

AFTER RECORDING, RETURN TO:
Meritage Homes of Texas, L.P.
4050 W. Park Blvd.
Plano, Texas 75093
Attn: Bryan A. Robertson

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR

COMMUNITY NAME

CITY OF CITY
COUNTY COUNTY, TEXAS

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COMMUNITY NAME

STATE OF TEXAS §

§ KNOW ALL BY THESE PRESENT:
COUNTY OF COUNTY §

This Declaration (herein so called) is executed effective as of MONTH DAY, 2006 by
MERITAGE HOMES OF
TEXAS, L.P. (“Declarant”).

RECITALS:

A. Declarant is the owner of the real property in County County, Texas described on
Exhibit A attached hereto,
which Declarant is developing as an addition (“Subdivision”) to the City of City to
be known as Community Name
 (“Property”).

B. Declarant desires to establish a planned residential community of single family
detached homes on the
Property and, accordingly, has executed this Declaration to impose the covenants,
conditions, restrictions, and easements
herein described upon the Property.

C. Declarant has deemed it desirable for the enforcement of this Declaration and the
efficient preservation of the
amenities in the Subdivision to create a non-profit corporation (hereinafter defined
as the “Association”) under the laws
of the State of Texas to which shall be delegated and assigned the power of
administering and enforcing the
assessments, conditions, covenants, easements, reservations and restrictions of this
Declaration, including levying,
collecting and disbursing the assessments, and whose directors will establish bylaws
by which the Association shall be
governed through its Board (hereinafter defined), for the purpose of exercising the
functions aforesaid.

ARTICLE 1
ESTABLISHMENT

Section 1.1 Establishment of Covenants, Conditions and Restrictions. Declarant
hereby imposes upon
the Property the covenants, conditions, restrictions, liens and easements

(collectively, "Covenants") set forth in this Declaration for the purposes of establishing a general scheme for development of the Property, enhancing the value of the Lots and Residences (defined below), and establishing restrictions for residential use for the benefit of Declarant and the Owners (defined below). Declarant does not guarantee that all of these purposes will be accomplished through the creation and imposition of the Covenants. The Covenants touch and concern title to the Property, run with the land and shall be binding upon all persons or entities hereafter acquiring title to or any interest in any portion of the Property.

Section 1.2 Definitions. The terms set forth below shall have indicated meanings when used in this Declaration; other terms are defined elsewhere herein and shall have the meaning given to them in this Declaration.

"ACC" means the architectural control committee established pursuant to this Declaration.

"Assessments" means the Maintenance Assessments, Special Assessments and Special Individual Assessments provided for in Article 6.

"Association" means the HOA Entity Name, Inc., a Texas non-profit corporation, or such other homeowners' association name selected and available at the time of formation and established as provided in this Declaration.

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

"Builder" means any homebuilder constructing the initial Residence upon a Lot in the normal course of conducting its business for profit.

"City" means the City of City, Texas.

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"Common Area" means those portions of the Property as described in or on the Plat that do not constitute Lots, Streets, roads, or alleys. Accordingly, the Common Area means those portions of the Property designated as such on the Plat, including any recreational centers or similar areas. The Common Area also includes: (i) any areas within the Property owned by the City, the Association, or any other governmental entity, but which are required to be maintained by

the Association; (ii) any landscape, wall maintenance, pedestrian access or maintenance easements reflected on the Plat, required by the City or recorded by separate instrument; and (iii) those areas, if any, which are owned by an Owner, but on which are located monuments, signs, fences, landscaping, berms, sidewalks, irrigation systems or other improvements that may be maintained by the City or the Association. The Common Area shall also include all improvements on or to any portion of any of the areas described in the preceding sentence. Declarant shall at all times have and retain the right, but without obligation whatsoever, to effect minor redesigns or reconfigurations of the Common Area and to execute any open space declarations applicable to the Common Area which may be permitted in order to reduce property taxes, and to take whatever steps as may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem and/or income taxes.

“Declarant” means MERITAGE HOMES OF TEXAS, L.P. including any affiliate of any Partner thereof and any other person or entity who is designated as a successor Declarant in writing pursuant to the provisions of this Declaration and recorded in the Records of County County, Texas. Upon designation of such successor Declarant, all rights, obligations and responsibilities of the former Declarant in and to such status as “Declarant” hereunder shall cease, it being understood that there shall be only one Declarant hereunder at any given time.

“Design Guidelines” shall mean and refer to those particular standards, restrictions, guidelines, recommendations and specifications applicable to all aspects of construction, including allowed materials and the placement, location, alteration, maintenance and design of any improvements within the Property, and all amendments, modifications, supplements and interpretations thereof.

“HUD” means the U.S. Department of Housing and Urban Development.

“Lot” means any of the individual platted building lots reflected, or to be reflected, on the Plat that are to be used for residential purposes as herein described. Where the context indicates or requires, the term Lot includes any structure on the Lot.

“Managing Agent” means any Person who has been engaged and designated by the Board to manage the daily affairs and operations of the Association.

“Occupant” means any Person occupying all or any portion of a Lot for any period of time, regardless of whether

such Person is a tenant of the Owner of such Lot.

“Owner” means any Person owning fee title to any Lot, but excluding any mortgagee or beneficiary under a deed of trust until such time as it acquires legal title to a Lot.

“Person” means any individual, corporation, limited liability company, partnership or other entity of any kind or types whatsoever.

“Phase” means a particular phase developed upon the Property. Declarant may impose, as provided in Section 3.3(d), additional or different restrictions on each Phase. If Declarant annexes additional property into the Property as provided in Section 8.1, it may designate the area annexed as a particular Phase, and may impose, as provided in Section 3.3(d), additional or different restrictions on such area.

“Plat” means (i) initially, the Preliminary Plat, and thereafter the Final Plat, for any Phase of the Property submitted to and approved by the City, or any other applicable governmental entity; (ii) after recordation thereof, the final Plat for any Phase of the Property as recorded in the Records of County County, Texas; and, (iii) any replat of, or amendment to, the foregoing made by Declarant in accordance with this Declaration. The term “Plat” shall also include the final recorded plat of any additional property annexed into the Property pursuant to Section 8.1.

“Residence” means a single family detached residential dwelling upon a Lot in conformance with this Declaration.

“Street” means any paved road, but not alleys, that is typically within a fifty foot (50') or sixty foot (60') right-of-way and serves the front of a Lot upon which a Residence is constructed.

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“Structure” means any structure (other than a Residence) and includes, without limitation, a fence, driveway, sidewalk, planting, landscaping, irrigation system, wall, tennis court, swimming pool, outbuilding, playground equipment, or other improvement of any kind or type.

“Vehicle” means any vehicle of any kind or type whatsoever, including, but without limitation, any automobile,

truck, motorcycle, boat, mobile home, motor home, boat trailer, or other kind of trailer.

ARTICLE 2 USE PROVISIONS

Section 2.1 Permitted Uses.

(a) Lots Limited to Residential Use. Except as otherwise provided in this Declaration, Lots shall be used only for single family, private residential purposes and activities reasonably related thereto. Additional uses for purposes such as schools, churches, or similar activities may be permitted within the Property, provided such use conforms to all applicable zoning requirements and has received the prior written approval from the Association and the Declarant.

(b) Common Area Uses. The Common Area designated on the Plat shall be used only for recreational and other similar purposes as approved by the Declarant or the Association. The Common Area consisting of landscaping, maintenance, wall maintenance easements, or similar areas shall be used for such purposes or similar purposes as approved by the Declarant or the Association. No damage to the Common Area or any part thereof shall be committed by any Owner, Occupant or invitee. The cost to repair any such damage shall be levied against the Owner of the Lot responsible for such damage as a Special Individual Assessment. No Owner or Occupant may maintain, treat, landscape, sod, place or erect any improvement or structure of any kind on the Common Area without the prior written approval of the Board.

(c) Sales Offices and Similar Uses. Declarant may maintain one or more signs, sales offices, or trailers on Lots for the purpose of facilitating sales of Residences on the Property. Real estate brokers, Owners and their agents may show Lots, for sale or lease, and every Person purchasing a Lot recognizes that the Declarant, its agents and designated assigns, shall have the right to (a) use Lots, and improvements erected thereon, for sales offices, field construction offices, storage facilities and general business offices; (b) maintain fluorescent lighted or spot lighted model homes which are open to the public for inspection seven (7) days per week for such hours as Declarant deems appropriate or necessary; and (c) conduct any other activities on Lots to benefit sales efforts. Declarant or the ACC may also grant the right to maintain construction trailers on the Lots and to use Lots for signage, sales offices, and similar purposes to other Persons constructing Residences on the Property by written designation.

Section 2.2 Prohibited Uses and Activities.

(a) No Further Subdivision. No Lot may be further subdivided without the written consent of the Declarant or the ACC. Lots may be combined for the purpose of constructing a single residence on more than one Lot only upon written approval of the Declarant or the ACC. Without regard to any such permitted subdivision or combination, the Lots involved shall continue to be treated as single individual Lots hereunder for all other purposes, including voting in the Association and assessing and collecting Assessments.

(b) Parking and Vehicle Restrictions. All Vehicles shall be parked, stored or placed so as not to be visible from any Street or from ground level view from an adjoining Lot, except for temporary parking in the driveway constructed on a Lot. On-Street parking shall be limited to temporary parking of guests or invitees of Owners during parties, delivery of services, and similar limited (no more than twelve (12) hours) time periods. Trucks with tonnage in excess of one ton and Vehicles with signage or advertising displays shall not be permitted to park overnight on the Streets, driveways, or other areas within the Property. No Vehicle that transports inflammatory or explosive cargo may be parked or stored within the Property. No inoperative or unlicensed Vehicles may be parked or stored, other than in an enclosed garage, within the Property. All work on Vehicles (other than routine maintenance) shall be performed only in an enclosed garage. The foregoing provisions shall not restrict the parking of trucks and other Vehicles as necessary in connection with construction of Residences or other Structures on Lots.

(c) Specific Use Restrictions. The Property is restricted solely to residential and related uses; accordingly, no industrial, business, commercial, professional, manufacturing, mineral or other similar use shall be permitted on any part of the Property. This Section shall not be construed so as to prohibit the conduct of a reasonable amount of in-home work, such as computer work or similar activities, provided that such work or activity: (i) does not involve the parking of Vehicles of employees, consultants, clients, or other parties who do not occupy the Residences in question, (ii) the activity does not involve door-to-door solicitation of residents of the Property; and (iii) does not involve the delivery or pick-up of any materials or services. Unless expressly permitted by the Declarant and the Association, no portion of the Property may be used as a church and activities normally associated with a church may not be conducted on the Property. This restriction shall not apply to any activity conducted by the Declarant with respect to its development and sale of Lots or its use of any Lots it owns in the Property.

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(d) Pet and Animal Restrictions. Only regular household pets such as cats and dogs shall be

permitted on the Property and then only for personal use and not for any business use such as breeding, kennel operations and the like. No other animals shall be permitted to be maintained upon the Property, including the following:

cows, horses, bees, hogs, sheep, goats, poultry, or skunks. No more than four (4) domesticated household pets are

permitted in any Residence. All pets shall be kept within the fenced-in area of an Owner's Lot and shall not be permitted to run free through the Property.

(e) Outdoor Burning Restrictions. Outdoor burning of trash, leaves, and other items is prohibited.

This restriction shall not be construed as prohibiting outdoor cooking on barbecue grills in connection with use of a Residence.

(f) Trash/Garbage Disposal. Trash, garbage and other waste shall at all times be kept in clean, well

maintained, sanitary containers for regular scheduled pickup for removal of such items. Trash, garbage or other waste shall not be dumped on the ground of any Lot or in any Common Area.

(g) Occupancy. Each Lot shall be improved with a single family detached Residence. No Person

shall occupy any garage or other outbuilding as a residence at any time.

(h) Projections from Structures. Window air conditioning units and other similar projections are

prohibited. Any projection through the roof of any structure on the Property shall require the prior written approval of the Declarant or the ACC.

(i) Private Water/Sewer Systems. Each Residence shall be connected to the City water and sanitary

sewer system, and no private water well or water, sanitary or storm sewer system is permitted within the Property unless

constructed by the Declarant. If Declarant uses private drainage easements in areas that necessitate or contain a private

sub-surface storm sewer drainage system, then such sewer lines are to be kept freely running and unobstructed at all

times. If the lines become obstructed, all parties that benefit from their function shall be required to equally and promptly

share in the cost of repair or replacement of the lines.

(j) Changes in Grade. Except for such changes as are reasonably necessary to facilitate

construction of a Residence on a Lot, no Owner shall change the grade of any Lot except in compliance with all applicable

laws. After Declarant has developed the Lots, the general grading, slope and drainage plan of a Lot may not be altered,

and no dams, berms, channels or swales may be constructed or excavated without the prior written approval of Declarant (or the ACC), the City (if applicable) and other appropriate agencies having authority to grant such approval.

(k) Visible Activities - Outdoors. Outdoor drying of clothes is prohibited. Lawn mowers, rakes, carts, and other yard equipment shall be stored from view from adjoining Lots and Streets when not in use.

(l) General Restriction - Nuisances. In general, no condition shall be allowed to exist on a Lot which, by sight or smell (as determined exclusively by the ACC), shall constitute a public or private nuisance or unreasonably disturbs any other Owner in the use and enjoyment of its Lot or the Common Area.

ARTICLE 3

CONSTRUCTION PROVISIONS

Section 3.1 Plan Approval Required. No Residence or Structure shall be constructed, placed or installed within the Property until the plans therefor have been approved in writing by the ACC or Declarant as provided in this Article 3.

Section 3.2 Establishment of ACC.

(a) Initial Appointment. The ACC shall consist of three (3) members; the initial members of the ACC shall be appointed by the Declarant.

(b) Term and Subsequent Appointments. The members of the ACC shall serve until they resign or are removed by the party appointing them to the ACC (which the appointing party may do at any time). Subsequent appointments to the ACC shall be made by the Declarant until such time as the Declarant either relinquishes such power by written notice to the Board, or the Declarant no longer owns any Lot; thereafter appointments to and removals from the ACC shall be made by the Board. The ACC or Declarant may engage the services of a third party to review plans and specifications pursuant to this Article.

(c) Compensation; Fee for Review. No member of the ACC shall be entitled to compensation for its services. The ACC may impose a reasonable charge for reviewing plans.

Section 3.3 Approval Process.

(a) Submission of Plans. Any party wishing to construct a Residence or any Structure on the Property shall submit two (2) copies of complete plans and specifications therefor to the ACC for its approval prior to commencing construction. Such plans and specifications shall include engineering

information, landscaping description, and construction plans showing the location and elevations of the proposed Residence or Structure and the materials to be used in constructing the same, all in sufficient detail to enable the ACC to evaluate the proposed Structure or Residence. The ACC may request additional information, including samples of proposed materials to aid it in its decision

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process. After receipt of a complete set of plans and specifications, the ACC shall promptly review the same and notify the Person submitting whether it approves the plans or whether it requires changes thereto. Alternately, the ACC may disapprove a set of plans by so noting thereon and returning it to the Person submitting, accompanied by a statement of the reasons for disapproval. No construction shall be commenced on any portion of the Property unless and until the plans for the Residence or Structure in question have been approved in writing by the ACC or Declarant.

(b) Time for Review/Approval. The ACC shall approve or disapprove all plans submitted for construction within thirty (30) days after the date it receives a complete set of plans and specifications therefor; if the ACC fails to specifically approve or disapprove of any plans within such thirty (30) day period, then the ACC shall be deemed to have approved the plans submitted.

(c) Review Standards. The ACC, in reviewing and approving plans for construction of Structures or Residences, shall use commercially reasonable efforts to promote and ensure a high level of taste, design quality, aesthetic harmony, and conformity throughout the Property, consistent with the standards established by this Declaration and the Design Guidelines.

(d) Design Guidelines/Building Standards. The Declarant or the ACC may, but is not required to, establish specific guidelines and building standards to assist Persons in determining the type of Structures and Residences, which may be constructed on the Property. Pursuant to Section 8.1, Declarant may annex additional Property to become a portion of the Property, and may develop the overall Property in various Phases. Declarant may establish differing restrictions, guidelines and building standards for each such Phase of the Property, which may impose more restrictive or less onerous building standards with respect to a particular Phase. The ACC or Declarant may amend or modify such guidelines or standards from time to time in its sole discretion.

Such guidelines or standards shall supplement this Declaration and are general guides to permitted construction within the Property, but shall not diminish the authority of the ACC and Declarant to approve plans as otherwise herein provided.

(e) No Waiver of Future Approvals. Each Owner acknowledges that the members of the ACC may change from time to time and that the interpretation, application and enforcement of the Design Guidelines may vary accordingly. Approval of proposals, plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings or other matters subsequently or additionally submitted for approval.

(f) Right to Modify Specific Construction Provisions or Grant Variances. The ACC shall have the authority to modify specific construction provisions or grant variances with respect to the requirements contained in this Article 3 or the Design Guidelines when circumstances such as topography, natural obstructions, Lot configuration, hardship or aesthetic or environmental considerations require. No modification or variance shall be effective unless in writing or shall serve to stop the ACC from denying a request for modification or variance in other circumstances. The inability to obtain approval of any governmental agency, the issuance of any permit, the cost of compliance, or the terms of any financing shall not be considered a hardship warranting a modification or a variance.

(g) Failure to Obtain Approval. The construction, repair, replacement, installation, or placement of any Structure or improvement of any type on a Lot without the prior written approval from the ACC shall constitute grounds for the imposition by the ACC or the Association of a fine against the Owner of said Lot not to exceed Five Hundred and No/100 Dollars (\$500.00). A fine levied under this Section shall be charged to the Owner's assessment account as a Special Individual Assessment payable upon demand and secured by the lien created in Article 6.

(h) Limitation of Liability. Review and approval of any submission or application pursuant to this

Article 3 is made on the basis of aesthetic considerations only and not for engineering, structural design or quality of materials. Neither the Declarant, its officers, directors, partners, agents, employees, representatives, parent or subsidiaries, nor the Association, the Board, or the ACC, including any of its respective members, shall be liable to any Person for any official act of the ACC in connection with submitted plans and specifications. Notwithstanding any

approval by the Declarant or the ACC, neither the Declarant, the Association nor the ACC shall be responsible or liable to any Person with respect to any loss, liability, claim or expense which may arise by reason of such approval or the construction of a Residence or Structure related thereto. Neither the Declarant, the Association, the Board nor the ACC shall be responsible in any way for any defects in any plans or specifications submitted, reviewed or approved in accordance with the provisions of this Declaration, nor for any structural or other defects in any work done according to such plans or specifications. No approval of any plans by either the ACC or the Declarant shall be construed to mean that the plans comply with any applicable law, building code, or governmental regulation, it being the responsibility of the Person submitting any plans to assure compliance with all applicable laws. Conversely, the issuance of a building permit or any approval from any governmental authority shall not, under any circumstance, constitute any evidence that construction of a Residence or a Structure complies with the terms and conditions contained in this Declaration or the Design Guidelines. Declarant and members of the ACC shall have no liability for decisions made by them regarding the approval or disapproval of plans, so long as the decisions are made in good faith and are not discriminatory, arbitrary, or capricious.

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Section 3.4 Specific Construction Provisions.

(a) Setbacks. All Residences and other Structures shall be constructed in conformity with the setback

requirements of the City and the building lines reflected on the Plat.

(b) Structure Size and Type. Each Residence shall have the minimum number of square feet of

enclosed air-conditioned area as set forth by the City in the applicable zoning ordinance. Each Residence on a Lot shall

be of new construction and no mobile homes or manufactured housing shall be permitted on the Property except on a

temporary basis in connection with construction or sales activities.

(c) Garage Requirements. Each Residence shall have at least a two car attached garage constructed

as a part thereof.

(d) Drive/Walkway Requirements. All driveways and sidewalks shall conform to applicable City and

other governmental specifications and regulations.

(e) Ancillary Structure Provisions. All ancillary Structures (as described below) shall conform to the

requirements of this Section:

(1) Antennae/Satellite Dishes. The erection, construction, placement or installation of any television, radio, or other electronic tower, serial, antenna, satellite dish or device of any type for the reception or transmission of radio or television broadcasts or for any means of communication upon a Lot or upon any improvement thereon is prohibited except as provided for herein. This prohibition shall not apply to those antennae specifically covered by 47 C.F.R. Part 1, Subpart S, Section 1.4000 (or any successor provision)

promulgated pursuant to the Telecommunications Act of 1996, as amended from time to time. The ACC or the Declarant shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae.

All television antennas and other antennas and aerials shall be located inside the attic of the residence constructed on the Lot. Amateur radio towers and antennas (whether for reception or transmission) are specifically prohibited. No exterior television, radio or other antenna of any type shall be placed, allowed or maintained upon any Lot, Residence, or Structure without prior written approval and authorization of the ACC.

(2) Fences and Walls. All fences and walls (excluding retaining walls described in (7) below) shall comply with City requirements and otherwise have (A) a minimum height of at least four feet (4') if constructed of ornamental metal or similar materials by Declarant or Builder along water, open space or other Declarant-approved special features and at least six feet (6') if constructed of wood or other approved materials and (B) a maximum height of eight feet (8'), and shall be located in an area and constructed of materials in accordance with the provisions therefor contained in the Design Guidelines. No fence or wall may be constructed, repaired, rebuilt, or relocated if it impedes or obstructs drainage. Prior written approval from the ACC is required for any construction, placement or repair of fences or walls on any Lot.

(3) Outbuildings. Outbuildings or storage sheds are allowed upon a Lot but must receive prior written approval from the ACC. In addition to any further requirements for the construction, installation and location of outbuildings or storage sheds contained in the Design Guidelines, the following restrictions shall apply:

(i) must be screened from view on all sides; (ii) maximum height allowed is seven feet (7'0") but only so long as the outbuilding or storage shed is not visible above the fence line; and (iii) the

location must be specifically approved in writing by the ACC. Any deviation from these restrictions not approved by the ACC will be just cause for the removal of the outbuilding or storage shed from the Lot.

(4) Trash Containers. All trash containers shall be screened from view from Streets.

(5) Hedges. Hedges shall be maintained at a height that is in conformity with the height of fences and walls. No hedge shall be maintained in a manner that obstructs any sidewalk or the visibility at intersections of Streets and/or alleys.

(6) Servant's Quarters. Servant's quarters may be constructed, provided the plans therefor are approved by the ACC as herein provided.

(7) Retaining Walls. Retaining walls, other than those constructed by the Declarant, require

prior written approval by the ACC to ensure conformity with the requirements contained in the Design Guidelines with respect to location, construction, and materials. Except for those built by Declarant or its affiliates, any retaining walls which generally face an alley or are either between Residences or along or adjacent to the side or rear property lines of Lots shall be constructed of CCA treated lumber or stone materials unless the ACC has otherwise provided prior written approval.

(8) Mailboxes. Mailboxes shall be of a design and constructed of materials approved by the ACC and shall conform to one of the standards depicted on Exhibit B, United States Postal Service regulations and the Design Guidelines.

(9) Tennis Court/Swimming Pool/Recreational Facilities. A tennis court, swimming pool, and/or recreational facilities may be constructed within any Lot provided the plans therefor are approved by the Declaration of Covenants, Restrictions and Conditions 6

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ACC prior to commencement of construction to ensure compliance with the requirements contained in the Design Guidelines with respect to location and screening. Above ground pools are prohibited.

(10) Signage. Except for signs related to development or marketing by Declarant or any Builder, no signage may be maintained on any Lot or in the Common Area other than (A) signs which do not exceed 6 sq. ft., of tasteful design which advertise a Lot or Residence for sale or rent, (B) political signage, which

shall be allowed so long as it strictly complies with the conditions set forth in the Design Guidelines as to number, location, and time periods when such signs are allowed prior to the election and when such signs must be removed after the election, (C) spirit signs (announcing the involvement of teenagers in athletics or school programs), which shall only be allowed if provided for and in strict compliance with the Design Guidelines, and (D) signs displaying the name of a security company, which shall be permitted provided that such signs (i) are tastefully designed and do not exceed 2 sq. ft. in size, (ii) are ground mounted, and (iii) are limited to one (1) in the front yard and one (1) in the rear yard of each Lot. All signs must be professionally produced and manufactured and shall be subject to written approval of the ACC. No sign(s) of any kind or character, including any signs (A) in the nature of a "protest" or complaint against the Subdivision, Declarant or any Builder, (B) that describe, malign or refer to the reputation, character or building practices of the Subdivision, Declarant or any Builder, and/or (C) discourage or otherwise impact or attempt to impact anyone's decision to acquire a Lot or Residence in the Subdivision or elsewhere from Declarant or any Builder, shall be displayed to the Streets or otherwise to the public view on any Lot, Residence, Structure or Common Area. Each Owner hereby grants permission to the ACC (or its duly authorized agents) to enter upon a Lot or any part of the Property and remove any sign, billboard or advertising structure that does not comply with the above requirements and, in doing so, shall not be subject to any liability to any Person whatsoever for trespass, conversion, or any claim for damages in connection with such removal. The ACC's cost to remove any sign(s) shall be added to the Owner's assessment account as a Special Individual Assessment, be payable upon demand and secured by the lien created in Article 6. No Person shall engage in any picketing on any Lot, easement, right-of-way or Common Area within or adjacent to the Property, nor shall any Vehicle parked, stored or driven in or adjacent to the Property bear or display any signs, slogans, symbols, words or decorations intended to create controversy, invite ridicule or disparagement, or interfere in any way with the exercise of the property rights, occupancy or permitted business activity of any Owner, Declarant or Builder.

(11) Screening of Structures in Public View. The Owners and Occupants of any Lots at intersections of streets or alleys, or where the rear yard is visible from public view, shall construct a suitable enclosure, as approved by the ACC, to screen from public view equipment or

Structures incidental to Residences, such as clothes drying equipment, yard equipment, lawn furniture, outbuildings, pool filtration or composting equipment and stored materials.

Section 3.5 Construction Materials. All construction materials shall conform to the following provisions:

(a) Exterior Materials. All exterior construction materials shall be subject to approval by the ACC in accordance with the provisions therefor in the Design Guidelines as to aesthetic appearance and shall conform to any and all City ordinances.

(b) Roof Materials. Minimum # of years year warranty shingle or equivalent is required. Color of shingles to be earth tones or similar color. All roofing materials must be fireproof and conform to City requirements, and are subject to ACC approval.

Section 3.6 Height Restrictions. All Structures shall conform to the height restrictions of the City.

Section 3.7 Roof Restrictions. All roofs shall have at least a # :12 pitch on the main structure and at least a # :12 pitch on garage structures unless otherwise approved by the ACC.

Section 3.8 Construction Period and Process. Construction of any Residence shall be pursued with all due diligence and, in any event, shall be completed within nine (9) months after commencement. Construction of any other Structure shall be completed within the time periods specified in the plan approval process. All areas under construction shall be maintained in a clean, safe condition, and debris, trash, and rubble shall be stored in appropriate containers and promptly removed from the Property.

Section 3.9 Landscaping. All Lots shall be appropriately landscaped, including planting of grass and other plants in conformity with the Design Guidelines and other improvements on the Property. In addition to complying with City requirements, all Lots with Structures shall include at least three (2) 3-inch caliper tree(s) in the area of the Lot between the front property line and the front building line.

Section 3.10 Declarant Rights. So long as Declarant owns any Lot, Declarant may exercise any of the rights of the ACC under this Article 3.

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ARTICLE 4
MAINTENANCE PROVISIONS

Section 4.1 Owner's Obligation to Maintain. Each Owner shall maintain its Lot and the Residence and other Structures thereon in a clean, first class condition. Each Owner shall regularly mow grass and maintain the landscaping on its Lot in good condition at all times. Each Owner shall maintain the exterior of all Residences and Structures in good condition and shall make such repairs and replacements as necessary to maintain good order and the aesthetic harmony of the Property.

Section 4.2 Damaged Improvements. If any Residence or Structure is damaged in any way, the Owner shall immediately repair such damage or, in the case of substantial damage and the Owner does not wish to rebuild, raze the damaged Structure or Residence and remove the same and leave the surface of the Lot in good order.

Section 4.3 Declarant/Association Right to Perform. If any Owner fails to maintain the condition of its Lot, the landscaping thereon, including the prompt removal of damaged or deceased trees and shrubs, or the Residence or other Structures thereon as contemplated by this Article 4, and fails to take action to correct such defect within ten (10) days after the Declarant or the Association has furnished written notice thereof to such Owner, then the Owner of such Lot hereby grants permission to the Declarant or Association (or its duly authorized agents) to enter upon such Lot and perform those duties which the Owner failed to perform without liability whatsoever to such Owner or any Person for trespass, conversion, or any claim for damages. The cost of performing such duties shall be added to the Owner's assessment account as a Special Individual Assessment, be payable upon demand, and shall be secured by the lien provided for in Article 6.

Section 4.4 Easement for Maintenance. Each Owner grants to the Association, the Board, and the Declarant the right to access, repair, and maintain all facilities and improvements within any wall, entry, fence, landscape, or other similar easement as recorded on any Plat (including, but not limited to, any Plat attached hereto as Exhibit), especially, without limitation to, the following Lots: Phase : Block , Lots and ; Block , Lots and ; Phase : Block , Lots ; Block , Lots ; Block , Lots , and ; and Phase : Block , Lots , Block , Lots and . By acquisition of a Lot, each Owner

hereby grants, creates and conveys unto the Association, the other adjacent Owners and the Declarant a perpetual Drainage Easement (herein so called) over, through, under and across the Owner's Lot for the purpose of permitting runoff and/or storm water to drain from other adjacent Lots over, through, under and across the Owner's Lot(s). Without limiting the foregoing, in order to facilitate drainage from the Property subject to the Declaration over, through, under and across the Owner's Lot, each Owner hereby agrees that the Declarant or the Association, as the case may be, shall have the right to enter onto the Owner's Lot at any time to (i) prevent possible interference with the Drainage Easement and to remove possible hazards from the Drainage Easement area, (ii) prevent the construction or placement of any building, structure or other obstruction within the Drainage Easement area which may endanger or interfere with the efficient and convenient use of the Drainage Easement, (iii) grade, improve, construct, reconstruct, repair and perpetually maintain swales within the Drainage Easement area, and (iv) or regrade portions of the Drainage Easement area necessary or appropriate to permit drainage as generally described herein or as approved or required by appropriate governmental

authorities especially and without limitation to, the following Lots: Phase : Block , Lots and ; Block , Lots and ; Phase : Block , Lots ; Block , Lots ; Block , Lots , and ; and Phase : Block , Lots , Block , Lots and .

Notwithstanding any of the foregoing rights of the Association or the Declarant, each Owner hereby agrees to maintain the Drainage Easement area at such Owner's sole cost and expense. If any structures or other obstructions are constructed, created or placed by any Owner within the Drainage Easement area without the prior written consent of the Association and the Declarant, the Declarant or the Association shall have the right to remove such structure or obstruction at the sole cost of such Owner. The cost of performing such removal shall be added to the Owner's assessment account as a Special Individual Assessment, be payable upon demand, and shall be secured by the lien provided for in Article 6.

ARTICLE 5 OWNERS' ASSOCIATION

Section 5.1 Establishment. The Association has heretofore been or will hereafter be created as a Texas nonprofit corporation by the Declarant. Each Owner of a Lot shall be a member ("Member") in the Association and such membership is appurtenant to and shall not be separated from ownership of a Lot. Upon the transfer of a Lot, the new

Owner shall automatically become a member of the Association. The term of existence of the Association and other matters pertaining to its operation are set forth in its Certificate of Formation (attached hereto as Exhibit) and the By-Laws (attached hereto as Exhibit). The Association is established to enforce this Declaration and the

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Covenants, to promote the interests of the Owners as residents of the Property, and to enhance the value of the Lots as a part of a harmonious, high quality, residential subdivision.

Section 5.2 Voting Power. The Association shall have two classes of voting membership as follows:

- (a) Class A. The Class A Member shall be all Owners other than Declarant and shall be entitled to one vote for each Lot owned. If more than one person owns an interest in a Lot, they shall combine their vote in such way as they see fit, but there shall be no fractional votes, and no more than one vote with respect to any Lot.
- (b) Class B. The Class B Member shall be the Declarant who shall be entitled to four (4) votes for each Lot owned by Declarant. Subject to the conditions set forth in the remainder of this paragraph, the Class B membership shall be converted to Class A membership upon the earlier of (i) the total votes outstanding in the Class A membership equaling the total votes outstanding in the Class B membership, (ii) Month Following Effective Date 1, 2010 years following the effective date or (iii) the recording in the Records of County County, Texas of a notice signed by Declarant terminating the Class B membership. In determining the number of Lots owned by Declarant for the purpose of Class B membership status hereunder, the total number of Lots covered by this Declaration, including all Lots annexed thereto in accordance with Section 8.1 herein, shall be considered. In the event the Class B membership has previously lapsed as provided in (i) above, but annexation of additional property restores the ratio of Lots owned by Declarant to the number required for Class B membership status, such Class B membership shall be reinstated until it expires pursuant to the terms hereof.
- (c) Turnover Procedure. Following the termination of the Class B membership status and Declarant's determination that it does not desire to annex additional property, Declarant shall cause control of the Association to be

turned over to the general membership of the Association ("Turnover"). Within thirty (30) days of the termination of the Class B membership status, and Declarant's determination that it does not desire to annex additional property, the President of the Association shall call a special meeting of the Board of Directors. At such meeting, the Board of Directors shall set a date for a subsequent meeting of the members of the Association at which the Turnover will occur ("Turnover Meeting"), which meeting shall be at least thirty (30) but no more than sixty (60) days after the special meeting. The Board of Directors shall provide at least thirty (30) days notice to the Class A Members of the date and location of the Turnover Meeting. Prior to the Turnover Meeting, a representative of the Declarant, a representative of the Managing Agent, if any, and one or more of then-existing resident directors shall meet as necessary to cause the turnover of all records associated with the existence, maintenance and operation of the Association. At the Turnover Meeting, the then-existing directors appointed by Declarant shall submit their written resignations and new directors shall be elected, as necessary, to fill the Board in accordance with the Bylaws; provided, however, that notwithstanding anything contained in the Bylaws, Declarant shall have the right to appoint at least one (1) member of the Board as long as Declarant owns at least one Lot. From and after the date of Turnover, Declarant shall have no further responsibility or liability associated with the Association, the operations of the Board, the maintenance of any Common Area, or any other matters associated with the Common Area. In that regard, at and as of the Turnover Meeting, the Association shall execute and deliver to the Declarant a general release, in form acceptable to Declarant, releasing Declarant from all liability associated with the development, construction, operation and maintenance of the Common Area. From and after Turnover, to the extent that any dispute arises between the Association and the Declarant regarding a matter that is allegedly not covered by the release or regarding the release itself, then such dispute, if any, shall be resolved through the dispute resolution procedures provided in Section 9.12.

(d) Board of Directors Election. The Board shall be elected as provided in the certificate of formation and bylaws of the Association. The Board shall act by majority vote as provided in the bylaws.

(e) Specific Powers of Board. Without limiting the authority granted to a board of directors under the Texas Non-Profit Corporation Act, the Board shall have the following specific powers on behalf of the Association:

- (1) to enforce the provisions of this Declaration;
- (2) to enter into contracts;
- (3) to retain third parties, as necessary, to assist the Board in carrying on the

Association's

activities, including engineers, accountants, lawyers, architects, land planners, professional management, and other consultants;

condition;

(4) to take such action as necessary to maintain the Common Area in good order and other risks;

(5)

(6)

to acquire property, services and materials to carry out its duties;

to purchase insurance covering potential liability for use of the Common Area and for

(7)

(8)

(9)

to borrow money for Association purposes;

to initiate and defend litigation, arbitration and other similar proceedings;

to promulgate reasonable rules and regulations for access to and use of Common Areas

as well as a policy establishing a schedule and procedures by which the Board may assess fines against Owners

for violations of the Covenants or the Design Guidelines;

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(10) to establish and collect reasonable fees for the use of any recreational facilities on the Common Area; and

(11) to establish and collect a reasonable fee for copying and furnishing copies of the

Association's governing documents and furnishing a Resale Certificate as required by law. This function and the

authority to collect and receive such fees may be delegated or assigned by the Board to the Association's

Managing Agent.

Section 5.3 Officers. The Association will have such officers as are set forth in the bylaws.

Section 5.4 Dissolution. So long as Declarant owns record title to any Lot, the Association shall not be

dissolved. Once Declarant is divested of all ownership interest in the Property, the Association may be dissolved upon

the written consent of Owners owning at least seventy-five percent (75%) of the Lots. Upon such dissolution, the assets

of the Association shall be donated to a nonprofit organization with purposes similar to the Association and selected by a

majority of the Board.

ARTICLE 6 ASSESSMENTS

Section 6.1 Power to Establish Assessments. Each Owner of a Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association all such Assessments as are levied pursuant to the terms of this Declaration. The Association is empowered to establish and collect Assessments as provided in this Article 6 for the purpose of obtaining funds to maintain the Common Area, perform its other duties, and otherwise preserve and further the operation of the Property as a first quality residential subdivision. The purposes for which Assessments may be used include, without limitation, maintaining, operating, managing, repairing, replacing or improving the Common Area or any improvements thereon; mowing grass and maintaining grades and signs; paying legal fees and expenses incurred in enforcing this Declaration; paying expenses incurred in collecting and administering assessments; paying insurance premiums for liability and fidelity coverage for the ACC, the Board and the Association; and satisfying any indemnity obligation under the certificate of formation or bylaws. The Board may reject partial payments and demand payment in full of all amounts due and owing the Association. The Board is specifically authorized to establish a policy governing how payments are to be applied.

Section 6.2 Commencement of Assessments.

(a) Owner other than Declarant. Unless otherwise provided by separate agreement by and between

Declarant and any Person, the Assessments shall commence as to each Lot upon its conveyance by Declarant to any Person that is not an affiliate of Declarant.

(b) Declarant. Declarant shall not be liable for Assessments for any Lots that it owns. Declarant may,

but shall have no obligation to, subsidize the Association from time to time in order to cover any shortfall in the operating budget or to reduce the total Maintenance Assessment which would otherwise be necessary to be levied against all Lots

to cover the estimated expenses of the Association. Any such subsidy may, at the option of the Declarant, be deemed a

loan to the Association from the Declarant. Any such loan shall be conspicuously disclosed as a line item in the budget

and shall be made known to the membership. The payment of such subsidy by the Declarant in any one year shall under

no circumstances obligate the Declarant to continue payment of such subsidy in future years.

Section 6.3 Regular Annual Maintenance Assessments.

(a) Annual Budget. For each calendar year or a part thereof during the term of this Declaration, the Board shall establish an estimated budget of the expenses to be incurred by the Association for the forthcoming year in performing its duties. Based upon such budget, the Association shall then assess each Lot an annual fee (the "Maintenance Assessment") which shall be paid by each Owner in advance as follows: quarterly on the first day of each January, April, July and October, unless the Board determines a different schedule. The Association shall notify each Owner of the Maintenance Assessment for the ensuing year by December 15 of the preceding year, but failure to give such notice shall not relieve any Owner from its obligation to pay Maintenance Assessments. Any Maintenance Assessment not paid within thirty (30) days of the date due shall be delinquent and shall thereafter bear interest as provided in Section 6.6(f). As to any partial year, Maintenance Assessments on any Lot shall be appropriately prorated.

(b) Limits on Maintenance Assessments. The initial Maintenance Assessment for each Lot shall not exceed Initial Assessment Cap Dollars (\$.00) per year or month. Thereafter the Board may increase the Maintenance Assessment annually to meet the anticipated needs of the appropriate budget, but the Maintenance Assessment may not be increased in any year by an amount in excess of twenty percent (20%) above the previous year's Maintenance Assessment, unless such increase is approved by a majority vote of those Members of the Association present at a meeting, in person or by proxy, where a quorum exists.

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(c) Uniform Assessments. Maintenance Assessments for all Lots shall be uniform. At Declarant's option, Declarant may pay or waive the Maintenance Assessment on Lots owned by Builders for a period up to the first (1st) day of the month following the ninetieth (90th) day after record title to a Lot has been transferred to a Builder.

Section 6.4 Special Assessments. The Association may impose special assessments ("Special Assessments") to make capital improvements to the Common Area, to satisfy its indemnity obligations under the certificate of formation or bylaws, or for other similar purposes. Any Special Assessment proposed by the Association

must be approved by a majority vote of those Members of the Association present at a meeting, in person or by proxy, at which a quorum exists. At least fifteen (15) days prior to any meeting of the Association called to consider any Special Assessment, the Board shall notify each Owner thereof by written notice specifying the total amount of the Special Assessment required, the amount thereof imposed on each Lot (which shall be uniform), the purpose for such Special Assessment, and the time and method of payment thereof. The time for paying any Special Assessment (which may be in installments) shall be as specified in the approved proposal therefor.

Section 6.5 Special Individual Assessments. The Board shall have the power to levy special individual assessments (“Special Individual Assessments”) against a particular Lot as follows:

- (a) To cover costs incurred in bringing the Lot into compliance with the terms of this Declaration, the Bylaws or rules of the Association, or costs incurred as a consequence of the conduct of the Owner or Occupant of the Lot, their licensees, invitees or guests;
 - (b) For fines levied pursuant to this Declaration and the Bylaws;
 - (c) For any other costs or expenses specifically authorized by this Declaration to be levied against a particular Lot; and
 - (d) Any cost or expense, including reasonable and necessary attorneys’ fees, incurred by the Association in enforcing the terms of this Declaration, the Design Guidelines or any rules and regulations of the Association.
- Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board’s right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section.

Section 6.6 Liability for and Enforcement of Assessments.

- (a) Personal Liability. Each Owner shall be personally liable for all Assessments imposed during the time it owns a Lot.
- (b) Reservation, Subordination, and Enforcement of Assessment Lien. Declarant hereby reserves for the benefit of itself and the Association, a lien (the “Assessment Lien”) against each Lot to secure payment of the Assessments imposed hereunder. Each Owner, by accepting conveyance of a Lot, shall be deemed to have agreed to the reservation of the Assessment Lien. The Assessment Lien shall be subordinate to

the liens of any valid first lien mortgage or deed of trust encumbering a particular Lot. Sale or transfer of any Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to the foreclosure of a first mortgage or deed of trust (whether by exercise of power of sale or otherwise) or any proceeding in lieu thereof, shall only extinguish the Assessment Lien as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from the obligation to pay Assessments that become due after such sale or transfer or the Assessment Lien securing the payment thereof. The Assessment Lien may be non-judicially foreclosed by power of sale in accordance with the provisions of Section 51.002 of the Texas Property Code (or any successor provision) or may be enforced judicially. Each Owner, by accepting conveyance of a Lot, expressly grants the Association a power of sale in connection with the foreclosure of the Assessment Lien. The Board is empowered to appoint a trustee, who may be a member of the Board, to exercise the powers of the Association to non-judicially foreclose the Assessments Lien in the manner provided for in Section 51.002 of the Texas Property Code (or any successor statute). The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

(c) Notices of Delinquency or Payment. The Association, the Association's attorney or Declarant may file notice of any delinquency in payment of any Assessment in the Records of County County, Texas. Upon the timely curing of any default for which a notice was recorded by the Association, the Association through its attorney is hereby authorized to file of record a release of such notice upon payment by the defaulting Owner of a fee, to be determined by the Association but not to exceed the actual cost of preparing and filing a release. Upon request of any Owner, any title company on behalf of such Owner or any Owner's mortgagee, the Board through its agents may also issue certificates evidencing the status of payments of Assessments as to any particular Lot (i.e., whether they are current or delinquent and if delinquent, the amount thereof). The Association or its Managing Agent may impose a reasonable fee for furnishing such certificates or statements.

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(d) Suit to Recover. The Association may file suit to recover any unpaid Assessment and, in addition to collecting such Assessment and interest thereon, may also recover all expenses

reasonably expended in enforcing

such obligation, including reasonable attorneys' fees and court costs.

(e) Late Charges and Collection Fees. If any Assessment or any part thereof remains unpaid after

thirty (30) calendar days from and after the due date established by the Board, a late charge shall be assessed against

the non-paying Owner for each month or any part thereof, that any portion of any Assessment remains unpaid. Should

any Assessment be payable in installments, the Association is authorized to accelerate the entire Assessment and

demand immediate payment thereof. The late charge shall be in the amount of Twenty-five and No/100 Dollars (\$25.00)

per month. The Association's Managing Agent shall be entitled to charge an Owner a monthly collection fee to

compensate Managing Agent for its administrative costs and efforts to collect and process the late payment of

Assessments. A service charge in the amount of Twenty And No/100 Dollars (\$20.00) shall be charged for each check

that is returned because of insufficient funds or any other reason. The amount of late charges and service charges may

be adjusted, from time to time, by the Board consistent with any changes in the administrative costs to collect unpaid

Assessments or the Association's bank charges. All late charges, collection fees, service charges and attorneys' fees

assessed or incurred due to late payment of Assessments shall be charged to an Owner's Assessment account which

shall be part of the delinquent Assessment and shall be payable and secured in the same manner as herein provided with

regard to Assessments.

(f) Interest on Past Due Amounts. All Assessments past due more than thirty (30) days, unpaid

finances and other amounts owed to the Association by any Owner which are not paid when due shall bear interest from the

date due until paid at the rate of eighteen percent (18%) per annum, but not in excess of the maximum rate allowed by

applicable law.

(g) Suspension of Right to Use Common Area. In addition to the other powers herein granted, the

Board may suspend the right of Owner to use any of the Common Area during the time that such Owner is delinquent in

paying any Assessment.

(h) Eligibility and Suspension of Voting Rights. If an Owner is involved in litigation with the

Association as to a conflict of interpretation of this Declaration, the rules and regulations promulgated by the Association,

the bylaws of the Association and/or the amount of delinquent assessments, then Owner is not a Member in good

standing. Furthermore, to be in good standing with the Association, the Member must have all assessments of every type

and category paid up to date, have no outstanding financial obligations to the

Association that are delinquent and shall have no current, uncured violations of or against the Covenants, the Design Guidelines or ACC requirements on one of more Lots within the Subdivision. Eligibility to vote, to participate in any Association meetings or activities, or to serve as a representative, director or officer of the Association shall be predicated upon being a Member in good standing with the Association. An Owner may only cure a delinquency at a meeting to regain the right to vote by paying all outstanding amounts (including interest, fines, and penalties) by cashier's or certified check or other good funds acceptable to the Board.

(i) Working Capital Contributions. Upon acquisition of record title to a Lot by the first Owner other than Declarant or a Builder, a contribution shall be made by or on behalf of such first Owner to the working capital of the Association in an amount equal to Initial Assessment Cap Dollars (\$.00). This amount is not refundable, shall be in addition to, not in lieu of, the Maintenance Assessment levied on the Lot and shall not be considered an advance payment of any portion thereof. This amount shall be deposited into escrow and disbursed therefrom to the Association or to the Declarant if the Association is not yet established and shall be used for covering operating and other expenses incurred by the Association pursuant to the terms of this Declaration and the bylaws of the Association. The working capital contribution shall be charged until the earliest to occur of the following events: (i) the expiration of ten (10) years following the recordation of this Declaration; or (ii) the Declarant no longer owns any Lot in the Property.

(j) Transfer Fees and Fees for Issuance of Resale Certificates. The Board may, at its sole discretion, enter into contracts with third parties to oversee the daily operation and management of the Association. These third parties may, and probably will, have fees, which will be charged to an Owner for the transfer of a significant estate or fee simple title to a Lot and the issuance of a Resale Certificate. The Association or its agent shall not be required to issue a Resale Certificate until payment for the cost thereof has been received by the Association or its agent. Transfer fees and fees for the issuance of a Resale Certificate are not refundable and may not be regarded as a prepayment of or credit against any other Assessments, and are in addition to the Working Capital Contribution in Section 6.6(i) above. This Section does not obligate the Board or any third party to levy such fees.

ARTICLE 7 COMMON AREA

Section 7.1 Right to Use Common Areas. Each Owner, the members of that Owner's

immediate family, and the Owner's guests (provided guests are accompanied by an Owner) shall have the right to use the Common Area for its intended purposes as herein provided. The Declarant and the Association shall have the right to enter on and use the Common Areas at all times to exercise their rights or (in the case of the Association) perform its duties hereunder.

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Section 7.2 Specific Facilities. Specific facilities, if any, to be located in the Common Area shall be determined by Declarant. The Declarant and the Board may promulgate reasonable rules and regulations for use of these facilities.

Section 7.3 Maintenance of Common Areas. The Association shall be solely responsible for all maintenance, repair, replacement, and improvement of the Common Areas, utilizing the Assessments for such purposes as herein provided. Declarant shall have no responsibility for maintenance, repair, replacement, or improvement of the Common Area after initial construction.

Section 7.4 Risk of Loss - Use of Common Areas. Each Owner shall be individually responsible and assume all risk of loss associated with its use of the Common Area and use by its family members and guests. Neither the Association nor Declarant shall have any liability to any Owner or their family members or guests, or to any other Person, arising out of or in connection with the use, in any manner whatsoever, of the Common Area or any improvements comprising a part thereof from time to time.

Section 7.5 Conveyance of Common Area to Association. Declarant shall convey the Common Area to the Association, free and clear of any liens, claims or encumbrances, not later than sixty (60) days after Declarant no longer owns a Lot in the Property.

ARTICLE 8 SPECIFIC DECLARANT RIGHTS

Section 8.1 Rights to Annex. Declarant may annex additional property to become a portion of the Property and thereafter be subject to the terms, provisions and conditions of these

Covenants, provided that so long as the Class B membership provided for in Section 5.2(b) exists, any such annexation by Declarant may require the prior approval of HUD. Declarant may exercise such right by recording a supplement to this Declaration in the Records of County County, Texas subjecting such additional property to the terms and conditions hereof. No further action or approval shall be required or necessary for the Declarant to annex additional properties into the Property for the purpose of subjecting it to the Covenants. Any document subjecting additional property to the Declaration may also impose additional restrictions not found in this Declaration upon such additional property. Upon the annexation and platting of any additional property as herein provided, each lot described therein shall become a "Lot" for all purposes hereunder.

Section 8.2 No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of Declarant or any Member to annex any property to this Declaration and no owner of the property excluded from this Declaration shall have any right to have such property annexed thereto.

Section 8.3 Effect of Annexation on Class B Membership. In determining the number of Lots owned by Declarant for the purpose of Class B membership status according to Section 5.2 hereof, the total number of Lots covered by this Declaration, including all Lots annexed thereto, shall be considered. If Class B membership has previously lapsed but annexation of additional property restores the ratio of Lots owned by Declarant to the number required by Class B membership, such Class B membership shall be reinstated until it expires pursuant to the terms of Section 5.2.

Section 8.4 Specific Declarant Rights to Amend Declaration. Declarant, without joinder of the Board, the Association, or the other Owners may amend this Declaration to correct any errors or to cause the Declaration to be in compliance with any City or other governmental requirement (including any requirements imposed by the Federal Housing Administration, the Veterans Administration, the Department of Housing and Urban Affairs, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association).

Section 8.5 Easement/Access Right. Declarant reserves a general easement over all Streets, roads, rights of way, alleys and utility, maintenance, landscaping, wall and other easements in the Property and over the balance of the Common Area for access for the purpose of finishing development of the Property as a subdivision and as otherwise reasonably necessary to affect Declarant's rights hereunder. Such easements and

rights shall expire at such time that Declarant no longer owns a Lot.

Section 8.6 Assignment of Declarant Rights. Declarant may assign its rights to a successor Declarant hereunder by execution of a written document, recorded in Records of County County, Texas specifically stating that Declarant has assigned its rights as such to a designated assignee and declaring such assignee to be the new "Declarant" hereunder.

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Section 8.7 Declarant's Right to Install Improvements in Setback and Other Areas. Declarant, in connection with development of the Property and construction of homes thereon, reserves the right but shall have no obligation to install or construct walls, fences, irrigation systems and other improvements in the setback areas (being the area on, along and/or between the boundary line of a Lot and the building or setback lines applicable to such Lot) and/or the following described areas: Lots: Phase : Block , Lots and ; Block , Lots and ; Phase : Block , Lots ; Block , Lots ; Block , Lots , and ; and Phase

: Block , Lots , Block , Lots and . If Declarant exercises such right in a setback area, then such wall, fence, irrigation system, or other improvement shall be the property of the Owner(s) of the Lot(s) upon which or adjacent to these are located, and such Owner(s) shall maintain and repair any such improvement unless Declarant or the Association, by and through the Board, shall advise the Owner(s) in writing of its intent to assume such maintenance and repair obligations. If Declarant exercises such right in the above-described non-setback areas, then such wall, fence, irrigation system, or other improvement shall be the property of the Association. So long as it owns any Lot, Declarant shall have the right, but not the obligation, to maintain and repair any such non-setback area improvements; otherwise, the Association shall assume the maintenance and repair or it may abandon such improvements at its discretion. If the City requires the maintenance, repair, or removal of any such non-setback area improvements, the Association shall assume such responsibility at its expense. If the Association so abandons such non-setback area improvements or is properly dissolved, then the Owner(s) of the Lot(s) on or adjacent to which such improvements are located shall assume maintenance and repair at its expense.

Section 8.8 Replatting or Modification of Plat. From time to time, Declarant reserves the right to replat the Property or to amend or modify the Plat in order to assure a harmonious and orderly development of the Property as herein provided. Declarant may exercise such rights so long as it owns any Lot and no joiner of any other Owner shall be required to give effect to such rights. Each Owner, by acceptance of a deed to any Lot, constitutes and irrevocably appoints the Declarant as its duly authorized attorney-in-fact, with full power of substitution, to provide any necessary approval to exercise the powers set forth in this Section. However, any such replatting or amendment of the Plat shall be with the purpose of efficiently and economically developing the Property for the purposes herein provided or for compliance with any applicable governmental regulation. Declarant's rights under this Section 8.8 shall expire at such time Declarant no longer owns a Lot.

Section 8.9 Limitation of Declarant Liability. The Declarant shall not be responsible or liable for any deficit in the Association's funds. Declarant may, but is under no obligation to, subsidize any liabilities incurred by the Association and the Declarant may, but is not obligated to, lend funds to the Association to enable it to defray its expenses, provided the terms of such loans are on reasonable market conditions at the time.

Section 8.10 Termination of Declarant's Responsibilities. In consideration of Declarant's deficit funding of the Association, if any, upon the occurrence of any of the following events: (i) conversion of Declarant's Class B membership status to Class A membership status; (ii) completion of any facilities in the Common Area by Declarant; or (iii) assignment of Declarant's rights hereunder pursuant to Section 8.6, then and in such event Declarant shall be fully released, relieved and forever discharged from any further duty or obligation to the Association or any of its Members as Declarant by reason of the terms and conditions of this Declaration including any amendments thereof or supplements thereto, save and except the duties and obligations, if any, of Declarant as a Class A Member by reason of Declarant's continued ownership of one or more Lots, but not otherwise. Further, and without regard to whether or not Declarant has been released from obligations and duties to the Association, so long as Declarant holds record title to at least one (1) Lot and holds same for sale in the ordinary course of business, neither the Association nor its Board, nor any Member of the Association shall take any action that will impair or adversely affect the rights of the Declarant or cause the Declarant to suffer any financial, legal or other detriment, including but not limited to, any direct or indirect interference with the sale of

Lots. In the event there is a breach of this Section, it is acknowledged that any monetary award which may be available would be an insufficient remedy and therefore, in addition to all other remedies, the Declarant shall be entitled to injunctive relief restraining the Association, its Board or any Member of the Association from further breach of this Section.

ARTICLE 9 MISCELLANEOUS PROVISIONS

Section 9.1 Term and Renewal. These Covenants shall commence on the date hereof and shall continue in effect for a period of thirty (30) years. Thereafter these Covenants shall automatically renew for subsequent periods of ten (10) years each unless Owners owning at least seventy percent (70%) of the Lots elect to terminate these Covenants by written instrument recorded in the Records of County County, Texas.

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Section 9.2 Enforcement. The terms, provisions and conditions of this Declaration and the Design Guidelines shall be enforceable by Declarant, the ACC, the Association, and each Owner. The Board shall have the power and authority to impose reasonable fines (which shall not exceed \$500.00 for each separate violation) for violation of this Declaration, the Design Guidelines or any rule or regulation of the Association, which shall constitute a lien upon the Lot of the violating Owner as provided in the Declaration, and to suspend the Owner's right to vote or any Person's right to use of the Common Area. Each day the violation continues to exist shall constitute a separate violation. If any Occupant, guest, or invitee of a Lot violates the Declaration, the Design Guidelines or a rule or regulation of the Association and a fine is imposed, the fine shall first be assessed against such Occupant, guest, or invitee; provided, however, if such Occupant, guest, or invitee does not pay the fine within thirty (30) days after written demand for payment from the Association, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, the Design Guidelines or any rule or regulation of the Association shall not operate as a waiver of the right of the Board to do so thereafter.

Section 9.3 Easement for Encroachments, Access, Maintenance and Utilities. Each Owner grants to the

Association, the Board, the Declarant and the other Owners a general easement for the maintenance of any minor encroachments of Common Area facilities over adjoining Lots and for access to and from each Owner's Lot through driveways, rights of way and easements as reflected on the Plat for the purpose of giving effect to the provisions of these Covenants.

Section 9.4 Amendment of Declaration. These Covenants may be amended by Declarant as provided in

Section 8.4. In addition, the Declaration may be amended at any time and in any respect with the approval of Owners owning at least seventy percent (70%) of the Lots; provided, however, that no such amendment shall be effective unless joined in by Declarant until such time as Declarant no longer owns a Lot. In addition, so long as the Class B membership provided for in Section 5.2(b) exists, any amendment of these Covenants may, at Declarant's discretion, require the prior approval of HUD.

Section 9.5 City Provisions. All construction within the Property shall also comply with all applicable City ordinances and regulations. If any ordinance or regulation imposed by the City imposes more demanding, extensive or restrictive requirements than those set forth in this Declaration, such requirements shall govern. No ordinance or regulations adopted by the City shall lessen the requirements set forth in these Covenants.

Section 9.6 HUD Approval. Should any approval from HUD be required under the terms of this Declaration, Declarant shall forward such request for approval to HUD. If HUD does not notify Declarant of any objection to the request for approval within twenty (20) days of the date such request for approval was forwarded to HUD, then such approval shall be deemed to have been granted.

Section 9.7 Notices. Any notice required to be given to any Owner under the terms of this Declaration shall be deemed to have been properly delivered when deposited with the United States Postal Service, postage prepaid, properly addressed to the addressee. Each Lot Owner's address for purpose of notice hereunder shall be deemed to be the Residence located on its Lot.

Section 9.8 Indemnification. Neither the Declarant, including any of its officers, directors, employees or agents, nor any officer, director or agent of the Association, nor any Member of the ACC shall be liable to any Person, Owner or any person claiming by or through any Owner or otherwise for any act or

omission in the performance of the duties of such Declarant or officer, director or agent of the Association, or member of the ACC except only if such act or omission should be judicially declared to constitute fraud or intentional willful misconduct. The Association shall and does hereby agree to indemnify the Declarant, including any of its officers, directors, agents or employees, the officers, directors and agents of the Association, and the members of the ACC against all claims, demands, actions and proceedings and all expenses in connection therewith arising from the good faith exercise of their duties pursuant to this Declaration.

Section 9.9 Severability. If any of the terms hereof or any supplement or amendment hereto is found to be invalid by a court of competent jurisdiction, then such invalidity shall not affect the other provisions of these Covenants, which shall be in full force and effect and shall be interpreted to be as restrictive as possible to preserve as much of the original provisions as allowed by law.

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Section 9.10 Acceptance by Owners of Rights and Obligations. By the recording of a deed or other conveyance transferring all or part of an interest in a Lot subject to this Declaration, the person or entity to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all the provisions of the Declaration, the Design Guidelines, the certificate of formation and bylaws of the Association, including any rules or regulations adopted or promulgated by the Association, whether or not mention thereof is made in said deed.

Section 9.11 Disclosure by Declarant. Attached hereto as Exhibit are summaries of certain disclosures made to all purchasers of a Residence from Declarant and/or Builder(s), who, having made such disclosures to such purchasers of a Residence and having attached such summaries to this Declaration, shall be deemed to have fully made such disclosures to any Person acquiring title to any Lot and is hereby fully released and forever discharged by any Owner of a Lot from any further duty or obligation to make such disclosures.

Section 9.12 Arbitration of Disputes Involving Declarant.

(a) ANY AND ALL DISPUTES ARISING HEREUNDER BETWEEN AN OWNER AND DECLARANT

SHALL BE SUBMITTED TO BINDING ARBITRATION AND NOT TO A COURT FOR DETERMINATION.
ARBITRATION
SHALL COMMENCE AFTER WRITTEN NOTICE IS GIVEN FROM EITHER PARTY TO THE OTHER, SUCH
ARBITRATION SHALL BE ACCOMPLISHED EXPEDITIOUSLY IN DALLAS COUNTY AND SHALL BE
CONDUCTED IN
ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION (“AAA”). THE
ARBITRATION
SHALL BE CONDUCTED BY THREE (3) ARBITRATORS, ONE OF WHOM SHALL BE APPOINTED BY THE
OWNER
AND ONE OF WHOM SHALL BE APPOINTED BY DECLARANT. THE THIRD ARBITRATOR SHALL BE
APPOINTED
BY THE FIRST TWO ARBITRATORS. THE ARBITRATORS SHALL BE SELECTED FROM A LIST OF
ARBITRATORS
SUBMITTED BY THE AAA. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATORS MAY BE
ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. ARBITRATION SHALL NOT COMMENCE
UNTIL THE
PARTY REQUESTING IT HAS DEPOSITED ONE THOUSAND FIVE HUNDRED AND NO/100 U. S. DOLLARS
(\$1,500.00) WITH THE ARBITRATORS AS A RETAINER FOR THE ARBITRATORS’ FEES AND COSTS.
THE PARTY
REQUESTING ARBITRATION SHALL ADVANCE SUCH SUMS AS ARE REQUIRED FROM TIME TO TIME BY
THE
ARBITRATORS TO PAY THE ARBITRATORS’ FEES AND COSTS, UNTIL THE PREVAILING PARTY IS
DETERMINED
OR THE PARTIES HAVE AGREED IN WRITING TO AN ALTERNATIVE ALLOCATION OF FEES AND
COSTS. EACH
PARTY SHALL PAY HIS/HER OWN LEGAL FEES AND COSTS AND ANY OTHER FEES INCURRED IN
CONNECTION
WITH AN ARBITRATION PROCEEDING WHICH ARISES OUT OF OR RELATES IN ANY WAY TO THIS
AGREEMENT
PROVIDED, HOWEVER, THAT THE ARBITRATION PANEL SHALL AWARD THE ARBITRATORS’ FEES AND
COSTS
TO THE PREVAILING PARTY IN ITS ARBITRATION JUDGMENT.

(b) Other Dispute Resolutions. Notwithstanding Declarant’s and Owner’s intent to
submit any
controversy or claim arising out of or relating to this Declaration to arbitration,
in the event that a court of competent
jurisdiction shall determine or a relevant law shall provide that a particular
dispute is not subject to the arbitration

provisions in this Section, then the parties agree to the following provisions:
(c) Waiver of Trial by Jury. EACH OWNER ACKNOWLEDGES THAT THIS DECLARATION IS A
SOPHISTICATED LEGAL DOCUMENT. ACCORDINGLY, JUSTICE WILL BEST BE SERVED IF ISSUES
REGARDING

THIS DECLARATION ARE HEARD BY A JUDGE IN A COURT PROCEEDING, AND NOT A JURY. EACH
OWNER
AGREES THAT ANY CLAIM, DEMAND, ACTION, OR CAUSE OR ACTION, WITH RESPECT TO ANY
ACTION,
PROCEEDING, CLAIM, COUNTERCLAIM, OR CROSSCLAIM, WHETHER IN CONTRACT AND/OR IN TORT
(REGARDLESS IF THE TORT ACTION IS PRESENTLY RECOGNIZED OR NOT), BASED ON, ARISING
OUT OF, IN

CONNECTION WITH OR IN ANY WAY RELATED TO THIS DECLARATION, ANY COURSE OF CONDUCT, COURSE OF DEALING, VERBAL OR WRITTEN STATEMENT, VALIDATION, PROTECTION, ENFORCEMENT ACTION OR OMISSION OF ANY PARTY SHALL BE HEARD BY A JUDGE IN A COURT PROCEEDING AND NOT A JURY.

Section 9.13 Notice of Sale, Lease or Acquisition. In the event an Owner sells or leases such Owner's Lot, the Owner shall give to the Association, in writing, within thirty (30) days of the effective date of such sale or lease, the name of the purchaser or lessee of the Lot and such other information as the Board may reasonably require. Upon acquisition of a Lot, each new Owner shall give the Association, in writing, the name and mailing address of the Owner and such other information as the Board may reasonably require. This requirement also applies to all Persons acquiring title to a Lot at a foreclosure sale.

Section 9.14 Occupants Bound. All provisions of the Declaration, the Design Guidelines and of any rules promulgated by the Board which govern the conduct of Owners within the Property and provide for sanctions against Owners shall also apply to all Occupants, guests and invitees of any Lot. Any lease on any Lot shall be deemed to provide that the lessee and all Occupants of the leased Lot shall be bound by the terms of this Declaration, the Design Guidelines, the Bylaws and the rules of the Association.

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Section 9.15 Homestead. By acceptance of a deed thereto, the Owner and spouse thereof, if married, of each Lot shall be deemed to have waived any exemption from liens created by this Declaration or the enforcement thereof by foreclosure or otherwise, which may otherwise have been available for reason of the homestead exemption provisions of Texas law, if for any reason such are applicable. This section is not intended to limit or restrict in any way the lien or rights granted to the Association by this Declaration, but to be construed in its favor.

Section 9.16 Soil Movement. Each Owner acknowledges that the failure or excessive movement of any foundation of any Residence can result in the diminished value and overall desirability of the entire Property. Each Owner agrees and understands that the maintenance of the moisture content of the soils on each Lot is necessary to preserve

the structural integrity of each Residence in the Property. Each Owner also acknowledges that the long term value and desirability of the Property is contingent upon each Owner maintaining its Residence so that no structural failure or excessive soil movement occurs within the Property.

EACH OWNER IS HEREBY NOTIFIED THAT THE SOIL COMPOSITION IN NORTH TEXAS IN GENERAL AND THE PROPERTY IN PARTICULAR AND THE CONDITION OF THE LOTS MAY RESULT IN THE SWELLING AND/OR CONTRACTION OF THE SOIL IN AND AROUND THE LOT IF THE OWNER OF THE LOT DOES NOT EXERCISE THE PROPER CARE AND MAINTENANCE OF THE SOIL REQUIRED TO PREVENT SOIL MOVEMENT.

If the Owner fails to exercise the necessary precautions, damage, settlement, movement or upheaval to the foundation and structural failure may occur. Owners are highly encouraged to install and maintain proper irrigation around their Residence or take such other measures to ensure even, proportional, and prudent watering around the foundation of the Residence.

By each Owner's acceptance of a deed to any Lot, each Owner, on behalf of Owner and Owner's representatives, successors and assigns, hereby acknowledges that Declarant and all Builders shall not be responsible or liable for, and Owner shall assume all risk and consequences of, any damage, settlement, movement or upheaval to the foundation, structural failure, or any damage to any other part of the Residence caused by Owner's failure to exercise proper care and maintenance of the soil required to prevent soil movement, and hereby releases and forever discharges, all Builders and Declarant and their respective shareholders, members, officers, directors, partners, employees, agents, representatives, affiliates, attorneys, successors and assigns, of and from any and all claim for the relief and causes of actions, liabilities, damages and claims whatsoever, known or unknown, direct or indirect, arising from or relating to Owner's failure to exercise proper care and maintenance of the soil required to prevent soil movement, including but not limited to, any damage caused by or related in any fashion to the failure or improper or uneven watering of the Lot, planting or improper vegetation near the foundation, or any action by any Owner that affects the drainage of any Lot.

Executed by Declarant as of the date set forth above.

DECLARANT:

MERITAGE HOMES OF TEXAS, L.P.,

an Arizona limited partnership

By: Meritage Homes of Texas GP, Inc.,

an Arizona corporation,

its General Partner

By:

Bryan A. Robertson, Vice President

SUBSCRIBED AND SWORN TO BEFORE ME this day of , 200 , to certify which witness my hand and official seal.

SEAL

Notary Public in and for the State of Texas

My Commission Expires:

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EXHIBIT A

Legal Description

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EXHIBIT B

Mailbox Depictions and/or Details

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EXHIBIT C-1

Mini-Plat (Phase 1)

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EXHIBIT C-2

Mini-Plat (Future Phases)

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EXHIBIT D

Certificate of Formation

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EXHIBIT E
By-Laws

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EXHIBIT F
Summaries of Disclosures

By its acquisition and ownership of a Lot in the Property, each Owner acknowledges that:

(a) due to the topography of its Lot and the Property, water will, at times, flow through and over portions of its Lot from adjacent and surrounding Lots in order to achieve positive drainage away from its Residence and all applicable Lots. No adverse action may be taken by said Owner(s) to the detriment of this positive drainage on its or adjacent Lots. Because its Lot may have "back-to-front" or "front-to-back" drainage, there may be a swale or swales over various portions of its Lot due. The depth and width of any swales will vary depending on the elevations of its and adjacent Lots. The front and the rear portions of its Lot will not be level and no adjustments to the depth or severity of any swales should be made due to cosmetic or aesthetic concerns. Any alterations made after closing to any swales or drainage patterns by an Owner may impact the drainage as well as any applicable foundation warranty.

(b) the property adjacent to Community Name is not owned or controlled by Declarant and Owner has hereby been advised to consult with the applicable departments of the City for any changes to and/or specific zoning information regarding its Lot, the Property and the zoning or proposed (re-)zoning of any adjacent property. It is also understood that there are no oral, written or implied representations or warranties regarding conditions such as traffic, noise, school attendance zones, zoning or development related to its Lot, the Property or adjoining properties.

(c) its lot falls under the jurisdiction of the HOA Entity, Inc. which requires mandatory affiliation thereto, including the payment of an annual fee (which may be payable on a quarterly or other basis) per Article 6 of the Declaration. In conjunction therewith, a proforma budget reflecting an estimate of the Association's expenses for a full year of operation is attached. It may also incur a working capital contribution fee and a transfer fee per Article 6 of the Declaration, which it understands should be further reviewed for more detailed information

regarding Association dues, assessments and restrictions.

(d) it is anticipated that each Lot will be serviced by for electrical, by for gas, by for telephone service, and by for cable service, although other service providers may utilize the utility easements and/or public rights-of-way throughout the Property.

(e) it understands and agrees that neither Declarant nor Builder has any responsibility as to the present condition or future maintenance of any trees on its Lot. Furthermore, it is understood that neither Declarant nor Builder makes any assurances, implied or stated, in regard to the survival of any trees during the construction process of building and completing a Residence on its Lot. It is also acknowledged that neither Declarant nor Builder has any liability consideration on trees either during construction or after a Residence is purchased and occupied on the Lot. It is further understood that each Owner assumes all responsibility for the maintenance and the condition of any trees on his Lot.

(f) it understands that failure to submit and obtain prior written ACC approval of plans and specifications for any modifications or additions to its Residence or any Structure on its Lot may result in the imposition of fines against the Owner and/or the removal of such modifications or additions at Owner's expense.

(g) there is no prescribed time for the construction or marketing by Builder or Declarant of a Residence on any Lot or the Lot itself. It is also understood that Builder and Declarant make no assurances regarding any established period of time during which Lots near the model homes or trailers of any Builder will remain vacant since the utility of such homes or trailers is of an indeterminate length of time.

(h) it should direct any issues, concerns or questions regarding the Common Area or the Association to the Managing Agent, whose name can be obtained by contacting the Builder or Declarant.

(i) there is or is not an amenity center (scheduled for completion by Month & Year) planned for the Subdivision.

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EXHIBIT G-1

1st Year Budget Example

MONTH DAY, YEAR – MONTH DAY, YEAR

INCOME

Annual Dues- @ \$ /yr. **

Late Fees/NSF Fees

Working Capital Fee @ \$200 each

TOTAL INCOME

EXPENSES

UTILITIES

Electricity
Water/Sewer

TOTAL UTILITIES

GROUNDS & BUILDING

Landscape Maintenance
Landscape Improvements/Color
Irrigation Repairs
Electrical Repairs
Wall/Fence Maintenance
Common Area Maintenance/Cleaning

TOTAL GROUNDS & BUILDING

GENERAL & ADMINISTRATIVE

Professional Management
Legal Fees
Audit & Accounting
Administrative Supplies/Postage
Web site/Newsletter
Bank Charges
Homeowner Functions

TOTAL GENERAL & ADMINISTRATIVE

INSURANCE & TAXES

General Property/Liability Insurance
Directors & Officers Insurance
Property Taxes
Corporate Franchise Tax

TOTAL INSURANCE & TAXES

TOTAL EXPENSES

RESERVE FUNDING

NET SURPLUS (DEFICIT)

**Estimated Closings based on the following:

Month Year - Month Year = # @ \$ = \$

Month Year - Month Year = # @ \$ = \$

Month Year - Month Year = # @ \$ = \$

Month Year - Month Year = # @ \$ = \$
TOTAL ESTIMATED CLOSINGS = TOTAL ESTIMATED INCOME = \$

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EXHIBIT G-2

Budget Completion Example

INCOME

Annual Dues- @ \$

Late Fees/NSF Fees

Interest Income

TOTAL INCOME

/yr.

EXPENSES

UTILITIES

Electricity

Water/Sewer

TOTAL UTILITIES/COMMON AREA

GROUNDS & BUILDING

Landscape Maintenance

Landscape Improvements/Color

Irrigation Repairs

Electrical Repairs

Wall/Fence Maintenance

Common Area Maintenance/Cleaning

TOTAL GROUNDS & BUILDING

GENERAL & ADMINISTRATIVE

Professional Management

Legal Fees

Audit & Accounting

Administrative Supplies/Postage

Web site/Newsletter

Bank Charges

Homeowner Functions

TOTAL GENERAL & ADMINISTRATIVE

INSURANCE & TAXES

General Property/Liability Insurance

Directors & Officers Insurance

Property Taxes

Corporate Franchise Tax

TOTAL INSURANCE & TAXES

TOTAL EXPENSES

RESERVE FUNDING

NET SURPLUS (DEFICIT)

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EXHIBIT G-3
Budget Narrative

INCOME

Association Annual Dues
Late Charges/NSF Fees

Interest Income

EXPENSES

Electricity

Water/Sewer

Landscape Maintenance

Landscape Improvement/Color

Irrigation Repairs

Electrical Repairs

Wall/Fence Maintenance

Common Area Maintenance

Professional Management

Legal Fees

Audit & Accounting

Administrative Supplies/ Postage

Website/Newsletter

Bank Charges

Homeowners Functions

Association Insurance

Taxes

Operating Surplus (Deficit)

Reserve Funding

Net Surplus (Deficit)

Estimate of association dues from all homeowners at \$ per year.

Other income collected from delinquent dues.
Interest earned on money market account.

Estimate for common area electricity.
Estimate for common area water consumption.
Estimate for landscape maintenance contract.
Estimate for color changes in the common area, and other landscape

additions and replacements.
Estimate for irrigation maintenance/repairs.
Estimate for common area electrical repairs.
Estimate for perimeter wall maintenance.
Estimate for miscellaneous common area repairs, cleaning and

maintenance.

Estimate for professional management services by Enter Management Company.
Estimate for Association legal expense.
Estimate for an independent audit of the balance sheet and the related

statements of revenue and expense.
Estimate for supplies necessary for Association business such as

postage, bank charges, homeowner mailings, printing and other miscellaneous expenses.
Estimate for possible community website and/or periodic newsletter.
Estimate for association operating and money market accounts.
Estimate for homeowner functions, annual meeting facility.
Premium costs for insurance required by the CCRs (i.e., Property and

Liability Insurance, Directors and Officers Insurance).
Estimate of Income and Property Taxes.
Operating surplus or net deficit.
Reserve funding for future replacements.
Estimated year end surplus or deficit.

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