon and maintain water over such portions of the Property; (b) to fill, drain, dredge, deepen, clean, fertilize, dye and generally maintain the Lake; (c) to maintain and landscape the slopes and banks pertaining to the Lake; and (d) to enter upon and across such portions of the Property for the purpose of exercising rights under this Section. All persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from, the negligent and/or intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other person or entity liable for damage resulting from flood due to hurricanes, heavy rainfall, or other natural disasters.

There is further reserved for the Declarant, the Association and/or their designees an easement for the over spray of herbicides, fungicides, pesticides, fertilizers, and water over portions of the Subdivision located adjacent to any landscape/open space reserves, greenbelts, creeks, canals, lakes, or other bodies of water.

B. Notice of the Lake and the Creek

Owners of Lots within the Property are advised that there exists the Lake, which is fed from the east by Sally Creek (the "Creek"), all or a portion of which are outside the platted area of the Subdivision. The Lake and/or Creek may border a portion of each Lot within the

Subdivision. It should be noted that there may be potentially dangerous conditions that may exist regarding the Lake and/or the Creek such as, by way of illustration and not limitation, the following: holes, streams, roots, stumps, ditches, gullies, erosion and or instability of natural topography, insects, reptiles, and/or animals. It is possible for some or all of these conditions to extend into the Subdivision and the Lots within the Preserve at Sally Creek. Owners of Lots within the Property hereby agree to hold harmless the Declarant and the Association, and their successors and assigns, and release them from any liability for the existence, placement, design, maintenance and/or repair related to the Lake and the Creek, and agree to indemnify the parties released from any damages they may sustain. Owners further grant an easement to the Declarant and the Association for any water level variances, incidental noise, lighting, odors, and/or traffic which may occur in relation to the Lake and the Creek. The Declarant, its successors and assigns, and/or the Association has the right to promulgate rules and regulations governing the use of the Lake and the Creek (with the joinder of the owner of the Creek). Owners hereby acknowledge that the Association, its directors, officers, managers, agents, or employees, the Declarant or any successor declarant have made no representations or warranties nor has any Owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, relative to water level variances, safety, any use and/or any future change in use of the Lake and/or the Creek. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of the Lake and/or the Creek.

Owners whose Lots are adjacent to or abut the Lake shall take care and shall not permit any trash, fertilizers, chemicals, petroleum products, environmental hazards or any other foreign matters to infiltrate the Lake. Any Owner permitting or causing such infiltration shall indemnify and hold harmless the Association for all costs of clean up and remediation necessary to restore the Lake to its condition immediately prior to said infiltration.

C. Easements to Serve Additional Property

The Declarant and Association and its duly authorized agents, representatives, and employees, as well as its designees, successors, assignees, licensees and mortgagees, shall have and there is hereby reserved an easement over the Common Areas for the purposes of enjoyment, use, access and development of any annexed property, whether or not such property is made subject to this Declaration. This easement includes but is not limited to a right of ingress and egress over the Common Areas for construction of streets and for tying in and installation of utilities on any annexed property.

Declarant agrees that if an easement is exercised for permanent access to any annexed property and such property or any portion thereof is not made subject to this Declaration, the Declarant, its successors, or assigns shall enter into a reasonable agreement with the Association to share the cost of maintenance to any access roadway serving the property. Such agreement shall provide for sharing of costs based on the ratio that the number of Dwellings or buildings on that portion of the property that is served by the easement and is not made subject to this Declaration bears to the total number of Dwellings and buildings within the Property.

D. Utilities and General

There are hereby reserved unto Declarant, so long as the Declarant owns any portion of the Property, the Association, and the designees of each (which may include, without limitation, Polk County and any utility companies) access and maintenance easements upon, across, over, and under all of the Property to the extent reasonably necessary for the purpose of replacing, repairing, and maintaining any or all of the following which may exist now or in the future: cable television systems, master television antenna systems, monitoring and similar systems, streets, walkways, bicycle pathways, Bridle Easements (as defined hereinbelow), wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, gas, and electricity, and for the purpose of installing any of the foregoing on property that Declarant owns or within easements designated for such purposes on recorded plats of the Property. Notwithstanding anything to the contrary herein, this easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any existing Dwelling; any damage to a Homesite resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the person or entity exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any Homesite.

Without limiting the generality of the foregoing, there are hereby reserved for the electric company, and cable company easements across all the Common Areas for ingress, egress, installation, reading, replacing, repairing and maintaining utility meters boxes, installation equipment, service equipment, and any other device, machinery or equipment necessary for the proper functioning of the utility; however, the exercise of this easement shall not extend to unauthorized entry into the Dwelling on any Homesite, except in an emergency. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Property, except as may be approved by the Board or Declarant.

E. Streets

Owners are hereby advised that the streets located within the Subdivision will be private streets, dedicated or to be dedicated to the Association for the use of the Owners herein. The private streets will not be dedicated to the public, any municipal body or public authority. Owners are hereby given notice that the maintenance of such private streets will be provided for through an assessment or assessments, as the case may be, to be levied against each and every Homesite in the Subdivision.

F. Bridle Easement and Street Right of Ways

Located within the Subdivision but not appearing on the recorded plat there may be a non-exclusive bridle easement adjacent to and running some or all of the private streets (the "Bridle Easement"). Owners shall not install or erect any impediments to the Bridle Easement. The Bridle Easement may be located upon an Owner's Lot where it abuts a street. Owners hereby agree to hold harmless the Declarant and the Association, and their successors and assigns and release them from any liability for the existence, placement, and/or maintenance of

the Bridle Easement and agree to indemnify the parties released from any damages they may sustain. Owners further grant an easement to the Declarant and the Association for any incidental noise, odors, and visibility of the Bridle Easement, and/or traffic which may occur due to the existence of the Bridle Easement. Owners hereby acknowledge that the Association, its directors, officers, managers, agents, or employees, the Declarant or any successor Declarant have made no representations or warranties nor has any Owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, relative to the existence of a Bridle Easement or any future change in use of a Bridle Easement.

Mowing of the Bridle Easement and street right of ways adjacent to each Lot shall be the responsibility of the Owner. The Association will determine the minimum annual mowing schedule and communicate it to the Owners during the first quarter of each year. In the event an Owner fails to maintain the Bridle Easement and/or street right of ways in a manner consistent with the overall standard established within the Property, in the sole discretion of the Board, the Association, after ten (10) days notice to the Owners of the Lot setting forth the action intended to be taken by the Association and after approval by a majority vote of the Board, shall have the right but not the obligation, through its agent, contractors and/or employees, to enter upon the Bridle Easement and street right of way adjacent to said Lot to maintain, cut, trim and/or restore such landscaping, grass or vegetation. The cost of such maintenance and other work shall be the personal obligation of the Owner of the Lot on which such work was performed and shall become part of the assessment payable by the Owner and secured by the lien retained in this Declaration.

Notwithstanding anything contained herein to the contrary, the Association, at its sole discretion, may provide for mowing and maintenance of the Bridle Easement and street right of ways for the entire Subdivision, and pay the cost of such mowing and maintenance from the Annual Assessment.

ARTICLE VIII. DEED RESTRICTION ENFORCEMENT

A. Authority to Promulgate Rules and Regulations

The Board has the authority to promulgate, make, modify, amend, cancel, limit, create exceptions to, and enforce reasonable rules and regulations concerning enforcement of the covenants and restrictions contained in this Declaration, any Supplemental Amendment and/or amendments concerning the use and enjoyment of the Property, including without limitation, rules limiting the use of the Common Area, establishing and setting the amount of fines for violations of this Declaration, and all fees and costs generated in the enforcement of this Declaration. Such rules shall be binding upon all Owners, residents, guests, invitees, and licensees, if any. The rights and remedies contained in this Article VIII are cumulative and supplement all other rights of enforcement under applicable law.

B. Attorney's Fees and Fines

In addition to all other remedies that may be available, after giving notice and an opportunity to be heard as may be required by §209 of the Texas Property Code, as same may be amended, the Association has the right to collect attorney's fees and/or fines as set by the Board

from any Owner that is in violation of this Declaration, any applicable Supplemental Amendment or amendments, any Guidelines, or any other rule or regulation promulgated by the Association. Said attorneys fees and fines shall be added to the violating Owner's assessment account and shall be secured by the continuing lien on the Lot.

C. Remedies

Every Owner shall comply with all provisions of this Declaration, the Bylaws, and the rules and regulations of the Association, all other dedicatory instruments of the Association and any amendments or supplements to any of the foregoing. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association. In addition, the Association has the authority, but not the obligation, to enforce the covenants, conditions and restrictions contained in this Declaration, and to regulate the use, maintenance, repair replacement, modification, and appearance of the Subdivision, and may avail itself of any and all remedies provided in this Declaration, any amendment, Supplemental Amendment, the Bylaws or any other dedicatory instruments. Notwithstanding anything contained herein to the contrary, the Board shall have no duty, legal or otherwise, to institute legal or other proceedings on behalf of or in the name of an Owner.

The decision to pursue enforcement action in any particular case shall be left to the Board's discretion. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

- (i) the Association's position is not strong enough to justify taking any or further action;
- (ii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or
- (iii) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such decision shall not be construed a waiver of the Association's right to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction or rule.

D. Enforcement by Owners

Each Lot Owner is empowered to enforce the covenants, conditions and restrictions contained in this Declaration; provided, however, no Owner shall have the right to enforce the lien rights retained in this Declaration in favor of the Association and/or other rights, regarding Assessments, retained by the Association.

ARTICLE IX. ARCHITECTURAL RESTRICTIONS

NOTE WELL: The provisions of this Article IX are broad and sweeping and an extremely wide range of activities are regulated hereby. Owners are advised to review this Article and the Guidelines carefully to ensure that they comply with all of the requirements before commencing any work or engaging in any activity on or in connection with their Lot or Dwelling to ensure they comply with all of the provisions set forth herein and in the Guidelines. Work commenced, performed, or completed without prior approval as required herein, in the Guidelines, or otherwise in violation of the terms of this Declaration, the Guidelines, or applicable law may subject the Owner of the Lot to substantial costs, expenses, fees, and penalties, which may be in addition to a requirement that the Lot and/or Dwelling be restored to its original condition.

THE GENERAL INTENT OF THE DECLARANT IS THAT THE MOTIF AND DESIGN OF ALL BUILDINGS, DWELLINGS, LANDSCAPING AND IMPROVEMENTS/MODIFICATIONS ON THE LOTS BE COMPATIBLE WITH THE "NATURAL WOODED SETTING" EXISTING THROUGHOUT THE PROPERTY. THIS PROVISION IS INCLUDED HEREIN FOR THE PURPOSE OF STRONGLY DISCOURAGING THE ADDITION, CONSTRUCTION OR MODIFICATION OF THE FOREGOING THAT ARE CONSIDERED TO BE UNCONVENTIONAL, EXTREME IN DESIGN, OR NOT IN CONFORMITY WITH THE MOTIF ESTABLISHED BY THE DECLARANT. IT IS THE FURTHER INTENT OF THE DECLARANT THAT ALL TREES WITHIN THE PRESERVE AT SALLY CREEK BE PRESERVED TO THE EXTENT PRACTICABLE, AND REMOVAL OF ANY TREES MUST FIRST BE APPROVED BY THE ARC.

A. Architectural Review Committee - "ARC"

The initial ARC shall be composed of three (3) individuals designated by Declarant, one of whom may be designated as representative to act on behalf of the ARC. The Declarant reserves the right to appoint replacements as necessary by reason of resignation, removal or incapacity. The Declarant shall retain the right of ARC appointment until the first to occur of the following:

1. the Declarant no longer owns any portion of the Property, or
2. the Declarant so desires to relinquish its authority over ARC appointment, or
3. From and after the twenty-fifth (25th) anniversary of the date this Declaration is recorded in the Real Property Records of Polk County, Texas.

At such time, the Board of the Association shall have the right to replace such ARC members by duly appointing three Owners who are Members in Good Standing with the Association. The Board reserves the right to appoint replacements as necessary by reason of resignation, removal or incapacity. Such removal and/or appointment shall be at the sole authority and discretion of the Board.

The Board shall have the right to review any action or non-action taken by the ARC and shall be the final authority.

At any time prior to the happening of (1), (2), or (3) above, the Declarant may, without obligation, assign to the Board, or such other person the Declarant deems appropriate, all or a portion of Declarant's ARC rights and/or the responsibility for review and approval of modifications to existing Dwellings.

The ARC shall have the right, but not the obligation, to promulgate Guidelines as to construction types and aesthetics as set by the ARC, which may be changed at any time by the ARC without notice to the Owners. The ARC shall have the right to promulgate different Guidelines for additional property that may be annexed into the Subdivision.

The ARC shall have the authority, but not the obligation, to delegate review and approval or denial of plans for modifications of existing improvements within the Subdivision to a Modifications Committee. The members of the Modifications Committee shall be appointed, and may be removed, by the Declarant for so long as Class B Membership exists, and thereafter by the Board. A denial by the Modifications Committee, if it is created, may be appealed to the ARC.

B. ARC Approval Required

No buildings, Hardscape, additions, modifications or improvements shall be erected, placed or performed on any Lot or Homesite until the construction plans and specifications including, but not limited to, the site plan, design development plan, and exterior plan have been submitted in duplicate to and approved in writing by the ARC as hereinafter provided. The plans required must include the location, size, and type of trees that may need to be removed, or may be impacted by, the proposed improvement. Builders may submit their design plans as master design plans, which plans shall include all specifications, including specifications as to color and type of exterior building material and paint color that may be used when building each design. The ARC or the Board may, at their sole discretion, retain and/or delegate review of plans and specifications to a designated AIA architect or other such person or firm as may be designated by the Board, experienced or qualified to review same, who may then render an opinion to the ARC or Board. Approval of plans and specifications shall not cover or include approval for any other purpose and specifically, but without limitation, shall not be construed as any representation as to or responsibility for the structural design or engineering of the improvement or the ultimate construction thereof. In the event the ARC fails to approve such plans and specifications within thirty (30) days after the receipt thereof, they shall be deemed to be disapproved. The ARC or its assignee, at its sole discretion and to the extent herein not expressly prohibited by this Declaration and any amendment or Supplemental Amendment, is hereby permitted to approve in writing deviations in the architectural restrictions set forth herein in instances where, in its judgment, such deviations will result in a more common beneficial use and enhance the overall development plan for the Property. The approval of a deviation in the architectural restrictions by the ARC does not obligate the ARC to approve a similar deviation at a later time. Notwithstanding any other provision contained herein, any Dwellings, additions, or improvements erected or placed on any Homesite shall be deemed to comply with the building requirements of the ARC and related covenants contained in the Declaration unless the ARC so

notifies the Owner otherwise in writing within four (4) years from the completion thereof. This provision, however, shall not be deemed a waiver of the right of the ARC or Declarant to enforce the continuing restrictions contained herein.

The Board and/or the ARC shall have the authority hereunder to require any Owner or Owner's agents or contractors to cease and desist in constructing or altering any improvements on any Homesite, where such actions have not first been reviewed and approved, constitute a violation of the Declaration, the Guidelines or any other documents promulgated by the Board and/or the ARC. The violating Owner shall remove such violating improvements or sitework at its sole expense and without delay, returning same to its original condition or bringing the Homesite into compliance with the Declaration, ARC documents and any plans and specifications approved by the ARC for construction on that Homesite. If an Owner proceeds with construction that is not approved by the ARC, or that is a variance of the approved plans, the Association may assess fines as provided in this Declaration, as same may be amended from time to time, and may continue to assess such fines until ARC approval is granted or the violation is removed. This Declaration is notice of such liability for violation and Owners hereby agree to bear the cost and expense to cure any violations according to this provision, regardless of the substantial cost, time or loss of business involved. Each Owner acknowledges that it may not always be possible to identify objectionable features of proposed construction or alteration of improvements until such construction and/or alteration is completed, in which case it may be unreasonable to require changes to the improvements involved; however, the ARC may refuse to approve similar proposals in the future.

Written notice may be delivered to the Owner, or any agent or contractor with apparent authority to accept same, and such notice shall be binding on Owner as if actually delivered to Owner.

The ARC or its agents or assigns shall have the right, but not the obligation, to enter any Lot or Homesite to determine if violations of this Declaration, the Guidelines, or any other documents promulgated by the ARC exist. In so doing, the ARC shall not be subject to any liability for trespass, other tort or damages in connection with or arising from such entry nor in any way shall the Association or its agent be liable for any accounting or other claim for such action.

The ARC shall have the right to set reasonable time constraints for both the commencement and completion of construction, which constraints shall be no less than twelve (12) months to complete construction, or as otherwise provided by the ARC. If construction fails to start before the designated commencement date or is not completed before the designated completion date the plans shall be deemed not approved. Plan approval shall be effective for twelve (12) months after issued by the ARC. If no construction has been commenced within the twelve (12) month period after ARC approval, the plan approval shall expire, and plans must be re-submitted prior to commencement of construction.

The ARC has the right to charge a review fee, to be established by the Board, for review of any plans or specifications submitted for approval to the ARC.

C. Building Setbacks

No Dwelling or other structure shall be erected nearer to any street or property line than as established in the Guidelines or the applicable plat. In the event there is a conflict between the Guidelines, any other documents imposed upon the Property that contains a setback requirement, and the applicable plat, the more restrictive will control.

The combining of no more than two (2) Lots to create one Homesite may be permitted subject to prior written approval of the ARC and partial release(s) by Declarant, to the extent necessary, of easements created herein. All governmental requirements must be complied with as to combining one Lot with another Lot. If Lots are combined the side set back lines shall be measured from resulting side property lines rather than from the Lot lines as indicated on the Plat. The combining of two Lots shall not forgive the obligation to pay an assessment on all Lots so combined. By way of example and not limitation, if two Lots are combined to create one Homesite, the Homesite shall be obligated to pay two assessments.

D. Landscaping

All landscape plans must be submitted to the ARC prior to installation. The landscape design must be compatible with the natural wooded setting, and in compliance with landscape guidelines that may be adopted by the Board

Landscaping in accordance with the plans approved by the ARC must be installed prior to occupancy of any Dwelling constructed on the Property.

Any significant changes in the existing landscaping on any Homesite must have prior written approval from the ARC.

Notwithstanding anything contained herein to the contrary, landscaping minimum standards may be established in the Guidelines. The Board and/or the ARC shall have the absolute discretion to determine if, as, or when the landscaping on a Lot does not meet the minimum standards established in the Guidelines.

E. Grading and Drainage

Topography of each and every Homesite must be maintained with proper grading and drainage systems such that runoff of water (rain or other precipitation, or manmade irrigation) does not cause undue erosion of the subject Homesite itself or any other Homesites, whether adjacent to the subject Homesite or not, or to the Common Areas. Owners causing (either directly or indirectly) erosion or other incidental damage to personal or real property due to inadequate or defective grading or drainage measures on their own Homesite, or because of excess runoff shall be liable to all such damaged parties for the replacement, repair and/or restoration of such damaged real or personal property.

Owners shall be responsible for ensuring that all local, state and federal rules and regulations regarding drainage and run-off are met.

F. Temporary Structures

Temporary structures may only be erected on undeveloped Property by Builders or the Declarant with the prior written approval of the ARC. Even temporary structures shall be maintained in good condition and all construction debris shall be contained to the site. Time limitations for such structures are limited to the period of active and exclusive construction and sales within the Subdivision.

G. Garages

Dwellings must at all times have either attached or detached garages, and/or enclosed parking spaces. All Garages and enclosed parking spaces shall be constructed subject to the Guidelines. Garages are required to maintain fully operational overhead doors which are in good condition at all times. No garages may be used for or converted to a living area.

H. Minimum Square Footage

All one-story Dwellings must contain a minimum of one thousand (1,000) square feet of living area which shall not include porches, garages or non-air conditioned areas. All two-story Dwellings must contain a minimum of one thousand two hundred (1,200) square feet of living area which shall not include porches, garages or non-air conditioned areas. Maximum living area for a Dwelling or combination of Dwellings shall not exceed three thousand five hundred (3,500) square feet, exclusive of porches, garages and/or parking facilities.

Notwithstanding anything contained herein to the contrary, the Declarant hereby reserves the unilateral right to develop the Subdivision, and/or any additional property which may be subjected to this Declaration, in any manner consistent with residential use, including but not limited to Dwellings which may contain less than the square footage in other portions of the Subdivision.

I. Septic and Water Systems

Each Lot Owner must install, at the Owner's expense, his own private septic system, in accordance with Polk County specifications. Prior to occupancy of the first Owner, Builder shall install a water well. The Owner shall be responsible for obtaining all necessary permits, tests and maintaining the septic system and water well as required by all governmental regulations. The installation of septic system and water wells are subject to prior written approval of the ARC and the Guidelines.

ARTICLE X. MAINTENANCE

A. General Maintenance

Each Owner shall maintain and keep in good repair his or her Dwelling and all structures, parking areas and other improvements, including driveway and its apron portion forward of the building line comprising the Homesite. All structures and other improvements designed to be painted must be kept painted and the paint may not be allowed to become faded, cracked, flaked or damaged in any manner. Grass, vegetation and weeds on each Homesite shall be cut as often

as may be necessary to maintain the same in a neat and attractive condition. Grass growing onto or over sidewalks, driveways, and curbs shall be presumed to be unattractive.

The accumulation of garbage, trash or rubbish of any kind or the burning thereof (except as such burning is permitted by law) of any such materials is prohibited. Each Owner shall arrange for at least weekly garbage, rubbish and trash pickup from the Lot as long as such service is not provided by a government entity. The Association may, at its option, require each Owner to purchase trash service from one service and charge for such service as part of the assessments described herein. In the event of default on the part of the Owner or occupant of any Lot in observing the above requirements or any of them, subject to notice and an opportunity to be heard as may be required by law, the Association, or its assigns, may without liability to Owner or occupant, but without being under duty to do so, in trespass or otherwise, enter upon said Lot, and cut, or cause to be cut, such weeds and grass and remove or cause to be removed, such garbage, trash and rubbish or do any other thing necessary to secure compliance with these restrictions and to place said Lot in a neat, attractive, healthful and sanitary condition, and may charge the Owner or occupant of such Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or occupation of the Lot to pay such statement immediately upon receipt thereof. Any unpaid amount shall bear interest at the lesser of the highest rate allowed by law or eighteen percent (18%) per annum.

B. Landscaping

In the event any Owner of any Homesite within the Property fails to maintain the landscaping, grass or vegetation of a Homesite in a manner consistent with the Community Wide Standard established within the Property and satisfactory to the Board, the Board, after thirty (30) days notice to the Owners of the Homesite, setting forth the action intended to be taken by the Association and after approval by a majority vote of the Board, shall have the right but not the obligation, through its agent, contractors and/or employees, to exercise its Self Help remedy to bring the Owner's Lot into compliance with this provision.

C. Dwelling and Improvement Exteriors

In the event any Owner of any Homesite fails to maintain the exterior of the Homesite or improvement (including but not limited to the exterior of the Dwelling, improvement or other structures and the parking areas) in a manner consistent with the Community Wide Standard established within the Property as solely determined by the Board, the Board, after thirty (30) days notice to the Owner of the Homesite setting forth the action intended to be taken by the Association and after approval by a majority vote of the Board, shall have the right, but not the obligation, through its agents, contractors and/or employees, to enter upon said Homesite and to exercise its Self Help remedy to bring the Owner's Lot into compliance with this provision.

D. Other Hazards

To the extent necessary to prevent rat infestation, diminish fire hazards and/or diminish hazards caused by structural damage, the Association shall have the right, but not the obligation, through its agents, contractors and/or employees, to enter any unoccupied Dwelling or other improvement located upon such Homesite, without notice to take the action necessary to prevent

such rat infestation, diminish such fire hazards or diminish hazards caused by structural damage at the Owner's expense. Any such expenses, including administrative fees set by the Board, incurred by the Association shall be secured by the continuing lien created in Article XIV.

E. Liability, Cost and Approval

Neither the Association nor its agents, contractors, or employees shall be liable, and are expressly relieved from any liability, for trespass or other tort in connection with the performance of the exterior maintenance, landscaping or other work authorized in this Declaration. The cost, including administrative fees set by the Board, of such exterior maintenance, interior hazard diminution and other work shall be the personal obligation of the Owner of the Homesite on which it was performed and shall become part of the Assessment payable by the Owner and secured by the lien retained in the Declaration. Alternately, the Association or any Owner of a Homesite may bring an action at law or in equity to cause the Owner to bring said Homesite into compliance with these restrictions.

All Owners' replacement, repair and restoration practices as to the improvements on Property within the Subdivision are subject to the prior written approval of the ARC and must comply with all Guidelines which may change from time to time, as found necessary and appropriate in the ARC's sole discretion.

ARTICLE XI. STANDARDS AND PROCEDURES

The ARC may establish and promulgate Guidelines, which the ARC may modify or amend as it deems necessary and appropriate for the orderly development of the Property and the Subdivision, including, but not limited to, those portions of the Guidelines regarding workmanship, materials, building methods, observance of requirements concerning installation and maintenance of public utility facilities and services, and compliance with governmental regulations. The Guidelines may be amended by the ARC without notice, but they shall not be applied retroactively to reverse a prior approval granted by the ARC or the Association to any Owner or prospective purchaser of any Homesite. Subject to the provisions of this Article, there shall be no limitation on the scope of amendments to the Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Guidelines less restrictive. The rules, standards, and procedures set forth in the Guidelines, as same may be amended from time to time, shall be binding and enforceable against each Owner in the same manner as any other restriction set forth in this Declaration.

ARTICLE XII. VARIANCES

The Board, upon the recommendation of the ARC, or its duly authorized representative, may authorize variances from compliance with any of the architectural provisions of this Declaration, any amendment, Supplemental Amendment, or Guidelines, unless specifically prohibited, including restrictions upon height, size, placement of structures, or similar restrictions, when circumstances such as topography, natural obstruction, hardship, aesthetic, or environmental considerations may require. Such variances must be evidenced in writing, must be approved by at least a majority of the Board, and shall become effective upon execution. The variance must be signed by a member of the Board and recorded in the real property records of

Polk County, Texas. If such variances are granted, no violation of the covenants, conditions, or restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all applicable governmental laws and regulations.

No granting of a variance shall be relied on by any Member or Owner, or any other person or entity (whether privy or party to the subject variance or not), as a precedent in requesting or assuming variance as to any other matter of potential or actual enforcement of any provision of this Declaration. Action of the ARC or Board in granting or denying a variance is a decision based expressly on one unique set of circumstances and need not be duplicated for any other request by any party or the same party for any reason whatsoever.

Notwithstanding anything contained herein to the contrary, for so long as Class B membership exists, the Declarant shall have the unilateral right to grant a variance of any of the covenants, conditions and restrictions contained herein so long as the variance is in keeping with the aesthetics of the Subdivision.

ARTICLE XIII. LIMITATION OF LIABILITY

NEITHER DECLARANT, THE ASSOCIATION, THE ARC, THE BOARD, NOR ANY OF THE RESPECTIVE OFFICERS, AGENTS, MANAGERS, PARTNERS, DIRECTORS, MEMBERS, SUCCESSORS OR ASSIGNS OF THE ABOVE, SHALL BE LIABLE IN DAMAGES OR OTHERWISE TO ANYONE WHO SUBMITS MATTERS FOR APPROVAL TO ANY OF THE ABOVE-MENTIONED PARTIES, OR TO ANY OWNER AFFECTED BY THIS DECLARATION BY REASON OF MISTAKE OF JUDGMENT, NEGLIGENCE, OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL, DISAPPROVAL, OR FAILURE TO APPROVE OR DISAPPROVE ANY MATTERS REQUIRING APPROVAL HEREUNDER. APPROVAL BY THE ARC, THE BOARD, OR THE ASSOCIATION, OR ANY OF THEIR RESPECTIVE OFFICERS, PARTNERS, DIRECTORS, AGENTS, MANAGERS, MEMBERS, SUCCESSORS OR ASSIGNS, IS NOT INTENDED AS ANY KIND OF WARRANTY OR GUARANTEE AS TO THE INTEGRITY OR WORKABILITY OF THE PLANS NOR THE CONTRACTORS USED.

ARTICLE XIV. ASSESSMENTS

A. Creation of the Lien and Personal Obligation of Assessments

The Owners of any Lot, Homesite, by virtue of ownership of Property within the Subdivision, covenant and agree to pay to the Association as applicable:

1. Annual Assessments;
2. Special Assessments;
3. Capitalization Fee

The Annual Assessment, Special Assessment (collectively the "Assessment") and the Capitalization Fee as set out hereinbelow, together with attorney's fees, late fees, interest and costs shall be a charge and continuing lien upon the Homesite and/or Lot against which each such Assessment is made. Each such Assessment, together with attorney's fees, late fees, interest and costs, shall also be the personal obligation of the person or entity who was the Owner of the land at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to successors in title unless expressly assumed by them. All payments shall be applied first to costs and attorney fees, then to interest, and then to delinquent Assessments. No diminution or abatement of Assessments or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or the Board under this Declaration, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association. The obligation to pay Assessments is a separate covenant on the part of each Owner of a Lot.

B. Purpose of Assessments

Assessments levied by the Association shall be used for any legal purpose for the benefit of the Subdivision as determined by the Board and, in particular, may, by way of example and not limitation or obligation, include costs of purchasing insurance, management fees, maintenance, repair or improvement of any Common Area, Bridle Easements, sidewalks, pathways, fountains, parkways, private streets and roads, esplanades, setbacks and entryways, patrol service, fire protection, emergency medical service, street cleaning, street lighting, mosquito control, landscape architecture or forest preserves, greenbelts, fences or walls, regulatory signage or directional signage, signalization, special pavement markings, entrances and entrance monuments, public or private art or sculptures, other services as may be in the Property's and Owners' interest and all buildings, services, improvements and facilities deemed necessary or desirable by the Board in connection with the administration, management, control and operation of the Subdivision. Parkway, fountains, private streets, roads, esplanades, setbacks and entryways that are not contained in any Common Area may be included in the Association's maintenance if, in the sole discretion of the Board, the maintenance of such areas benefits the Association's Members. Such share agreements for maintenance and improvement shall require the consent of a majority of the total number of directors of the Association. Additionally, Assessments levied by the Association may be used, in the sole discretion of the Association, to pay the Association's fair allocation for maintenance costs for the participation in any agreement among other property Community Associations in the area and for consolidated programs that provide consistency and economics of scale. Approval to enter such agreements shall require a majority vote of the Board.

C. Annual Assessment

The Property shall be subject to the Annual Assessment, as follows:

1. Creation

Payment of the Annual Assessment shall be the obligation of each Owner and the Declarant and shall constitute a lien on the Homesite, or Lot(s), binding and enforceable as provided in this Declaration.

2. Rate

The initial Annual Assessment established by the Association shall not exceed Three Hundred Fifty and 00/100 Dollars (\$350.00) per Lot. The initial Annual Assessment established by the Association shall not exceed Thirty-Five and 00/100 Dollars (\$35.00) per acre. The combining of two or more Lots shall not forgive the obligation of the Owner(s) of such combined Lots to pay assessments on all Lots so combined. By way of example and not limitation, if two Lots are combined to create one Homesite, the Homesite shall be obligated to pay two assessments. Declarant shall elect annually to either subsidize the approved budget for the subsequent year by paying the difference between the total approved operating budget for the year less the total amount due by Class A Members, or elect to pay assessments at the rate of fifty percent (50%) of the amount assessed other Class A Members for each Lot owned. Declarant is required to provide written notice to the Board each year by September 1 of the elected option. Failure to provide such notice will result in Declarant being billed in the manner of the last option taken by Declarant. If no option has ever been taken by Declarant, then Declarant shall be billed the difference between the total approved operating budget for the year less the total amount due by Class A Members. A Builder shall be responsible to pay fifty percent (50%) of the assessment of other Lot Owners, for the period of time that the Builder owns a Lot. Notwithstanding anything contained herein to the contrary, any Lot being used by Declarant as a model home or sales office Lot shall not be subject to any Assessments created herein. Upon conveyance of such model home or sales office Lot to a purchaser, said Lot shall thereafter be subject to all Assessments and charges provided for in this Declaration and as secured by the lien created herein.

3. Commencement

For purposes of calculation, the initial Annual Assessment for a Lot shall commence on the date of closing. Annual Assessments shall be due in advance on January 1st for the coming year and shall be delinquent if not paid in full as of January 31st of each year.

4. Proration

An Owner's initial Annual Assessment shall be made for the balance of the calendar year as determined on a pro-rata basis and shall become due and payable on the commencement date described above. The Annual Assessment for any year after the first year shall be due and payable on the first day of January. Any Owner who purchases a Lot or Lots after the first day of January in any year shall be personally responsible for a pro-rated assessment amount for that year.

5. Levying of the Assessment

The Annual Assessment shall be levied at the sole discretion of the Board. The Board shall determine the sufficiency or insufficiency of the then-current Annual Assessment to reasonably meet the expenses for providing services and capital improvements in the Subdivision and may, at its sole discretion and without a vote by the Members, increase the Annual Assessment in an amount up to ten percent (10%) annually. The Annual Assessment may only be increased by more than ten percent (10%) annually if such increase is approved by Members in Good Standing who represent a majority of the votes in the Association present, in person or by proxy, at a meeting called for said purpose at which a quorum is present in person or by proxy. The Annual Assessment shall not be adjusted more than once in a calendar year nor shall any increase be construed to take effect retroactively, unless otherwise approved by Members representing a majority of the votes subject to such Assessments present at a meeting called for said purpose at which a quorum is present in person or by proxy.

Assessments shall be paid in such manner and on such dates as the Board may establish, which may include discounts for early payment or similar time/price and method of payment differentials. The Board may require advance payment of Assessments at closing of the transfer of title to a Lot, and impose special requirements for Owners with a history of delinquent payment.

The annexation of all or a portion of property adjoining the Subdivision may result in the Board adjusting the rate of Assessments to be charged to the annexed property such that the adjusted Assessments may not be uniform with the Assessments being charged to other Owners. The Board shall have the absolute discretion to determine any such adjustment on a case-by-case basis.

D. Special Assessments for Capital Improvements

In addition to the Annual Assessments authorized above, the Association may levy a Special Assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction, reconstruction, modification, repair or replacement of a capital improvement in the Common Area or any unbudgeted expenses or expenses in excess of those budgeted, unusual, infrequent expense benefiting the Association, provided that any such Special Assessment shall have the approval of both a majority of the Class A Members eligible to vote and a majority of the Class B Members present at a meeting duly called for this purpose at which a quorum is present. Such Special Assessments will be due and payable as set forth in the resolution authorizing such Special Assessment and shall be levied only against those Owners subject to the Annual Assessment as set forth in Section C hereof and shall be prorated in accordance therewith. The Association, if it so chooses, may levy a Special Assessment against only those Members benefited by or using the capital improvement for which the Special Assessment is being levied. Special Assessments shall be due upon presentment of an invoice, or copy thereof, for the same to the last-known address of the Owner.

E. Capitalization Fee

Each Owner, other than the Declarant, of a Lot within The Preserve at Sally Creek hereby covenants and agrees to pay to the Association a one-time payment, which shall be an amount equal to fifty percent (50%) of the Annual Assessment (the "Capitalization Fee"), at the time of the transfer of title to a Lot. For the purposes of this Subsection "E", the Declarant shall not be included in the defined term "Owner." The Capitalization Fee shall be paid by an Owner (other than the Declarant) to the Association at the transfer of a Lot to an Owner other than the Declarant. The payment of the Capitalization Fee shall be secured by the continuing Assessment lien set out herein and shall be collected in the same manner as Assessments. The Capitalization Fee may be used by the Association for any purpose, which in the Board's sole discretion is for the benefit of the Subdivision, including the placement of such Capitalization Fee in a reserve account.

F. Collection and Remedies for Assessments

1. The Assessments provided for in this Declaration, together with attorneys' fees, interest, late fees and costs as necessary for collection, shall be a charge on and a continuing lien upon the land against which each such Assessment is made. Each such Assessment, together with attorney's fees, interest, late fees, and costs, shall also be the personal obligation of the Owner of the land at the time the Assessment became due. This personal obligation for delinquent Assessments shall not pass to successors in title unless expressly assumed by them.

2. Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (1) eighteen percent (18%) or (2) the maximum non-usurious rate of interest. No Owner may waive or otherwise escape liability for the Assessments provided for in this Declaration by reason of non-use or abandonment.

3. In order to secure the payment of the Assessments hereby levied, an Assessment lien is hereby reserved in each deed from the Declarant to the Owner of each parcel of property in the Subdivision, which lien may be foreclosed upon pursuant to the laws of the State of Texas; each Owner grants a power of sale to the Association to sell such property upon default in payment by any amount owed. Alternatively, the Association may judicially foreclose the lien or maintain an action at law to collect the amount owed.

The President of the Association, or his or her designee, is hereby appointed Trustee to exercise the Association's power of sale. Trustee shall not incur any personal liability hereunder except for his or her own willful misconduct.

Although no further action is required to create or perfect the lien, the Association may, as further evidence give notice of the lien, by executing and recording a document setting forth the amount of the delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However the failure of the Association to execute and record any such document shall not, to any extent, affect the validity, enforceability, or priority of the lien.

The Association shall also give notice and an opportunity to cure the delinquency to any holder of a lien that is inferior or subordinate to the Association's lien, pursuant to Section 209.0091 of the Texas Property Code, or its successor statute.

In the event the Association has determined to foreclose its lien provided herein, and to exercise the power of sale hereby granted, such foreclosure shall be accomplished pursuant to the requirements of Section 209.0092 of the Texas Property Code, or its successor statute, by first obtaining a court order in an application for expedited foreclosure under the rules adopted by the Supreme Court of Texas.

At any foreclosure proceeding, any person or entity, including but not limited to the Declarant, Association or any Owner, shall have the right to bid for such Property at the foreclosure sale and to acquire and hold, lease, mortgage and convey the same. During the period such foreclosed property is owned by the Association following foreclosure, 1) no right to vote shall be exercised on its behalf; and, 2) no Assessment shall be levied on it. Out of the proceeds of such sale, there shall be paid all expenses incurred by the Association in connection with such default, including attorneys' fees and trustee's fees; second, from such proceeds there shall be paid to the Association an amount equal to the amount of Assessments in default inclusive of interest, late charges and attorneys' fees; and, third, the remaining balance, if any, shall be paid to such Owner. Following any such foreclosure, each occupant of any such Lot foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant-at-sufferance and may be removed from possession by any lawful means.

G. Subordination of the Lien to Purchase Money Mortgages

The lien for Assessments, including interest, late charges, costs and attorney's fees, provided for herein shall be subordinate to the lien of any purchase money mortgage on any Lot or Homesite. The sale or transfer of any Lot or Homesite shall not affect the Assessment lien. The sale or transfer shall not relieve such Lot or Homesite from lien rights for any Assessments thereafter becoming due. Where the mortgagee holding a purchase money mortgage of record or other purchaser of a Lot or Homesite obtains title pursuant to foreclosure of the purchase money mortgage, it shall not be liable for the share of the Assessments or other charges by the Association chargeable to such Lot or Homesite that became due prior to such acquisition of title. However, from the date of foreclosure forward, such Assessments shall again accrue and be payable to the Association.

H. Notice of Delinquency

When the Association or its agent or designee gives a written notice of the Assessment to any Owner who has not paid an Assessment that is due under this Declaration, such notice will be mailed to the Owner's last known address. The address of the Lot or Homesite shall be presumed to be the address for proper notice unless written notice of another address has been provided by the Owner to the Association.

ARTICLE XV. MODIFICATION AND TERMINATION OF COVENANTS

This Declaration may be amended, modified, or terminated by the filing of a recorded instrument executed by the Association or its legal representatives, successors or assigns. So long as Class B membership exists, approval of two-thirds (2/3) of the combined total votes of Class A and Class B Membership shall be required to amend, modify or terminate this Declaration. However, the Declarant may unilaterally amend this Declaration at any time without the joinder or consent of any Owners, entity, lender or other person to amend this Declaration if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on Lots and Homesites; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots or Homesites; (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on Lots or Homesites; or (e) for the purpose of clarifying or resolving any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors or omissions herein; provided, however, any such amendment shall not adversely affect the title to any Lots or Homesites unless the Owner shall consent thereto in writing.

After the termination of Class B membership, approval by the Owners of a majority of the Lots shall be required to amend, modify or terminate this Declaration. Upon approval of the Owners, as set out above of said amended declaration (as evidenced by the President's or Vice-President's signature) the amended declaration shall be recorded in the Real Property Records of Polk County, Texas, whereupon to the extent of any conflict with this Declaration, the amendment or the amended declaration shall control. For purposes of this Section, the approval of multiple Owners of a Lot may be reflected by the signature of any one Owner of such Lot. Notwithstanding anything contained herein to the contrary, the Association shall be entitled to use any combination of the following methods to obtain approval of the Owners for an amendment to the Declaration:

1. by written ballot, or electronic ballot as same may be established by the Board, that states the substance of the amendment and specifies the date by which a written or electronic ballot must be received to be counted;
2. at a meeting of the Members of the Association, if written notice of the meeting stating the purpose of the meeting is delivered to the Owners of the Lots; such notice may be hand-delivered to the Owners, sent via regular mail to the Owner's last known mailing address, as reflected in the Association's records, or via email to the Owner's email address as reflected in the Association's records;
3. by door-to-door circulation of a petition by the Association or a person authorized by the Association; and/or
4. by any other method permitted under this Declaration. Any limitation of amendment to the Declaration related to said Property shall not limit the rights of

the Declarant pertaining to the Declaration as otherwise herein reserved. Particularly reserved to the Declarant, is the right and privilege of Declarant to designate the use and architectural restrictions applicable to any portion of the Properties, as provided in Article IX hereof; and such designation, or subsequent change of designation, shall not be deemed to adversely affect any substantive right of any existing Owner.

ARTICLE XVI. ALTERNATE DISPUTE RESOLUTION

A. Dispute Resolution

No dispute between any of the following entities or individuals shall be commenced until the parties have submitted to non-binding mediation: Owners; Members; the Board of Directors; officers in the Association; or the Association.

Disputes between Owners that are not regulated by the Declaration shall not be subject to the dispute resolution process.

B. Outside Mediator

In a dispute between any of the above entities or individuals, the parties must voluntarily submit to the following mediation procedures before commencing any judicial or administrative proceeding. Each party will represent himself/herself individually or through an agent or representative, or may be represented by counsel. The dispute will be brought before a mutually selected mediator. Such mediator will either be an attorney-mediator skilled in community association law, a Professional Community Association Manager ("P.C.A.M.") as certified by the Community Associations Institute, or a Certified Property Manager ("C.P.M.") as certified by the Institute of Real Estate Managers. In order to be eligible to mediate a dispute under this provision, a Mediator may not reside in the Subdivision, work for any of the parties, represent any of the parties, nor have any conflict of interest with any of the parties. The Board shall maintain a list of no less than five (5) potential mediators, but the parties will be in no way limited to their choice by this list. Costs for such mediator shall be shared equally by the parties. If the parties cannot mutually agree upon the selection of a mediator after reasonable efforts (not more than thirty (30) days), each party shall select their own mediator and a third will be appointed by the two selected mediators. If this selection method must be used, each party will pay the costs of their selected mediator and will share equally the costs of the third appointed mediator.

C. Mediation is Not a Waiver

By agreeing to use this Dispute Resolution process, the parties in no way waive their rights to extraordinary relief including, but not limited to, temporary restraining orders or temporary injunctions, if such relief is necessary to protect or preserve a party's legal rights before a mediation may be scheduled.

D. Assessment Collection and Lien Foreclosure

The provisions of this Declaration dealing with Alternate Dispute Resolution shall not apply to the collection of assessments and/or the foreclosure of the Assessment Lien by the Association as set out in the Declaration.

E. Term

This Article XVI, Alternative Dispute Resolution, shall be in full force and effect for an initial period of three (3) years from the date of execution of this Declaration. However, this Article shall remain in full force and effect unless, at the first open meeting of the Association after such initial period, a majority of the Board of Directors votes to terminate the provisions of this Article XVII, Alternative Dispute Resolution.

ARTICLE XVII. GENERAL PROVISIONS

A. Severability

The invalidity of any one or more of the provisions of this Declaration shall not affect the validity of the other provisions thereof.

B. Compliance with Laws

At all times, each Owner shall comply with all applicable federal, state, county, and municipal laws, ordinances, rules, and regulations with respect to the use, occupancy, and condition of the Homesite and any improvements thereon. If any provision contained in this Declaration or any supplemental declaration or amendment is found to violate any law, then the provision shall be interpreted to be as restrictive as possible to preserve as much of the original provision as allowed by law.

C. Gender and Number

The singular wherever used herein shall be construed to mean or include the plural when applicable, and the necessary grammatical changes required to make the provisions hereof applicable either to corporations (or other entities) or individuals, male or female, shall in all cases be assumed as though in each case fully expressed.

D. Headlines

The titles and captions for this Declaration and the sections contained herein are for convenience only and shall not be used to construe, interpret, or limit the meaning of any term or provision contained in this Declaration.

E. Governing Law

The provisions in this Declaration shall be governed by and enforced in accordance with the laws of the State of Texas. Any and all obligations performable hereunder are to be performed in Polk County, Texas.

F. Fines for Violations

The Association may assess fines for violations of the dedicatory instruments or governing documents (as those terms are defined in the Texas Property Code, or any successor statute thereof), other than non-payment or delinquency in assessments, in amounts to be set by the Board of Directors, which fines shall be secured by the continuing assessment lien set out in this Declaration.

G. Books and Records

The books, records and papers of the Association shall, upon written request and by appointment, during normal business hours, be subject to inspection by any Member, pursuant to a Records Production and Copying Policy adopted by the Board.

H. Notices

Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Owner on the records of the Association at the time of such mailing.

I. Mergers

Upon a merger or consolidation of the Association with another association as provided in its Certificate of Formation, the Association's properties, assets, rights and obligations may be transferred to another surviving or consolidated association or, alternatively, the properties, assets, rights and obligations of another association may be transferred to the Association as a surviving corporation or to a like organization or governmental agency. The surviving or consolidated association shall administer any restrictions together with any Declarations of Covenants, Conditions and Restrictions governing these and any other properties, under one administration. No such merger or consolidation shall cause any revocation, change or addition to this Declaration.

J. Current Address and Occupants

Owners are required to notify the Association in writing of their current address if other than the physical address of the Lot or Homesite at all times. If an Owner fails to notify the Association of their current address, the Association shall use the address of the Lot or Homesite as the current address. If Owner leases the property, he shall supply the name of the tenant present upon the execution of any lease.

K. Security

NEITHER THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, NOR THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY WITHIN THE PROPERTY. NEITHER SHALL THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR SUCCESSOR DECLARANT BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND

OCCUPANTS OF ANY LOT, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR ANY SUCCESSOR DECLARANT DOES NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY LOT AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY DWELLING, OR OWNER OR USER OF AN IMPROVEMENT, AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO DWELLINGS AND IMPROVEMENTS AND TO THE CONTENTS OF DWELLINGS AND IMPROVEMENTS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

L. View Impairment

Neither the Declarant, nor the Association, guarantee or represent that any view over and across the Lots, Common Areas, reserves or open space within the Subdivision will be preserved without impairment. The Declarant and the Association shall have no obligation to relocate, prune, or thin trees or shrubs on the Common Area. The Association shall have the right to add trees and other landscaping to the Common Area. There shall be no express or implied easements for view purposes or for the passage of light and air.

M. Video, Data and Communication Service Agreements

Subject to the approval of the Declarant for so long as Class B membership exists, the Association has or may hereafter enter into an agreement with a service provider for the provision of cable television and/or other communication services in order to obtain access to benefits and services for the benefit of Owners and Dwellings located in the Subdivision. Payment for services and benefits provided pursuant to video, data and/or communication service agreements executed pursuant to this provision will be made from Assessments levied and collected by the Association pursuant to the authority granted in Article XIV, and such Assessments shall be supported by the Assessment lien created herein. While Owners are free to obtain the same or similar services from a provider of their choice, no Owner may avoid paying any portion of Assessments levied based on non-use of video, data or communication services provided and paid for by the Association with Assessments.

N. Occupants Bound

All provisions of the Dedicatory Instruments (as same is defined in the Texas Property Code) applicable to the Property and Owners, shall also apply to all residents, tenants, lessees, guests, and invitees of any Lot or Dwelling (collectively referred to herein as "Occupants"). Every Owner shall cause all Occupants to comply with the foregoing, and every Owner shall be responsible for all violations, losses, or damages caused by an Occupant, notwithstanding the fact that such Occupant is jointly and severally liable and may be sanctioned for any violation. In addition to all other remedies available to the Association in the event of a violation by an Occupant, the Association may require that the Occupant be removed from and not be allowed to return to the Subdivision and/or that any lease, agreement or permission given allowing the Occupant to be present be terminated.

O. Transfer of Title; Resale Certificate

1. Transfer of Title: Any Owner, other than the Declarant, desiring to sell or otherwise transfer title to his or her Lot shall give the Board at least seven (7) days prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The person, other than the Declarant, transferring title shall continue to be jointly and severally responsible with the person accepting title for all obligations of the Owner, including assessment obligations, until the date upon which the Board receives such notice, notwithstanding the transfer of title.

Upon acceptance of title to a Lot, the new Owner of the Lot shall pay to the Association an administrative transfer fee to cover the administrative expenses associated with updating the Association's records, which transfer fee is supported by the Assessment lien created herein. Such fees shall be in such amount as the Board may reasonably determine necessary to cover its costs, including but not limited to, and fees charged by a management company retained by the Association for updating its records.

2. Resale Certificate: The Association may charge a reasonable fee to prepare, assemble, copy, and deliver a Resale Certificate, as described in Chapter 207 of the Texas Property Code, and accompanying information and any update to a Resale Certificate, which charge is supported by the Assessment lien created herein.

SIGNATURE PAGES FOLLOW