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**DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
TOWNHOMES AT PLANO GATEWAY**

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

TOWNHOMES AT PLANO GATEWAY

THE STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This Declaration of Covenants, Conditions and Restrictions for Townhomes at Plano Gateway (this "Townhome Declaration") is made on the date hereinafter set forth by Beazer Homes Texas, L.P., a Delaware limited partnership (the "Declarant"). Capitalized terms used herein and not defined shall have the meanings set forth in Article I hereof.

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described on Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, Declarant intends to develop all of such real property described on Exhibit "A" into a residential community of attached single family housing to be commonly known as Townhomes at Plano Gateway ("Subdivision" herein); and

WHEREAS, Declarant has caused an association to be incorporated under the name Townhomes at Plano Gateway Homeowners Association (the "Association") to provide for maintenance, preservation, and architectural control of the residential lots and common areas located within the Subdivision and any additions thereto which may be subsequently brought within the jurisdiction of the Association; and

WHEREAS, the Declarant desires to impose the Townhome Declaration on all of the real property described on Exhibit "A" to adopt, establish and impose upon the Subdivision certain reservations, easements, restrictions, covenants and conditions applicable thereto; and

NOW, THEREFORE, Declarant hereby declares that the real property described on Exhibit "A" to this Townhome Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Townhome Declaration, and shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens, hereinafter and therein set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of the real property now or hereafter

made subject hereto, their respective heirs, legal representatives, successors, successors-in-title, and assigns and shall inure to the benefit of each and every owner of all or any portion thereof.

ARTICLE I

Definitions

Section 1. Specific Definitions.

"Annual Regular Assessment" shall mean the assessment levied pursuant to Article X, Section 2 hereof.

"Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any, which, by the terms of this Townhome Declaration, a Supplemental Townhome Declaration or by contract or agreement with any Person, become the responsibility of the Association, including but not limited to the entrance areas into the Properties or the office of the Association manager or maintenance personnel, and all landscape amenities and/or signage associated therewith. The office of any property or Association manager or maintenance personnel employed by or contracting with the Association, whether or not located on the Properties (if determined by the Board of Directors), or any public rights-of-way within or adjacent to the Properties (except right-of-way adjacent or contiguous to Townhome Lots), or easements (pipeline, power, utility, etc.) may be part of the Area of Common Responsibility. The Area of Common Responsibility shall also include the Project Fence or Wall and may also include other property, even if not owned by the Association, if the Board of Directors determines that such maintenance is necessary or desirable.

"Assessment" shall mean an Annual Regular Assessment, a Special Assessment, or a Reimbursement Assessment.

"Assessments" shall mean the Annual Regular Assessment, the Special Assessment and the Reimbursement Assessment, collectively.

"Association" shall mean and refer to Townhomes at Plano Gateway Homeowners Association, a Texas non-profit corporation, its successors or assigns.

"Board of Directors" shall mean the elected body of the Association having its normal meaning under Texas law pertaining to non-profit corporations.

"Bylaws" shall mean and refer to the Bylaws of Townhomes at Plano Gateway Homeowners Association which may be amended from time to time.

"Certificate of Formation" shall mean and refer to the Certificate of Formation of Townhomes at Plano Gateway Homeowners Association, as filed with the Secretary of State of the State of Texas.

"Common Area" shall mean all real property and improvements within the Properties, if any, owned acquired or leased by the Association, dedicated for the common use of the Owners and Declarant, which may include any detention ponds serving the Properties, and may include, but is not limited to, walkways and walking trails, and recreational facilities, if determined by Declarant and/or the Association, and does include the private streets in the Subdivision.

"Common Expenses" shall mean and include the actual and estimated expenses incurred by the Association for the general benefit of Townhome Lot Owners, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board of Directors pursuant to this Townhome Declaration, the Bylaws, and/or the Certificate of Formation.

"Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Properties, which may be more specifically determined by the Board of Directors and the Architectural Review Committee.

"Declarant Annexation Property" shall mean any real property in a ten (10) mile radius of the property described on Exhibit "A."

"Development Period" is defined in Section 209.002(4-a) of the Texas Property Code as a period stated in a Declaration during which a Declarant reserves the right to facilitate the development, construction and marketing of a subdivision, or a right to direct the size, shape and composition of any subdivision. For purposes of this Declaration the period of the existence of the Class B membership is the Development Period.

"Improvement to Property" includes, without limitation: (a) the construction, installation or erection of any building, structure, fence, Townhome or other Improvement, including utility facilities; (b) the demolition or destruction, by voluntary action, of any building, structure, fence, or other Improvements; (c) the grading, excavation, filling, or similar disturbance to the surface of any Townhome Lot, including, without limitation, change of grade, change of ground level, change of drainage pattern, or change of stream bed; (d) installation or changes to the landscaping on any Townhome Lot (including but not limited to removal of any trees); and (e) any exterior modification, expansion, change or alteration of any previously approved Improvement to Property, including any change of exterior appearance, color, or texture not expressly permitted by this Townhome Declaration, Residential Guidelines, or Rules and Regulations.

"Improvements" shall mean all structures and any appurtenances thereto of every type or kind, which are visible on a Townhome Lot, including, but not limited to: a Townhome, buildings, outbuildings, swimming pools, spas, hot tubs, patio covers, awnings, painting of any exterior surfaces of any visible structure, additions, sidewalks, walkways, sprinkler pipes, garages, carports, roads, driveways, parking areas, fences of any type (other than Project Fence or Wall), screening, walls, retaining walls, stairs, decks, fixtures, windbreaks, basketball goals, flagpoles, or any other type of pole, signs, exterior tanks, exterior air conditioning fixtures and equipment, water softener fixtures, exterior lighting, recreational equipment or facilities, radio, conventional or cable or television

antenna or dish, microwave television antenna, and landscaping that is placed on and/or visible from any Townhome Lot.

"Maintenance Fund" shall mean any accumulation of the Assessments collected by the Association in accordance with the provisions of this Townhome Declaration and any Supplemental Townhome Declaration together with interest, attorneys' fees, penalties and other sums and revenues collected by the Association pursuant to the provisions of this Townhome Declaration and any Supplemental Townhome Declaration, subject to any unforeseen or unplanned circumstance(s), that is planned to be used in the day to day operation of the Association.

"Member" shall mean and refer to a Person entitled to membership in the Association, as provided herein.

"Mortgage" shall mean and refer to a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed affecting a Townhome Lot.

"Mortgagee" shall mean and refer to a beneficiary or holder of a Mortgage.

"Mortgagor" shall mean and refer to any Owner who gives a Mortgage.

"Neighborhood" shall mean a grouping of Townhome Lots which comprise a portion of the Subdivision and which are designed by Declarant or a Sub-developer to have a distinctive identity within the Subdivision. Such distinctive identity may be created by such features as a gated community and/or additional landscaping and/or ornamental fencing, and/or some other feature designed to set the Neighborhood apart from the other property within the Subdivision. In the event of Declarant or a Sub-developer designing and creating a Neighborhood, or should a grouping of Townhome Lots desire to form a Neighborhood after the initial development thereof, all features providing the distinctive identity shall be subject to review by the Architectural Review Committee of the Subdivision for compliance with all design criteria and Residential Guidelines. Further, any cost and/or expense in creating and/or maintaining the features distinguishing the Neighborhood and its distinctive identity will be deemed additional services to the Townhome Lots within such Neighborhood and assessed as Neighborhood Reimbursement Assessments (as hereinafter defined), allocated prorata among the Lots in the Neighborhood, and shall not be a Common Expense because they are not for the benefit of nor to be paid by all Owners in the Subdivision.

"Owner" shall mean and refer to one (1) or more Persons who hold the record title to any Townhome Lot, including any Sub-developer of a Townhome Lot, and including Declarant, but excluding in all cases any Mortgagee or other party holding an interest merely as security for the performance of an obligation. For the purpose of exercising all privileges of membership in the Association, privileges of ownership are exclusive to each Owner unless otherwise conveyed to a specific Person in writing, with a copy of such written authority given to the Association.

"Person" means a natural person, a corporation, a partnership, a trustee, or any other legal entity.

"Plans" shall mean the final construction plans and specifications (including a related site plan) of any Townhome, building or improvement of any kind to be erected, placed, constructed, maintained or altered on any Townhome Lot.

"Project Fence or Wall" shall mean the brick or wood or masonry fence or wall located predominantly around the perimeter of the Properties, and on such other locations as determined by Declarant and/or the Board of Directors, which is in the nature of a community identify fence or wall, and which is referred to and further identified and for which an easement is granted pursuant to Article XI, Section 5, hereof.

"Properties" shall mean the real property in Collin County, Texas which make up the Subdivision, described on Exhibit "A" attached hereto and made a part hereof, together with any Improvements thereon or appurtenances thereto and will include such additional property as is hereafter subjected to this Townhome Declaration by a Supplemental Townhome Declaration, commonly known as Townhomes at Plano Gateway.

"Reimbursement Assessment" shall mean a charge against a particular Owner and his Townhome Lot for the purpose of reimbursing the Association for expenditures and other costs of the Association incurred in curing any violation, directly attributable to the Owner, of this Townhome Declaration or the Rules and Regulations, pursuant to Article X, Section 6, hereof.

"Reserve Fund" shall mean any accumulation of the Assessments collected by the Association in accordance with the provisions of this Townhome Declaration and any Supplemental Townhome Declaration together with interest, attorneys' fees, penalties and other sums and revenues collected by the Association pursuant to the provisions of this Townhome Declaration and any Supplemental Townhome Declaration that is put into a reserve fund that is planned, subject to any unforeseen or unplanned circumstance(s), to be used in the future for a specific purpose or purposes, including but not limited to maintaining and repairing the private streets.

"Residential Guidelines" shall mean architectural, design, landscaping and other guidelines promulgated by the Declarant or the Architectural Review Committee as defined in Article VII, Section 6 and governing any Improvement or any modification of an Improvement located on the Properties.

"Rules and Regulations" shall mean those rules and regulations which may be established from time to time by the Board of Directors pursuant to this Townhome Declaration.

"Special Assessment" shall mean a charge against a particular Owner and its Townhome Lot representing a portion of the cost to the Association for the purpose of funding major capital repairs, maintenance, and replacement of Improvements, as more particularly described in and imposed by Article X, Section 4A, hereof.

"Sub-developer" shall mean and refer to any and every homebuilding company who purchases a Townhome Lot or Townhome Lots from Declarant for the purposes of constructing or selling single family Townhomes thereon and selling such Townhome Lot and Townhome to the general public.

"Supplemental Townhome Declaration" shall mean any amendment or supplement to this Townhome Declaration executed by or consented to by Declarant which subjects additional property to this Townhome Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein.

"Townhome" means and refers to the improvements constituting a single family residential dwelling constructed on a fee-simple Townhome Lot; such dwelling shall have one (1) or two (2) or more internal party walls as referenced herein in Article V, Section 3, with one or two or more immediately adjoining Townhomes. Unless otherwise indicated by context, "Townhome" shall include the Townhome Lot the Townhome is located on.

"Townhome Lot" means a parcel of real property in the Properties as defined by the recorded plat and/or any replat, which plat has been or will be recorded in the Map Records of Collin County, Texas, and which Townhome Lots are contained within the Properties described in detail on the attached Exhibit "A" and are encumbered by this Townhome Declaration. Each such Townhome Lot will be subject to the rights and duties of membership in the Townhome Association. There shall be an annual regular assessment due for each Townhome Lot owned as defined by the then plat of record as such annual regular assessment is set forth herein. All references to a Townhome Lot herein shall also be deemed to include references to the Townhome (as defined herein) constructed on the Townhome Lot unless otherwise specified in the reference. It is planned that there may initially be one hundred seventeen (117) Townhome Lots that are created and made subject to this Townhome Declaration, subject to additional Townhome Lots added by annexation.

Section 2. Other Defined Terms. Other terms which are defined herein shall have the meanings given in this Townhome Declaration.

ARTICLE II.

Easement of Enjoyment

Section 1. Use of Common Area. Each Owner shall have a nonexclusive right and easement of enjoyment to the Common Area which shall be appurtenant to and shall pass with the title to every Townhome Lot, subject to the following:

- (i) This Townhome Declaration as it may be amended from time to time;
- (ii) Any restrictions or limitations or obligations contained in any deed conveying such Common Area to the Association or plat establishing any Common Area;

(iii) The right of the Board of Directors to limit the number of guests who may use the Common Area, and to adopt other Rules and Regulations regulating the use and enjoyment of the Common Area;

(iv) The right of the Board of Directors to suspend the right of an Owner to use any recreational facilities within the Common Area (i) for any period during which any Assessment or portion thereof owed by such Owner remains delinquent, and (ii) for a period not to exceed sixty (60) days for a single violation, or for a longer period in the case of any continuing violation, of the Townhome Declaration, Bylaws, or Rules and Regulations of the Association, unless any such suspension is prohibited by law;

(v) The right of the Association, with the consent of the Class B member as long as such Class B membership exists, acting through the Board of Directors, to dedicate or transfer all or any part of the Common Area;

(vi) The right of the Board of Directors to impose reasonable membership requirements and charge reasonable admission or other fees (which fees shall be separate from Assessments) for the use of any recreational facility situated upon the Common Area;

(vii) The right of the Board of Directors to permit nonmember use of any recreational facility situated on the Common Area upon payment of user fees established by the Board of Directors;

(viii) The right of the Association, acting through the Board of Directors, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval of sixty-seven percent (67%) of the total eligible Class "A" and Class "B" votes;

(ix) The right of the Association to grant easements pursuant to Article IV, Section 11 hereof; and

(x) The right of the Association to enter into and execute contracts with any party (including without limitation, Declarant or their respective affiliates) for the purpose of providing maintenance or other materials or services consistent with the purposes of the Association and this Townhome Declaration.

Section 2. Delegation. Any Owner may delegate his or her right of use and enjoyment of Common Area to the members of his or her family, lessees and social invitees, as applicable, subject to reasonable regulation by the Board of Directors and in accordance with procedures it may adopt. An Owner who leases his or her Townhome Lot must provide written notice to the Association conveying such privileges of use to Common Areas, however such Owner shall remain fully responsible for the actions of such persons.

Section 3. Conveyances to the Association. Declarant may retain, for as long as it deems necessary or convenient, the legal title to easements or fee simple parcels designated as Common Area. Declarant may, at any time after the date hereof, convey legal title to all or a portion of such Common Area to the Association, which conveyance shall be on an "AS IS, WHERE IS" basis. The Association shall be obligated to accept title to, operate and maintain the Common Area conveyed to the Association as elsewhere provided in this Townhome Declaration.

ARTICLE III

Establishment of General Plan

Section 1. General Plan and Declaration. This Townhome Declaration is hereby established pursuant to and in furtherance of a common and general plan for the improvement and sale of Townhome Lots within the Properties, and for the purpose of enhancing and protecting the desirability and attractiveness of the Properties. The undersigned Owner, for itself, its' successors, and assigns hereby declares that the Properties and each part thereof shall be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered, and improved subject to the covenants, conditions, restrictions, limitations, reservations, easements, exceptions, equitable servitudes, and other provisions set forth in any recorded plat and in this Townhome Declaration, for the duration thereof. The Townhome Lots and Common Areas in the Properties shall be subject to the jurisdiction of the Association.

Section 2. Equitable Servitudes. The covenants, conditions, restrictions, limitations, reservations, easements, and exceptions of this Townhome Declaration hereby are imposed as equitable servitudes upon each Townhome Lot, and the Common Areas within the Properties, as a servient estate, for the benefit of each and every other Townhome Lot and parcel of Common Area within the Properties, as the dominant estate.

Section 3. Covenants Appurtenant. The covenants, conditions, restrictions, limitations, reservations, easements, exceptions, equitable servitudes, and other provisions set forth in this Townhome Declaration shall be binding upon and inure to the benefit of: (a) the Properties; (b) Declarant and their successors and assigns; (c) the Association and its successors and assigns; and (d) all Persons (including Owners) having, or hereafter acquiring, any right, title, or interest in all or any portion of the Properties and their heirs, executors, successors, and assigns.

ARTICLE IV.

Management and Operation of Properties

Section 1. Management by Association.

(i) Generally. The affairs of the Properties shall be administered and managed by the Association. The Association shall have the right, power and obligation to provide for the

management, acquisition, construction, maintenance, repair, replacement, administration, and operation of the Properties as herein provided for and as provided for in the Certificate of Formation, Bylaws, and the Rules and Regulations. In the event of any conflict between the Certificate of Formation and the Bylaws, the Certificate of Formation shall control; and in the event of a conflict between the Certificate of Formation or the Bylaws and the provisions of the Townhome Declaration, the provisions of the Townhome Declaration shall control. The principal purposes of the Association are the collection, expenditure, and management of the Maintenance Fund and the Reserve Fund, enforcement of the restrictions contained herein and in Supplemental Townhome Declarations, providing for the maintenance and presentation of the Area of Common Responsibility (which includes the Common Area) and the facilities of the Association, ensuring architectural control of the Townhome Lots, and establishing a method for the administration, maintenance, preservation, use and enjoyment of the Properties. The Association shall not be dissolved without the consent of the City of Plano.

(ii) Additional Powers of the Association. The Association, acting through the Board of Directors, shall be entitled to enter into such contracts and agreements concerning the Properties and Area of Common Responsibility as the Board of Directors deems reasonably necessary or appropriate to maintain and operate the Properties in accordance with the Townhome Declaration, including without limitation, the right to enter into agreements with adjoining or nearby land owners or governmental entities on matters of maintenance, trash pick-up, repair, administration, security, traffic, operation of recreational facilities, or other matters of mutual interest. The Association, acting through its Board of Directors, shall also have the power to make and to enforce Rules and Regulations governing the use of the Properties and Area of Common Responsibility, including but not limited to Rules and Regulations concerning traffic and parking matters, in addition to those contained herein, and to impose reasonable user fees for use of Common Area facilities. The Rules and Regulations shall be binding upon all Owners, occupants, invitees and licensees, if any, until and unless overruled, canceled or modified in a regular or special meeting of the Association by two-thirds of the total eligible Class "A" and Class "B" votes of the Association.

(iii) Area of Common Responsibility and Common Area. The Association, subject to the rights of Declarant and the Owners set forth in this Townhome Declaration, shall be responsible for the exclusive management and control of the Common Area and Area of Common Responsibility and all Improvements thereon (including, without limitation, furnishings and equipment related thereto and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard.

(iv) Personal Properties and Real Properties for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board of Directors, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within the Properties conveyed to it by Declarant pursuant to the terms of this Townhome Declaration.

(v) Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Townhome Declaration, the Bylaws or by statute, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 2. Board of Directors. The business and affairs of the Association shall be managed by and the decisions and actions of the Association shall be made or taken by the Board of Directors, unless otherwise reserved to the Members of the Association by law, the terms of this Townhome Declaration, Certificate of Formation, or the Bylaws. During the existence of the Class B membership, the Declarant shall be entitled to appoint the Directors; however, on or before the 120th day after the date seventy five percent (75%) of the Townhome Lots that may be created and made subject to this Townhome Declaration are conveyed to Owners other than the Declarant, at least one-third of the members of the Board of Directors must be elected by the majority of the Owners other than the Declarant and such vote shall be at a meeting of the Owners called for such purpose.

Section 3. Membership in Association. Each Owner, whether one person or more, of a Townhome Lot shall upon and by virtue of becoming such Owner, automatically become and shall remain a Member of the Association until ownership of the Townhome Lot ceases for any reason, at which time the membership in the Association shall also automatically cease. Membership in the Association shall be appurtenant to and shall automatically follow the ownership of each Townhome Lot and may not be separated from such ownership. Prior to changing the name of the Owner of any Townhome Lot on the membership rolls of the Association, the Association or its managing agent (if authorized by the Board of Directors) may charge a transfer fee or processing fee when ownership to any Townhome Lot changes, however, there shall be no charge when Declarant conveys a Townhome Lot to a Sub-developer or to the first homebuyer. There will be a charge when a Sub-developer conveys a Townhome Lot and Townhome to the first homebuyer. Membership in the Association shall not include Mortgagees or other persons having an interest merely as a security for the performance of an obligation. Each Owner is required to provide and maintain at all times with the Association, or its designated management agent, current information regarding such Owner's physical address, email address and phone number and the name, physical address, email address and phone number of the occupant or property manager, if any, of each Townhome Lot owned.

Section 4. Voting and Membership Limitations. The Association shall have two (2) classes of Members:

(i) Class "A". Class "A" Members shall be all Owners, with the exception of Declarant. Each Class "A" Member shall be entitled to one (1) vote for each Townhome Lot and two (2) votes per acre for each acre owned by such Member in the Properties; provided, however, when more than one person holds an interest in any Townhome Lot, all such persons shall be Members, and the vote for such Townhome Lot shall be exercised by them as they among themselves determine but in no event shall more than one (1) vote be cast with regard to any Townhome Lot by a Class "A" Member.

(ii) Class "B". The Class "B" Member shall be the Declarant. The Class "B" Member shall have ten (10) votes per Townhome Lot that it owns, until the Class "B" membership and Class "B" votes cease to exist as set forth below. All Class "B" and the Class "B" membership votes shall cease to exist and automatically be converted to Class "A" votes and the Class "B" membership shall no longer exist on the happening of any of the following events, whichever occurs earlier:

(a) When 100% of the Townhome Lots on the Properties (including Properties added hereto by annexation) planned for development has been sold to and occupied by Class A Members that are not Sub-developers;

(b) December 31, 2051; or

(c) At such earlier time as the holder of the Class "B" votes may, in its sole discretion, elect, as evidenced by a document recorded in the real property records of Collin County, Texas.

(iii) Reinstatement of Class "B" Votes. Notwithstanding the prior provisions of Section 4(ii)(b) or 4(ii)(c) above, if additional property is made subject to the jurisdiction of the Association pursuant to a Supplemental Townhome Declaration, or if Declarant repurchases any Townhome Lots and/or Tracts, such that Declarant again owns any Townhome Lots in the Properties, then the provisions regarding Class "B" votes in this Section 4, shall be automatically reinstated ipso facto.

Section 5. Voting. Unless otherwise stated herein, in the Certificate of Formation, in the Bylaws, or required by law, any action which requires the approval of the Members of the Association shall require the approval of a majority of the total eligible votes of all Members represented in person or by proxy at any duly called meeting. Any action of the Board of Directors shall require the approval of a majority of the total members thereon. Any Owner who is delinquent in the payment of any Assessment shall not be entitled to vote during any period in which any such Assessment is delinquent, unless such suspension of the right to vote is prohibited by law.

Section 6. Compensation of Board of Directors. No person serving on the Board of Directors shall be entitled to compensation for services performed. However, (a) any member of the Board of Directors may be reimbursed for his actual expenses incurred in the performance of his duties, and (b) the Board of Directors may employ one or more architects, engineers, land planners, landscape architects, management companies, accountants, bookkeepers, collection agencies, attorneys or other consultants to assist the Board of Directors in carrying out its duties hereunder, and the Association shall pay such consultants for services rendered to the Board of Directors, such payment to be made out of the Assessments.

Section 7. Power to Enforce Townhome Declaration and Rules and Regulations. The Association shall have the power to enforce the provisions of this Townhome Declaration and any Rules and Regulations and shall take such action as the Board of Directors of each deems necessary or desirable to cause compliance by each Member and each Member's family, guests, or tenants.

Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Townhome Declaration and of the Rules and Regulations of the Association by any one or more of the following means: (a) by entry upon any Townhome Lot within the Properties after notice (unless a bona fide emergency exists in which event this right of entry may be exercised without notice [written or oral] to the Owner, but in such manner as to avoid any unreasonable or unnecessary interference with the lawful possession, use, or enjoyment of the Improvements situated thereon by the Owner or any other Person), without liability by the Association to the Owner, tenant, or guest thereof, for the purpose of enforcement of this Townhome Declaration or Rules and Regulations; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Townhome Declaration or the Rules and Regulations, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Townhome Declaration or the Rules and Regulations; (d) by exclusion, after notice, of any Member or Member's family, guests, or tenants from use of any recreational facilities in the Common Areas during and for up to sixty (60) days following any breach of this Townhome Declaration or such Rules and Regulations by such Member or Member's family, guests, or tenants, unless the breach is a continuing breach in which case, such exclusion shall continue for so long as such breach continues; (e) by suspension, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or Member's family, guests, or tenants, of this Townhome Declaration or such Rules and Regulations unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues, unless such suspension of voting rights is prohibited by law; (f) by levying and collecting, after notice, a Reimbursement Assessment against any Member for breach of this Townhome Declaration or such Rules and Regulations by such Member or Member's family, guests, or tenants; and (g) by levying and collecting, after notice, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, as revised from time to time by the Board of Directors, which fines and penalties shall be deemed Reimbursement Assessments to be collected as such, from any Member or Member's family, guests, or tenants, for breach of this Townhome Declaration or such Rules and Regulations by such Member or Member's family, guests, or tenants.

Section 8. Limitation on Liability. The officers of the Association and the members of the Board of Directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association. Further, a member of the Board of Directors of the Association shall not be liable to the Association, any Member, or any other person for any action taken or not taken as a member of the Board of Directors if he acts in good faith, with the care an ordinary prudent person in a like position would exercise under similar circumstances, and in a manner he reasonably believes to be in the best interests of the Association. The officers of the Association and the members of the Board of Directors shall also be entitled to the benefit of any provision limiting their liability provided by the Bylaws, the Texas Business Organizations Code, and the federal Volunteer Protection Act of 1997.

Section 9. Intentionally Deleted

Section 10. Indemnification.

(i) Generally. Except as provided in Subsection (vi) of this Section 10, to the greatest extent permitted by Texas law, the Association shall defend, protect, indemnify and hold harmless every officer, member of the Board of Directors and committee member and their respective agents, managers or administrators (each, an "Indemnified Party") from and against any and all liabilities and expenses, including legal fees, incurred by or imposed upon such Indemnified Party in connection with any action, claim, demand, suit, or other proceeding (each a "Proceeding") to which he or she may be a party by reason of being or having been an officer, Board of Directors member, agent or committee member. This indemnification shall also apply to any liability and expense incurred with the settlement of any Proceeding, if such settlement is approved in advance by the then Board of Directors. The Association shall also indemnify and forever hold each Indemnified Party free and harmless against any and all personal liability to others on account of any contract or commitment made by them, in good faith, on behalf of the Association.

(ii) Continuation. Indemnification under this Section 10 shall continue as to each Indemnified Party who has ceased to serve in the capacity which initially entitled such Indemnified Party to the indemnity hereunder. The rights granted pursuant to this Section 10 shall be deemed contract rights, and no amendment, modification or repeal of this Section 10 shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal.

(iii) Advance Payment. The right to indemnification conferred in this Section 10 shall include the right to be paid or reimbursed by the Association the reasonable expenses incurred by an Indemnified Party who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding and without any determination as to the Indemnified Party's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any Indemnified Party in advance of the final disposition of a Proceeding, shall be made only upon delivery to the Association of a written affirmation by such Indemnified Party of his or her good faith belief that he has met the standard of conduct necessary for indemnification under this Section 10 and a written undertaking, by or on behalf of the Indemnified Party, to repay all amounts so advanced if it shall ultimately be determined that the Indemnified Party is not entitled to be indemnified under this Section 10 or otherwise.

(iv) Appearance as a Witness. Notwithstanding any other provision of this Section 10, the Association may pay or reimburse expenses incurred by an Indemnified Party in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

(v) Non-exclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Section 10 shall not be exclusive of any other right which an Indemnified Party may have or hereafter acquire under any law.

(vi) Limitation on Indemnification. No indemnification shall be provided under this Section 10 to any Indemnified Party with respect to any Proceeding in which an Indemnified Party shall be determined not to have acted in good faith with the care an ordinary prudent person in

a like position would exercise under similar circumstances, and in a manner which he does not believe to be in the best interests of the Association. However, it is the intent of this Section 10 not to subject an Indemnified Party to standards of any professional background they may have and therefore not subject such Indemnified Party to any professional liability. An Indemnified Party is intended to serve as a volunteer regardless of their professional background.

Section 11. Power to Grant Easements. Declarant, while Declarant owns any of the Common Area and/or Properties and thereafter the Association, shall have the power to grant access, utility, drainage, water, facility, telephone, cable television, security systems, and other easements, in, on, over, or under the Common Area.

Section 12. Inspection of Records. The Members shall have the right to inspect the books and records of the Association as set forth in the Bylaws or in any policy adopted by the Association.

Section 13. Right of Entry: Enforcement by Self Help. The Association shall have the right, but not the obligation, in addition to and not in limitation of all the rights it may have under this Townhome Declaration, to enter upon any unoccupied, vacant or abandoned Townhome Lot, including any Improvements located thereon, if deemed reasonably necessary by the Board of Directors of the Association for emergency, health, safety and/or security purposes to make repairs to Improvements, secure the Properties or abate or remove things or conditions which are potentially hazardous or which violate any provisions of this Townhome Declaration. Such right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, the Association shall first attempt to provide reasonable notice to the last known Owner of the Townhome Lot. All costs of such efforts, including reasonable attorneys' fees actually incurred, shall be assessed against the Owner of the Townhome Lot and shall be collected as provided for herein for the collection of the Assessments.

Section 14. No Right of Action by Association. Notwithstanding anything to the contrary contained in the governing documents of the Association, including but not limited to this Townhome Declaration, the Association shall not have the power to institute, defend, intervene in, settle or compromise litigation, arbitration, or administrative proceedings: (1) in the name of or on behalf of any Owner (whether one or more); or (2) pertaining to a Claim, as defined in Section 17.2(b) below, relating to the design or construction of improvements on a Townhome Lot (whether one or more), including Townhomes or the Common Area. Notwithstanding anything contained in the governing documents of the Association, this Article IV, Section 14 may not be amended or modified without Declarant's written and acknowledged consent, and Members entitled to cast one hundred percent (100%) of the total number of votes of the Association, which must be part of the recorded amendment instrument.

ARTICLE V.

Maintenance

Section 1. Association's Responsibilities.

(a) Maintenance Responsibility on Townhomes. The Association shall maintain, repair and replace, only the items listed as Association's Responsibility on the Maintenance Responsibility Chart attached hereto and made a part hereof as Exhibit "B", within the budgetary constraints of the Association, for the uniformity of appearance as to all the Townhomes. The Association shall perform all landscaping other than landscaping within fenced back yards, as set forth on Exhibit "B". Additionally, the Association shall maintain, repair and replace the improvements located on the Common Area, including but not limited to, the private streets and the Association shall perform all maintenance obligations contained in any recorded plat of the Property.

(b) Other Possible Association Responsibilities. The Association also has the right (but not the obligation) to perform other maintenance items for the Townhomes.

The Board of Directors of the Association may, at some future date, decide to perform other maintenance items for the Townhomes and/or the Townhome Lots which could result in an increase in annual regular assessments. By means of illustration and not limitation, the Association shall have the authority, but not the obligation, to hire a contractor to provide monitoring for the security systems installed by Townhome Declarant.

The Association shall have the right but not the obligation, to maintain property not owned by the Association where the Board of Directors has determined that such maintenance would benefit all Owners. Except as otherwise provided herein, all costs associated with maintenance, repair and replacement of the Common Area and /or other property as determined by the Board of Directors, shall be a common expense to be allocated among the Townhomes as part of the annual regular assessments.

The Association will only perform the various items to which it has reasonable access. If reasonable access is blocked or denied, the Association will not perform such items, however the assessments of any Owner whose Townhome does not allow reasonable access will not be reduced. Further, it shall be the obligation of such Owner or tenant of the Townhome blocking access to perform such items, at its sole cost and expense.

The foregoing maintenance shall be performed consistent with the Community-Wide Standard.

Section 2. Owner's Responsibilities

(a) Maintenance Responsibility. All maintenance of the Townhome and Townhome Lot, other than that required by the Association in Article V, Section 1 above, shall be the sole responsibility of the Owner, and such maintenance shall include, but is not limited to, all of the items listed as Owner's Responsibility on the Maintenance Responsibility Chart attached hereto and made a part hereof as Exhibit "B".

(b) Townhome Landscape Maintenance. The Owner is responsible, at its' sole cost and expense, for all fenced rear yard maintenance, if any.

(c) Standard of Maintenance by Owner. All maintenance required by this Section 2 shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by the Association or other party or pursuant to any Supplemental Townhome Declaration affecting such Townhome Lot.

(d) Enforcement of Owner's Responsibilities. In addition to any other enforcement rights available to the Association, in the event of violation of any covenant or restriction herein by any Owner or occupant of any Townhome Lot (including, but not limited to, a violation of any maintenance obligation of an Owner as set forth on Exhibit "B") and the continuance of such violation after ten (10) days' written notice thereof, or in the event the Owner or occupant has not proceeded with due diligence to complete appropriate repairs and maintenance after such notice, the Association shall have the right (but not the obligation), through its agents or employees, to repair, maintain and restore unperformed obligations of the Owner with respect to the Townhome Lot and/or the Townhome, to the extent necessary to prevent rat infestation, diminish fire hazards, accomplish necessary repairs, maintenance and/or restoration. The Association may render a statement of charge to the Owner or occupant of such Townhome Lot for the cost of such work. The Owner and occupant agree by the purchase and occupation of the Townhome Lot to pay such statement immediately upon receipt. Any and all related costs, including but not limited to legal fees, plus interest thereon at the lesser of 18% per annum or the maximum rate permitted under the laws of the State of Texas, shall become a part of a Reimbursement Assessment payable by said Owner and payment thereof shall be secured by the lien created pursuant to this Townhome Declaration. The Association and its respective agents and employees shall not be liable, and are hereby expressly relieved from any liability, for trespass or other tort in connection with the performance of the exterior maintenance and other work authorized herein.

Section 3. Party Walls/Fences.

(i) General Rules of Law to Apply. Each wall built as a part of the original construction of the Townhomes which shall serve and separate any two (2) adjoining Townhomes shall constitute a party wall and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. Each fence built which shall serve and separate any two (2) Townhome buildings shall constitute a party fence and, to the extent not inconsistent with the provisions of this Section 3, the general rules of law regarding party walls and fences and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(ii) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall or party fence shall be shared by the Owners who the wall or fence serves in equal proportions.

(iii) Damage and Destruction. If a party wall or fence is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and therefore not repaired out of the proceeds of insurance, any Owner who the wall or fence serves may restore it, and all other Owners who the wall or fence serves shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, subject to the right of any such Owners to call for a larger contribution from the others under any rule or law regarding liability for negligent or willful acts or omissions.

(iv) Weatherproofing. Notwithstanding any other provision of this Section 3, to the extent that such damage is not covered and paid by the insurance provided for herein, an Owner who by his negligent or willful act causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(v) Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Section 3 shall be appurtenant to the land and shall pass to such Owner's successor-in-title.

(vi) Foundation, Fences. Common foundations which form a part of the Townhomes and common fences between Townhomes, if any, will be dealt with in the same fashion as party walls, as set forth in this section.

(vii) Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Section 3, each party shall appoint one (1) arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefore by the Townhome Board, the Townhome Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a majority of all three (3) arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other. Costs for such arbitrators shall be shared equally by the parties.

ARTICLE VI.

No Partition

Except as is permitted in this Townhome Declaration or any Supplemental Townhome Declaration, there shall be no judicial partition of the Common Area or any part thereof, nor shall any Person acquiring any interest in the Properties or any part thereof seek any judicial partition unless the Properties have been removed from the provisions of this Townhome Declaration. This Article VI shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Townhome Declaration.

ARTICLE VII.

Architectural Approval

Section 1. Architectural Review Committee. As used in this Townhome Declaration, the term "Architectural Review Committee" shall mean a committee of three (3) members. The Board of Directors shall have the right to appoint all members of the Architectural Review Committee and during the Development Period such members of the Architectural Review Committee may be all or some of the same persons as the then current members of the Board of Directors, or spouses of such members of the Board of Directors or persons living in the same household of such members of the Board of Directors. After the Development Period, no member of the Architectural Review Committee shall be a member of the Board of Directors, or a spouse of such a member nor a person living in the household of such a member. Members of the Architectural Review Committee may, but need not be, Members of the Association. Members of the Architectural Review Committee may be removed at any time by the Board of Directors and shall serve for such term as may be designated by the Board of Directors or until resignation or removal by the Board of Directors. Notwithstanding the foregoing, any removal by the Board of Directors of a member of the Architectural Review Committee must be approved in writing by the Declarant as long as Declarant owns one (1) or more Townhome Lots. The Declarant hereby retains the right to assign modification requests, duties, powers and responsibilities of the Architectural Review Committee to the Association when one hundred percent (100%) of all Townhome Lots in the Subdivision are occupied by residents, and the term "Architectural Review Committee" shall include the Association, as such designee. The Declarant shall retain architectural control rights to all new construction until all Townhome Lots have a Townhome completed thereon and have been sold to Owners other than Declarant or a Sub-developer, thereafter, all Architectural Review Committee functions shall belong to the Board of Directors of the Association or to the Architectural Review Committee if so directed by the Board of Directors.

Section 2. Approval of Improvements Required. The approval of a majority of the members of the Architectural Review Committee shall be required for any Improvement to Property on any of the Properties before commencement of construction of such Improvement to Property, other than an Improvement to Property made by Declarant.

Section 3. Address of Committee. The address of the Architectural Review Committee shall be at the principal office of the Association or as otherwise directed by the Board of Directors.

Section 4. Submission of Plans. Before commencement of work to accomplish any proposed Improvement to Property, or any modification to any existing Improvement, the Owner proposing to make such Improvement (or modification to an existing Improvement) to Property (the "Applicant") shall submit to the Architectural Review Committee at its offices, copies of such descriptions, surveys, plot plans, drainage plans, elevation drawings, construction plans, specifications, and samples of materials and colors as the Architectural Review Committee reasonably shall request, showing the nature, kind, shape, height, width, color, materials, and location of the proposed

Improvement to Property, as may be more particularly described from time-to-time in any minimum construction standards and/or the Residential Guidelines adopted by the Architectural Review Committee. The Architectural Review Committee may require submission of additional plans, specifications, or other information before approving or disapproving the proposed Improvement to Property. Until receipt by the Architectural Review Committee of all required materials in connection with the proposed Improvement to Property, the Architectural Review Committee may postpone review of any materials submitted for approval.

Section 5. Criteria for Approval. The Architectural Review Committee shall approve any proposed Improvement to Property only if it determines in its reasonable discretion that the Improvement to Property in the location indicated will not be detrimental to the appearance of the surrounding areas of the Properties as a whole; that the appearance of the proposed Improvement to Property will be in harmony with the surrounding areas of the Properties, including, without limitation, quality and color of materials and location with respect to topography and finished grade elevation; that the Improvement to Property will comply with the provisions of this Townhome Declaration and any applicable plat, ordinance, governmental rule, or regulation; that the Improvement to Property will not detract from the beauty, wholesomeness, and attractiveness of the Property or the enjoyment thereof by Owners; and that the upkeep and maintenance of the proposed Improvement to Property will not become a burden on the Association. These criteria are by their nature subjective and the Architectural Review Committee and any member thereof shall have no liability to any Person for any decision made in furtherance of such criteria. The Architectural Review Committee is specifically granted the authority to disapprove proposed Improvements because of the unique characteristics or configuration of the Townhome Lot on which the proposed Improvement would otherwise be constructed, even though the same or a similar type of Improvement might or would be approved for construction on another Townhome Lot. The Architectural Review Committee may condition its approval of any proposed Improvement to Property upon the making of such changes thereto as the Architectural Review Committee may deem appropriate.

Section 6. Residential Guidelines. The Architectural Review Committee from time to time may issue, supplement or amend construction/design/residential guidelines known as the Residential Guidelines. Such Residential Guidelines serve as a guideline only and the Architectural Review Committee may impose other requirements in connection with its review of any proposed Improvements. If the Residential Guidelines impose requirements that are more stringent than the provisions of this Townhome Declaration, the provisions of the Residential Guidelines shall control.

Section 7. Decision of Committee. The decision of the Architectural Review Committee shall be made within thirty (30) days after receipt by the Architectural Review Committee of all materials required by the Architectural Review Committee. The decision shall be in writing and, if the decision is not to approve a proposed Improvement to Property, the reasons therefore shall be stated. The decision of the Architectural Review Committee promptly shall be transmitted to the Applicant at the address furnished by the Applicant to the Architectural Review Committee. The Owner, however, is responsible under all circumstances to conform to the provisions of these restrictions in their entirety. Notwithstanding anything to the contrary herein, the Board of Directors shall have the absolute authority to affirm, modify or reverse any decision, in whole or in part, of the Architectural Review

Committee that it determines is not in keeping with the Association's governing documents or community wide standard based on the business judgment rule. Any such modification or reversal shall be communicated in writing to the Architectural Review Committee and to the applicable Owner prior to the commencement of any site preparation for, or installation of, the proposed Improvement to Property if reasonably possible but shall be binding on such Owner regardless of when communicated.

Section 8. Failure of Committee to Act on Plans. Any request for approval of a proposed Improvement to Property shall be deemed disapproved by the Architectural Review Committee, unless disapproval or a request for additional information or materials is transmitted to the Applicant by the Architectural Review Committee within thirty (30) days after the date of receipt by the Architectural Review Committee of all required materials; provided, however, that no failure to respond shall operate to permit any Owner to construct or maintain any Improvement to Property that violates any provision of this Townhome Declaration or the Residential Guidelines. The Architectural Review Committee shall at all times retain the right to object to any Improvement to Property that violates any provision of this Townhome Declaration or the Residential Guidelines.

Section 9. Prosecution of Work After Approval. After approval of any proposed Improvement to Property, the proposed Improvement to Property shall be accomplished as promptly and diligently as possible and in strict conformity with the description of the proposed Improvement to Property in the materials submitted to the Architectural Review Committee. Failure to complete the proposed Improvement to Property within nine (9) months after the date of approval or such other period of time as shall have been designated in writing by the Architectural Review Committee (unless an extension has been granted by the Architectural Review Committee in writing) or to complete the Improvement to Property in strict conformity with the description and materials furnished to the Architectural Review Committee, shall be a breach of the obligations of the Owner under this Townhome Declaration and shall operate automatically to revoke the approval by the Architectural Review Committee of the proposed Improvement to Property. No Improvement to Property shall be deemed completed until the exterior fascia and trim on the structure have been applied and finished and all construction materials and debris have been cleaned up and removed from the site and all rooms in the Townhome, other than attics, have been finished. Removal of materials and debris shall not take in excess of thirty (30) days following completion of the exterior. It shall be a violation of the approval of any proposed Improvement to Property if any other Owner's property or any Common Area is damaged or destroyed during the preparation for and the installation of any approved proposed Improvement to Property by the Owner/Applicant, and such Owner/Applicant will be liable to any such other Owner or the Association for the damages caused. If such damages are not repaired by the Owner causing same, then the amount(s) to repair such damage will be deemed to be a Reimbursement Assessment and shall be subject to collection from such Owner as such.

Section 10. Inspection of Work. The Architectural Review Committee or its duly authorized representative shall have the right, but not the obligation, to inspect any Improvement to Property before or after completion.

Section 11. Notice of Noncompliance. If, as a result of inspections or otherwise, the Architectural Review Committee finds that any Improvement to Property has been constructed or undertaken without obtaining the approval of the Architectural Review Committee, or has been completed other than in strict conformity with the description and materials furnished by the Owner to the Architectural Review Committee, or has not been completed within the required time period after the date of approval by the Architectural Review Committee, the Architectural Review Committee shall notify the Owner in writing of the noncompliance ("Notice of Noncompliance"). The Notice of Noncompliance shall specify the particulars of the noncompliance and shall require the Owner to take such action as may be necessary to remedy or remove the noncompliance within the period of time set forth therein.

Section 12. Correction of Noncompliance. If the Architectural Review Committee finds that a noncompliance continues to exist after such time within which the Owner was to remedy the noncompliance as set forth in the Notice of Noncompliance, the Association may, at its option but with no obligation to do so, do any or any combination of the following, at the noncomplying Owner's sole cost and expense: (a) record a Notice of Noncompliance against the Townhome Lot on which the noncompliance exists in the Office of the County Clerk of Collin County, Texas; (b) remove the noncomplying Improvement to Property; (c) levy a fine for noncompliance; and/or (d) otherwise remedy the noncompliance (including, if applicable, completion of the Improvement in question), and, if the Board of Directors elects to take any action with respect to such violation, the Owner shall reimburse the Association upon demand for all expenses incurred therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board of Directors may levy a Reimbursement Assessment for such costs and expenses and/or fines against the Owner of the Townhome Lot in question. The permissive (but not mandatory) right of the Association to remedy or remove any noncompliance (it being understood that no Owner may require the Association to take such action) shall be in addition to all other rights and remedies that the Association may have at law, in equity, under this Townhome Declaration, or otherwise.

Section 13. No Implied Waiver or Estoppel. No action or failure to act by the Architectural Review Committee shall constitute a waiver or estoppel with respect to future action by the Architectural Review Committee or the Board of Directors, with respect to any Improvement to Property. Specifically, the approval by the Architectural Review Committee of any Improvement to Property shall not be deemed a waiver of any right or an estoppel against withholding approval or consent for any similar Improvement to Property or any similar proposals, plans, specifications, or other materials submitted with respect to any other Improvement to Property by such Person or otherwise.

Section 14. Power to Grant Variances. The Architectural Review Committee may authorize variances from compliance with any of the provisions of Article VIII of this Townhome Declaration (except for the provisions of Article VIII, Section 2 relating to single family residential construction and use, for which no variances may be granted by the Architectural Review Committee), including restrictions upon placement of structures, the time for completion of construction of any Improvement to Property, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic, environmental, or other relevant considerations may require. Such variances must

be evidenced in writing and shall become effective when signed by at least a majority of the members of the Architectural Review Committee. If any such variance is granted, no violation of the provisions of this Townhome Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Townhome Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall the granting of any variance affect the jurisdiction of the Architectural Review Committee other than with respect to the subject matter of the variance, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Townhome Lot concerned. Any request for a variance which is not responded to within thirty (30) days of its receipt shall be deemed denied.

Section 15. Reimbursement of Architectural Review Committee. The members of the Architectural Review Committee shall be entitled to reimbursement by the Association for reasonable expenses incurred by them in the performance of their duties hereunder as the Board of Directors from time to time may authorize or approve.

Section 16. Delegation of Authority. It is understood that the Architectural Review Committee may delegate all or part of its authority hereunder to review the documents submitted to it and that the Architectural Review Committee may retain the services of architects, engineers and others (and Owners shall pay all fees) from time to time for the purpose of reviewing such documents and making recommendations as to approval, disapproval or modification thereof.

Section 17. Authority to Charge Fees, Fines and Deposits. The Architectural Review Committee may charge and collect a reasonable fee for processing an application submitted to the Architectural Review Committee for approval. Such charges shall be payable at the time and place and in the manner prescribed by the Architectural Review Committee. The Architectural Review Committee also may charge and collect such other fees, fines or deposits as are reasonable and necessary, including but not limited to inspection fees, fines for noncompliance or violation of any Residential Guidelines or this Declaration, deposits against damage to other Owners' property(ies) and/or Common Area, and deposits to secure completion of the work being done. All fees, fines and deposits are subject to change by the Architectural Review Committee without prior notice.

Section 18. Non-liability for Architectural Review Committee Action. None of the members of the Architectural Review Committee, the Association, any member of the Board of Directors, or Declarant shall be liable for any loss, damage, or injury arising out of or in any way connected with the performance of the duties of the Architectural Review Committee. In reviewing any matter, the Architectural Review Committee shall not be responsible for reviewing, nor shall its approval of an Improvement to Property be deemed approval of the Improvement to Property from the standpoint of safety, whether structural or otherwise, or conformance with building codes, or other governmental laws or regulations. Furthermore, none of the members of the Architectural Review Committee, any member of the Board of Directors, or Declarant shall be personally liable for debts contracted for or otherwise incurred by the Association or for any torts committed by or on behalf of the Association, or for a tort of another of such individuals, whether such other individuals were acting on behalf of

the Association, the Architectural Review Committee, the Board of Directors, or otherwise. Finally, neither Declarant, the Association, the Board of Directors, the Architectural Review Committee, or their officers, agents, members, or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, Improvements, or portion thereof, or for failure to repair or maintain the same.

Section 19. Construction Period Exception. During the course of actual construction of any permitted structure or Improvement to Property, and provided construction is proceeding with due diligence, the Architectural Review Committee may temporarily suspend certain provisions of this Townhome Declaration as to the Townhome Lot upon which the construction is taking place to the extent necessary to permit such construction; provided, however, that during the course of any such construction, nothing shall be done that will result in a violation of any of the provisions of this Townhome Declaration upon completion of construction or that will constitute a nuisance or unreasonable interference with the use and enjoyment of other property within the Properties.

ARTICLE VIII.

Architectural Restrictions

Section 1. Townhome Size. Each one or two-story Townhome constructed on each Townhome Lot shall contain substantially the same number of total square feet of living area (exclusive of porches and garages) as originally constructed unless the Architectural Review Committee approves otherwise.

Section 2. Height and Character of Townhome. No Townhome shall be erected, altered, or permitted to remain on any Townhome Lot other than one Townhome used for single family residential purposes only, not to exceed three (3) stories in height, and a fully enclosed garage as provided in Section 7.

Section 3. Location of Townhome. Except as may be authorized in writing by the Architectural Review Committee, no Townhome or Improvement shall be located nearer to the front Townhome Lot line nor nearer to any rear or side Townhome Lot line than as permitted by the recorded Plat of the Properties, unless a variance has been granted by the Architectural Review Committee. Mailbox locations shall be as required by the United States Postal Service.

Section 4. Exterior Walls. No Townhome shall have exterior wall construction which is other than what is required by the Architectural Review Committee and any applicable zoning requirements. Any construction materials used must have Architectural Review Committee approval and also be in compliance with any applicable zoning requirements.

Section 5. Use of Temporary Structure. No structure of a temporary character, whether trailer, basement, tent, shack, garage, barn, shed, or other outbuilding shall be maintained or used on any Townhome Lot at any time as a Townhome, or for any other purpose, either temporarily or permanently; provided, however, that Declarant reserves the exclusive right to erect, place, and

maintain such facilities in or upon any portion of the Properties as in its sole discretion may seem necessary or convenient while selling Townhome Lots, selling or constructing Townhomes, or constructing other Improvements within the Properties. The right to use temporary structures in connection with the construction of Improvements may be assigned from time-to-time, in whole or in part, by Declarant to Sub-developers. All permitted temporary structures shall be reasonably maintained at all times.

Section 6. Drainage. Without the prior written consent of the Architectural Review Committee, no Owner of a Townhome Lot shall be permitted to construct Improvements on such Townhome Lot or grade such Townhome Lot or permit such Townhome Lot to remain in or be placed in such condition that surface water on such Lot drains to any other Townhome Lot or the Common Area.

Section 7. Garages. All garages shall be: (a) fully operable; (b) capable of housing at least two (2) automobiles; and (c) enclosed by fully functional and operational garage doors which must be kept in the closed position when the garage is not being used by the Owner or occupant. The garage portion of any model home may be used by Sub-developers for sales purposes, storage purposes, and other related purposes. Upon (or before) the sale of any such model home to the first purchaser thereof, the garage portion of the model home shall be converted to a fully enclosed garage capable of housing not less than two (2) automobiles, with fully functional and operational garage doors. No garage shall be enclosed, modified or otherwise used so as to reduce its capacity for parking vehicles below that originally approved by the Architectural Review Committee, nor may any portion of a garage be diverted to any use other than the parking of vehicles and other generally accepted and customary uses of a garage. In particular, but not in limitation of the foregoing, no portion of any garage may be used as a residence, game room or for any similar use as living quarters.

Section 8. Roofs. Unless otherwise approved, the roof of all buildings on the Townhome Lot shall be covered with composition shingles with a life of thirty (30) years or better, or comparable to minimum specifications as defined by the Federal Housing Authority. The pre-approved color of shingles is Weathered Wood. Any other color of any composition shingles shall be subject to written approval by the Architectural Review Committee prior to installation. Any other type roofing material may be used only if approved in writing prior to installation.

Section 9. Grass, Shrubbery and Landscaping. The grass, plants, shrubs and landscaping shall be maintained as set forth on Exhibit "B". The grass, plants, shrubs and trees shall be of a type and within standards approved by the Architectural Review Committee and any applicable zoning requirements. The landscaping requirements of the Architectural Review Committee may be revised from time-to-time. Any modifications to planting beds and other landscaping shall need prior written approval from the Architectural Review Committee.

Section 10. Satellite Dishes and Antennas. No television, radio, or other electronic towers, aerials, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Townhome Lot or upon any improvements thereon, except that this

prohibition shall not apply to those antennae specifically covered by the regulations promulgated under the Telecommunications Act of 1996, as amended from time to time. The Architectural Review Committee is empowered to adopt rules governing the types of antennae that are permissible in the Subdivision and to establish reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. To the extent that receipt of an acceptable signal would not be impaired, an antenna permissible pursuant to the rules of the Architectural Review Committee may only be installed in a side or rear yard location, not visible from the street or neighboring property, and integrated with the dwelling and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations.

Section 11. Intentionally Deleted.

Section 12. Exterior Lighting. All exterior lighting must first be approved by the Architectural Review Committee. No exterior lighting may shed light onto other Properties or into residential dwellings in such a manner that creates a nuisance.

Section 13. Sound Devices. No external horns, whistles, bells, or other sound devices, except for security systems used exclusively to protect the Townhome, shall be placed or used on any Townhome Lot or Improvements. This paragraph shall not preclude the use of outdoor speakers, stereos, home entertainment systems, or radios if the sound level is maintained at a reasonably low level with respect to adjoining property.

Section 14. Window Treatment. No window in any Townhome or other Improvement that is visible from any other Townhome Lot or a street may be covered with any aluminum foil or other reflective material. Window coverings must be compatible with the design of the Townhome and the overall appearance of the Properties and from the exterior must be neutral or white if visible from the street. The Architectural Review Committee shall have the sole authority to determine whether particular window coverings are compatible with the design and color of the Townhome and the overall appearance of the Properties. Permanent window coverings must be installed within ninety (90) days of a conveyance of a Townhome from a Sub-developer to a homeowner.

Section 15. Air Conditioners. No window, roof or wall-type air conditioner that is visible from any street or any other Townhome Lot, shall be used, placed or maintained on or in any Townhome, garage or other Improvement with the exception of the Model Home. The Model Home may have a wall-type air conditioner as long as it is removed prior to sale to a third party.

Section 16. Tents, Mobile Homes and Temporary Structures. Except for Declarant' marketing and construction trailers and temporary buildings and except as may be permitted by the Architectural Review Committee during initial construction within the Properties, no tent, shack, mobile home, or other structure of a temporary nature shall be placed upon a Townhome Lot or any part of the Properties. The foregoing prohibition shall not apply to restrict the construction or installation of a single utility or similar outbuilding to be permanently located on a Townhome Lot, provided it receives the prior approval of the Architectural Review Committee, as appropriate, in accordance with Article VII hereof. All permitted structures shall be properly maintained at all times and

positioned on the Townhome Lot so as to not be visible from the fronting street and/or side street in the event of a corner Townhome Lot. Materials, color and design of all permitted structures must be the same as the primary dwelling. In addition, party tents or similar temporary structures may be erected for a limited period of time for special events with prior written approval of the Board of Directors.

Section 17. Drainage. Catch basins and drainage areas are for the purposes of natural flow of water only. No obstructions or debris shall be placed in these areas. Provided, however, the Association hereby reserves for itself and the Association a perpetual easement across the Properties for the purpose of altering drainage and water flow. No Owner or occupant shall dump grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances, in any drainage ditch, storm sewer, sanitary sewer, stream, or pond within the Properties.

Section 18. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Section 19. Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Properties. No exterior sculpture, fountains, birdhouses, birdbaths, other decorative embellishments or similar items shall be permitted unless approved in accordance with Article VII of this Townhome Declaration. No such decorative embellishment or similar items shall be permitted on the front portion of any Townhome Lot or yard.

Section 20. Playground. No jungle gyms, swing sets or similar playground equipment shall be erected or installed on any Townhome Lot without prior written approval of the Architectural Review Committee in accordance with Article VII hereof, which will be conditioned, among other considerations, on the configuration of the Townhome Lot. Any playground or other play areas or equipment furnished by the Association or erected within the Properties shall be used at the risk of the user, and the Association shall not be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

Section 21. Walls, Fences and Hedges. No hedge in excess of three feet (3') in height, shall be erected or maintained nearer to the front Townhome Lot line than the building set-back line adjacent to the walls of the dwelling existing on such Townhome Lot. No side or rear fence or wall shall be more than eight feet (8') nor less than six feet (6') in height. Further fencing requirements will be contained in the Residential Guidelines. All fences and walls shall be constructed and located as described in the Residential Guidelines or as described by the Architectural Review Committee. The preapproved color of stain for fences shall be Ready Seal in Medium Brown Pecan OS-015B. Any other fence stain color must receive prior written approval from the Architectural Review Committee. Unless approved by the Architectural Review Committee, no chain link, chicken wire, or other wire fence will be permitted on any Townhome Lot. No fence or wall shall be erected on any Townhome Lot nearer to the street than the building setback lines as shown on the Plat. The Architectural Review Committee has the right to deviate its approval for the style and materials and/or placement to be used based on the location within the Properties. It is the intent to maintain visual continuity especially

along entryways and/or main thoroughfares and/or adjacent to common area properties. Title to any wall, fence, or hedge shall pass ownership with title to the Townhome Lot, and it shall be the Owner's responsibility to maintain said wall, fence or hedge thereafter in the manner prescribed by the Association.

Section 22. Exterior Paint. The exterior surfaces of buildings (including doors) or walls located in the Properties shall not be painted or stained unless the Architectural Review Committee gives its prior written approval of the color of paint or stain to be used; even when repainting with the existing color. The purpose of this covenant is to maintain harmony of the exterior paint colors of the buildings throughout the Properties. Iridescent and/or pastel colors or tones considered to be brilliant are not permitted.

ARTICLE IX.

Use Restrictions

Section 1. General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by Declarant or the Association). Any Supplemental Townhome Declaration imposed on the Properties may impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards.

Section 2. Single Family Residential Use. A Sub-developer's use of a Townhome Lot for a Model home until Sub-developer sells all of its Townhome Lots will not violate this restriction. Each Owner shall use his Townhome Lot and the Townhome on his Townhome Lot, if any, for single family residential purposes only. As used herein, the term "single family residential purposes" shall be deemed to specifically prohibit, by way of illustration but without limitation, the use of any Townhome Lot for a duplex apartment, a garage apartment or any other apartment or for any multifamily use or for any business, educational, church, professional or other commercial activity of any type, except that an Owner may use his Townhome as a personal office for a profession or occupation, provided: (a) the public is not invited, permitted, or allowed to enter the Townhome or any structure or Improvement upon such Townhome Lot and conduct business therein; (b) no signs advertising such profession or business are permitted; (c) no on-site employees are permitted; (d) no offensive activity or condition, noise, odor, or traffic (vehicular or pedestrian) is generated and (e) such use in all respects complies with the laws of the State of Texas, any applicable ordinances, and the laws, rules, and regulations of any regulatory body or governmental agency having authority and jurisdiction over such matters. The term "single family residential purposes" shall also be defined as: (a) one or more persons related by blood, marriage or adoption, which may include only parents, their children (including foster children and wards), their dependent brothers and sisters, their grandparents and domestic servants; and (b) no more than two unrelated persons living together as a single housekeeping unit and their children (including foster children and wards), their dependent brothers or sisters, their grandparents and their domestic servants.

Section 3. Occupants Bound. All provisions of the Townhome Declaration, Bylaws and of any Rules and Regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners shall also apply to all occupants, guests and invitees of any Townhome Lot. Every Owner shall cause all occupants of his or her Townhome Lot to comply with the Townhome Declaration, Bylaws, and the Rules and Regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Common Areas caused by such occupants, notwithstanding the fact that such occupants of a Townhome Lot are fully liable and may be sanctioned for any violation of the Townhome Declaration, Bylaws, and Rules and Regulations adopted pursuant thereto.

Section 4. Quiet Enjoyment. No portion of the Properties shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any structure, thing, or material be kept upon any portion of the Properties that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious, illegal, or offensive activity shall be carried on upon any portion of the Properties, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Properties. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Properties. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted within the Properties. The use and discharge of firecrackers and other fireworks is prohibited within the Properties.

Section 5. Business Use. No garage sales, moving sales, rummage sales or similar activity (provided, however, an Owner of a Townhome Lot may have one of the following types of sales: (i) garage, (ii) moving, (iii) rummage, lasting no more than one (1) full weekend no more than one time during each one (1) year period of ownership) and no trade or business may be conducted in or from any Townhome Lot, except that an Owner or occupant residing in a Townhome on a Townhome Lot may conduct business activities within the Townhome, so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Townhome Lot; (b) the business activity conforms to all zoning requirements for the Properties; (c) the business activity does not involve persons coming onto the Properties who do not reside in the Properties or door-to-door solicitation of residents of the Properties; and (d) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board of Directors. A Sub-developer's use of a Townhome Lot as a Model home will not violate this restriction.

Section 6. Definition of "Business" and "Trade". The terms "business" and "trade", as used herein, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or

(iii) a license is required therefore. Notwithstanding the above, the leasing of a Townhome Lot pursuant to Section 8 of this Article IX shall not be considered a trade or business within the meaning of this Section 6. The definition of "business" and "trade" shall not apply to any activity conducted by Declarant with respect to its development and sale of any and all Townhome Lots and Townhomes located thereon.

Section 7. Unsightly or Unkempt Conditions. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Townhome Lot. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Properties. Notwithstanding the above, the disassembly and assembly of motor vehicles to perform repair work shall be permitted provided such activities are not conducted on a regular or frequent basis, and are either conducted entirely within an enclosed garage or, if conducted outside, are begun and completed within twelve (12) hours.

Section 8. Leasing of Townhome Lots.

(i) Definition. "Leasing", for purposes of this Townhome Declaration, is defined as regular, exclusive occupancy of a Townhome Lot by any person or persons other than the Owner for which the Owner received any consideration or benefit, including, but not limited to a fee, service, gratuity, or emolument.

(ii) Leasing Provisions. Townhome Lots may only be leased for single family residential purposes as defined in this Townhome Declaration. No Owner shall be permitted to lease his Townhome Lot for hotel or transient purposes, which for purposes of this Section 8(ii) is defined as a period of less than six (6) months. No Owner shall be permitted to lease less than the entire Townhome Lot. Every such lease shall be in writing. Every such lease shall provide that the tenant shall be bound by and subject to all of the obligations of the Owner under this Townhome Declaration. The Owner making such lease shall not be relieved from any of such obligations. Upon the execution of a lease agreement, the Owner shall notify the Association in writing of the Owner's designated address and the name of Owner's lessee. No lessee shall be entitled to use the recreational facilities or Common Area of the Association until the information specified in this Section 8(ii) is provided to the Association in writing and the Owner further notifies the Association in writing that the Lessee has been granted the authority to use the recreational facilities and Common Area of the Association by such Owner. The use of the Common Areas and/or recreational facilities is limited to the benefit of one (1) family per Townhome and the granting of such rights to a tenant excludes the right of the Owner during such period.

Section 9. Compliance with Townhome Declaration, Bylaws and Rules and Regulations. Every Owner shall cause all occupants of his or her Townhome Lot to comply with the Townhome Declaration, Bylaws, and the Rules and Regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Common Areas caused by such occupants, notwithstanding the fact that such occupants of a Townhome Lot are fully liable and may be

sanctioned for any violation of the Townhome Declaration, Bylaws, and Rules and Regulations adopted pursuant thereto. Any lease shall be deemed to incorporate the Townhome Declaration, Bylaws and Rules and Regulations.

Section 10. Laws and Ordinances. Every Owner and occupant of any Townhome Lot, their guests and invitees, shall comply with all laws, statutes, ordinances and rules of federal, state and municipal governments applicable to the Properties and any violation thereof may be considered a violation of this Townhome Declaration; provided, the Board of Directors shall have no obligation to take action to enforce such laws, statutes, ordinances and rules.

Section 11. Subdivision of Townhome Lots. Declarant hereby expressly reserve the right to plat and/or replat any Townhome Lot or Townhome Lots owned by Declarant in accordance with all applicable subdivision and zoning regulations.

Section 12. Parking and Prohibited Vehicles. No motor vehicles or non-motorized vehicle, boat, trailer, marine craft, recreational vehicle, camper rig off of truck, hovercraft, aircraft, machinery, or equipment of any kind may be parked or stored on any part of any Townhome Lot, easement, or right-of-way, unless such vehicle or object is completely concealed from public view inside a garage or enclosure approved by the Architectural Review Committee. Passenger automobiles, passenger vans, motorcycles, or pick-up trucks that: (a) are in operating condition; (b) have current license plates and inspection stickers; (c) are in daily use as motor vehicles on the streets and highways of the State of Texas; and (d) which do not exceed six feet six inches (6' 10") in height, or eight feet (8') in width, or twenty-four feet (24') in length or have more than six (6) wheels, may be parked in the driveway on a Townhome Lot; however, no vehicle shall be parked so as to obstruct or block a sidewalk, if any, and no vehicle shall be parked upon any portion of the grassed areas or yard. For purposes hereof "stored" shall mean longer than five (5) days. No vehicle may be repaired on a Townhome Lot unless the vehicle being repaired is concealed from view inside a garage or other approved enclosure unless permitted pursuant to Section 7 above. This restriction shall not apply to any vehicle, machinery, or equipment temporarily parked and in use for the construction, repair or maintenance of a house or houses in the immediate vicinity; provided, however, Owners or occupants of Townhome Lots may seek a temporary variance from these restrictions for their guests; however, any such request for a variance must receive the prior approval of the Board of Directors of the Association. The Board of Directors of the Association may adopt additional Rules and Regulations regulating parking on the streets in the Properties.

Section 13. No Hazardous Activities. No activity shall be conducted on and no Improvements shall be constructed on any property within the Properties that is or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any property and no open fires shall be lighted or permitted on any property except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior or exterior fireplace.

Section 14. On-Site Fuel Storage. No on-site storage of gasoline, heating or other fuels shall be permitted on any part of the Properties except that up to five (5) gallons of fuel may be stored on

each Townhome Lot for emergency purposes and operation of lawn mowers, grills and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators and similar equipment. Owners will also be permitted to have fuel in vehicles without violating this Section 14.

Section 15. Removal of Trash and Debris During Construction. During the construction, repair, and restoration or remodeling of Improvements, each Owner shall remove and haul (or cause to be removed and hauled) from the Townhome Lot all tree stumps, tree limbs, branches, underbrush, and all other trash or rubbish cleared from the Townhome Lot to permit construction of the Improvements, including landscaping. No burning of trash or other debris is permitted on any Townhome Lot, and no materials or trash hauled away from any Townhome Lot may be placed elsewhere within the Properties, unless approved in writing by the Architectural Review Committee. Additionally, each Owner, during construction or remodeling of the Improvements, shall continuously keep (or cause to be kept) the Townhome Lot in a reasonably clean and organized condition, papers, rubbish, trash, scrap, and unusable building materials are to be kept, picked up, and hauled from the Townhome Lot on a regular basis. Other useable building materials are to be kept stacked and organized in a reasonable manner. No trash, materials, or dirt shall be placed in the street. Any such trash, materials, or dirt inadvertently spilling or getting into the street or street gutter shall be removed, without delay. Notwithstanding the above, during the initial construction of Townhomes, a Sub-developer shall only be required to use reasonable efforts to comply with this section. For purposes of this section, unless otherwise determined by the Architectural Review Committee, "reasonable efforts" shall mean the typical practice during construction of homebuilding companies in the general area for similarly priced houses.

Section 16. Lighting. Except for traditional holiday decorative lights, which may be displayed for one (1) month prior to and one (1) month after any commonly recognized holiday for which such lights are traditionally displayed, all exterior lights must be approved in accordance with Article VII of this Townhome Declaration.

Section 17. Excavation and Tree Removal. The digging of dirt or the removal of any dirt from any Townhome Lot is expressly prohibited except as may be necessary in conjunction with the landscaping of or construction on such Townhome Lot. No trees shall be cut or removed except to provide room for construction of Improvements or to remove dead or unsightly trees; provided, however, that removal of any tree in excess of a four inch (4") caliper as measured three feet (3') from ground level requires the approval of the Architectural Review Committee and the replacement, one for one, of such tree with a tree of equal or greater caliper. Any such removal and replacement of any tree must also comply with applicable zoning requirements. Any void, depression or hole created by the removal of dirt or a tree must be filled in accordance with the requirements of the Architectural Review Committee.

Section 18. Intentionally Deleted.

Section 19. Restrictions on Garbage and Trash. No refuse, garbage, trash, lumber, grass, shrub or tree clippings, plant waste, compost, metal, bulk materials, scrap, refuse, or debris of any kind shall

be kept, stored, or allowed to accumulate on any Townhome Lot except within an enclosed container of a type, size and style approved by the Board of Directors and appropriately screened from view, except that any such container may be placed in a designated area for garbage or trash pickup no earlier than six o'clock p.m. on the day preceding trash pickup of such garbage and trash and shall be returned to an enclosed structure or an area appropriately screened from view no later than midnight of the day of pickup of such garbage or trash.

Section 20. Clothes Drying. No outside clothesline or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Townhome Lot, if visible from the street or any other Townhome Lot, nor shall clothing or household fabric or any other article be hung, dried or aired on any Townhome Lot in such a way as to be visible from other Townhome Lots/streets or the Common Area.

Section 21. Animals. No animals of any kind shall be raised, bred, or kept on any Townhome Lot except bona fide household pets such as dogs, cats, fish or other domestic animals of a reasonable number as determined by the Board of Directors as long as such pets (i) are not kept for any commercial purpose, (ii) are kept under control at all times, and (iii) are not kept in such number or such manner as to constitute a nuisance. No exotic pets shall be allowed, such as pigs, miniature horses, etc. Further, no dog runs shall be allowed to be placed alongside any side Townhome Lot property line.

Section 22. Signs and Billboards. Other than signs of Sub-developer as set forth below, no signs, billboards, posters or advertising devices of any character shall be erected, permitted or maintained on any Townhome Lot except one (1) sign of not more than five (5) square feet which is used to: (a) advertise the property for sale or lease; (b) identify the builder or contractor while construction is in progress on such Townhome Lot; or (c) promote a political candidate, party or issue for a period starting no earlier than ninety (90) prior to the date of the election or referendum and which must be removed no later than ten (10) days after the date of the election or referendum. Additionally, the right is reserved by Declarant (and any Sub-developer, with Declarant' prior consent) to construct and maintain signs, billboards, and advertising devices as is customary in connection with the development of the Subdivision and the sale of newly constructed Townhomes. Declarant and the Association shall also have the right to erect identifying signs at each entrance to the Properties. In no event shall any sign, billboard, poster or advertising device of any character, other than as specifically prescribed in the first sentence of this Section 22 be erected, permitted or maintained on any Townhome Lot without the express prior written consent of the Architectural Review Committee. The Association shall have the right to enter any Townhome Lot and remove any sign, billboard, poster or advertising device which is not permitted by this Section 22 and in so doing will not be subject to any liability for trespassing or other tort in connection therewith or arising from such removal.

Section 23. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon any of the Properties, nor shall any walls, tanks, tunnels, mineral excavations or shafts be permitted upon any of the

Properties. No derrick or other structures designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any of the Properties.

Section 24. Alternative Residential Use. No Townhome Lot shall be used for the operation of a boarding or rooming house, a residence for transients, a "group home", "family home", "community home", "half-way house", day-care center, rehabilitation center, treatment facility, or Townhome of unrelated individuals who are engaging in, undertaking, or participating in any group living, rehabilitation, treatment, therapy, or training with respect to previous or continuing criminal activities or convictions, alleged criminal activities, alcohol or drug dependency, physical or mental handicap, or illness, or other similar matters, unless otherwise allowed by the terms of any law specifically negating the provisions of restrictive covenants prohibiting same.

ARTICLE X.

Covenants for Assessments

Section 1. Creation of the Lien and Personal Obligation for Assessments. The undersigned Owners hereby covenant, and each Owner of any Townhome Lot by acceptance of a deed from Declarant therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (i) Annual Regular Assessments;
- (ii) Special Assessments; and
- (iii) Reimbursement Assessments.

The Annual, Special, and Reimbursement Assessments (collectively the "Assessments"), together with interest, costs and reasonable attorneys' fees, shall also be a charge on the Townhome Lot and shall be a continuing lien upon the Properties and Townhome Lots against which the Assessments are made. Each such assessment and other charges, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of the Townhome Lot at the time when the assessments fell due and shall not be affected by any change in the ownership thereof.

Section 2. Annual Regular Assessments.

(i) Generally. Each Townhome Lot in the Properties is hereby subjected to an annual regular assessment (the "Annual Regular Assessment"), commencing for such Townhome Lot on the date upon which the Declarant convey the record fee title to the Townhome Lot to another Person. Such amount will be prorated based on the number of days remaining in the calendar year. Unless otherwise decided by the Board of Directors, the Annual Regular Assessment will be paid by the Owner or Owners of each Townhome Lot within the Properties to the Association on an annual

basis, on the dates determined by the Board of Directors, unless the Board of Directors determines otherwise.

The rate at which each Lot will be assessed will be determined annually and may be adjusted from year to year by the Association, as hereinafter provided, or as the needs for the Properties may, in the judgment of the Association, require. The Annual Regular Assessment shall be assessed on a per Townhome Lot basis, except as hereinafter provided for Declarant.

At the time any Townhome Lots are sold by Declarant to a Sub-Developer for the construction of a Townhome, the full Annual Regular Assessments for a Townhome Lot as determined by the Board of Directors shall apply to such Townhome Lot. Such full Annual Regular Assessment will be set by the Board of Directors.

(ii) Uses. The Association may accumulate any portion of the Annual Regular Assessments for the Maintenance Fund and/or the Reserve Fund and may use the Maintenance Fund and Reserve Fund for any purpose provided by this Townhome Declaration, including by way of clarification and not limitation, at its sole option, any or all of the following: performing the maintenance responsibilities set forth in Article V, Section 1 herein, paying the insurance premiums set forth in Article XI, Section 1 herein, constructing and maintaining, any paths, parks, landscape reserves, parkways, easements, detention ponds, esplanades, fences, cul-de-sac and street medians, private streets, play courts, recreational facilities, meeting rooms, swimming pool and other common areas, payment of all legal and other expenses incurred in connection with the enforcement of all charges, Assessments, covenants, restrictions and conditions affecting the Properties, payment of all reasonable and necessary expenses in connection with the collection and administration of the Assessments, employing patrol services, instructors, and operators, caring for vacant Townhome Lots, garbage collection, reserving for unforeseen expenditures, emergency repairs and capital projects to maintain the Common Areas as and when needed, and doing other things necessary or desirable, in the opinion of the Board of Directors to keep the Properties neat and in good order or which is considered of general benefit to the Owners or occupants of the Properties. It is understood that the judgment of the Board of Directors in the expenditure of the Maintenance Fund and the Reserve Fund shall be final and conclusive so long as said judgment is exercised in good faith. Nothing herein shall constitute a representation or obligation that any of the above will, in fact, be provided by the Association except as otherwise provided herein.

(iii) Rendition and Notice. Annual Regular Assessments shall be payable annually, unless the Board of Directors decides otherwise. The Board of Directors may fix the Annual Regular Assessment at an amount not in excess of the maximum and shall fix the amount of the Annual Regular Assessment against each Townhome Lot by December 1 preceding the Annual Regular Assessment period. The Annual Regular Assessment period shall begin on January 1 of each year. Written notice of the Annual Regular Assessment and the annual (or monthly) due date shall be sent to every Owner subject thereto at the address of each Townhome Lot or at such other address provided to the Association in writing. Annual Regular Assessments shall be considered delinquent if not received within ten (10) days of the date for which the payment of the Annual Regular Assessment pertains.

(iv) Declarant's Obligations. So long as the Declarant own any Townhome Lots, even though Annual Regular Assessments shall not commenced as to such Townhome Lots, the Declarant shall have three (3) options with respect to funding the Association, which may be exercised singly or in combination: (1) the Declarant may annually elect either to pay Annual Regular Assessments on the Townhome Lots they own at one half (1/2) of the rate of the then Annual Regular Assessment or (2) the Declarant may elect to pay to the Association the difference between the amount of assessments levied on all other Townhome Lots subject to assessment and the amount of expenditures required to operate the Association during the fiscal year, or (3) Declarant may require the Board of Directors (whether the Board of Directors is the same as Declarant, their agents, servants, or employees and without being liable for any claim made by any Member of the Association that the Board of Directors' fiduciary duty to the other Members of the Association has been breached due to a conflict of interest) to execute promissory notes and/or other instruments evidencing any debt the Association owes the Declarant for monies expended by the Declarant or loaned to the Association by Declarant for and on behalf of the Association for obligations of the Association; provided, however, such promissory notes shall not be secured by a lien on any of the Common Area conveyed by Declarant to the Association. Further, any promissory note(s) shall be limited to the amount of any annual deficit that is in excess of the amount that would have been paid in such year if the Declarant has chosen to pay Annual Regular Assessments at half rate, regardless of whether the Declarant choses to pay the one half rate or subsidize the deficit for the year in question.

The Declarant shall be given preliminary budget numbers for the next fiscal year no later than October 1st of each year, so that it may evaluate its decisions under this Section 2(iv). Upon Declarant's sale of all Assessable Townhome Lots owned by it, Declarant shall have no further obligation to pay Assessments to, or fund any deficits of, or make any contributions to, the Association.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services or materials or a combination of services and materials with Declarant or other entities for the payment of some portion of the Common Expenses.

So long as the Declarant owns any Townhome Lots, the Declarant may elect on an annual basis, but shall not be obligated, to reduce the resulting Assessment Rate for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant above); provided, any such subsidy shall be conspicuously disclosed as a line item in the income portion of the Common Expense budget and shall be made known to the membership. The payment of such subsidy in any year shall under no circumstances obligate the Declarant to continue payment of such subsidy in any future year.

Section 3. Maximum Annual Regular Assessments.

(i) Without Vote of Members. The maximum Annual Regular Assessment for Townhome Lots for calendar year 2021 shall be in the amount set by the Declarant. Beginning with Annual Regular Assessment for calendar year 2022, the maximum Annual Regular Assessment for

Townhome Lots may be increased once a year by the Board of Directors of the Association, by an amount not to exceed twenty five percent (25%) over the prior year's Annual Regular Assessment, without a vote of the Members of the Association.

(ii) With Vote of Members. The Annual Regular Assessment may be increased above that allowed by Section 3(i) of this Article X, if, and only if, the increase is approved by the affirmative vote of two-thirds (2/3) of the combined total of Class A and Class B eligible votes of the Association at a meeting duly called for that purpose. In lieu of notice to and a meeting of Members as provided in the Bylaws of the Association, a door-to-door canvas of Members eligible to vote may be made to secure the required two-thirds (2/3) approval. Voting may also be handled by mail ballot or electronic means as long as the ballots contain the name, property address, certification by the Secretary of the Association, alternate address of the Member, if applicable, and the date and signature of the Member. Ballots may be returned by U.S. mail in envelopes specifically marked as containing ballots for the election or may be collected by door-to-door canvas.

Section 4A. Special Assessments for Capital Improvements. In addition to the Annual Regular Assessments, the Board of Directors may, upon the affirmative vote of two-thirds (2/3) of the combined total of Class A and Class B eligible votes of the Association at a meeting duly called for this purpose, levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto. Voting may also be handled by mail ballot or electronic means as long as the ballots contain the name, property address, certification by the Secretary of the Association, alternate address of the Member, if applicable, and the date and signature of the Member. Ballots may be returned by U. S. First Class Mail in envelopes specifically marked as containing ballots for the election or may be collected by door-to-door canvas. Upon the levying of any Special Assessment pursuant to the provisions of this Section 4A, the Association shall cause the Class A Members to be notified of, among other items that may be appropriate, the total number of eligible votes of the Association as of the date of the voting, the quorum required, the number of votes voting "For" and "Against" the Special Assessment, the amount of the Special Assessment authorized, and the date by which the Special Assessment must be paid in order to avoid being delinquent.

Notwithstanding the foregoing, if an emergency exists such that the Board of Directors determines that the repair of a capital improvement upon the Common Area is necessary to eliminate or reduce the risk of injury to third parties and there is not enough money held by the Association, in reserve or otherwise, to repair the capital improvement to reduce or eliminate this risk, the Board of Directors may levy a Special Assessment to sufficiently repair the capital improvement to reduce or eliminate such risk without the affirmative vote of two-thirds (2/3rds) of the combined total of eligible Class A and Class B vote of the Association.

Section 4B. Capitalization Fee. Each Owner of a Townhome Lot other than Declarant or a Sub-Developer (whether one or more Persons) at the time it purchases a Townhome Lot, shall be obligated to pay to the Association a fee of two (2) months of the then Annual Regular Assessment per Townhome Lot, at the time of sale, as a Capitalization Fee, beginning for each Townhome Lot at

the point in time when a Townhome is constructed on a Townhome Lot and the Townhome Lot and Townhome are sold to the general public and continuing on each re-sale. Sales of Townhome Lots prior to such time shall not be subject to a Capitalization Fee. Such funds from the Capitalization Fee collected at each sale shall initially be used to defray initial operating costs and other expenses of the Association, and later used to ensure that the Association shall have adequate funds to meet its expenses and otherwise, as the Declarant (and later the Association) shall determine in their sole discretion (hereinafter "Capitalization Fee"). Such Capitalization Fee shall be non-refundable and shall not be considered an advance payment of any Assessments levied by the Association pursuant to the Townhome Declaration. The amount of the Capitalization Fee may be changed prospectively (but not retrospectively) by the Board from time to time in its discretion. Such Capitalization Fee will be collected from the Owner directly at the purchase of the Townhome Lot. If any Townhome Lot is subdivided and/or platted into multiple Townhome Lots, then the multiple Townhome Lots will thereafter each be subject to the Capitalization Fee at the time of each sale. Such Capitalization Fee shall be deemed an Assessment hereunder and may be collected in the same fashion.

Section 5. Notice and Quorum of any Action Authorized. The relevant provisions of the Bylaws dealing with regular or special meetings, as the case may be, shall apply to determine the time required for and proper form of notice of any meeting for the purposes set forth in Section 3(b) or Section 4, as applicable, of this Article X, and to ascertain the presence of a quorum at such meeting.

Section 6. Reimbursement Assessments. The Board of Directors, subject to the provisions hereof, may levy a Reimbursement Assessment against any Member if the failure of the Member or the Member's family, guests, or tenants to comply with this Townhome Declaration, the Certificate of Formation, the Bylaws, or the Rules and Regulations shall have resulted in the expenditure of funds or the determination that funds will be expended by the Association to cause such compliance. Additionally, any fines and/or penalties levied pursuant to this Townhome Declaration or pursuant to the Rules and Regulations shall be deemed Reimbursement Assessments to be collected in the same manner as other Reimbursement Assessments. Further, any damage or destruction caused by a Member or that Member's family, guests, contractors or tenants ("Member Responsible") to any other Member's property or to any Common Area or to any landscaping or landscaping features, green space, fencing, mechanical equipment such as entry gates, playground equipment or other real or personal property or equipment in the Subdivision shall be billed to the Member Responsible and if not paid when due, will be deemed a Reimbursement Assessment against the Member Responsible and collected in the same manner as other Reimbursement Assessments. The amount of the Reimbursement Assessment shall be due and payable to the Association ten (10) days after notice to the Member of the decision of the Board of Directors that the Reimbursement Assessment is owing.

Reimbursement Assessments may also be levied when additional services are provided to any Townhome Lot or any group of Townhome Lots or Neighborhood to pay for such additional services when such additional services are not provided to the Subdivision as a whole ("Neighborhood Reimbursement Assessments"). Such Neighborhood Reimbursement Assessments may be included with the Annual Regular Assessments for the Townhome Lots affected, or may be assessed and collected quarterly or monthly, as the Board of Directors shall decide. Factors which the Board of Directors may consider with respect to the timing or amount of the billing of such Neighborhood

Reimbursements Assessments shall include, but shall not be limited to, the timing of additional expenses to the Association in providing such additional services, when such expenses must be paid, the recurring nature of the additional services and any reserves needed for large recurring expenses involved in providing such additional services which would not be Special Assessments against the Subdivision as a whole. The Board of Directors may change the timing of the assessment of any such Neighborhood Reimbursement Assessments from time to time, as circumstances warrant, and may change the amount of any such Neighborhood Reimbursement Assessments from time to time, as circumstances warrant. When such Neighborhood Reimbursement Assessments are assessed, the Board of Directors shall direct them to be billed and collected as other Assessments in the Townhome Declaration, with all of the same remedies for nonpayment.

Such Neighborhood Reimbursement Assessments may not be terminated unless the additional services are no longer being provided. The Townhome Lot or Townhome Lots or Neighborhood receiving the benefit of such additional services may not request the termination of such additional services unless 75% of the Townhome Lot(s) or Neighborhood receiving such additional services have agreed in writing to request such termination, in person or by proxy. If terminating the additional services would cause the Association to take over maintenance obligations or incur any expenses, then the prior written consent of the Association shall be required for the termination of the additional services. Upon receipt of such a request signed in person or by proxy of the required percentage, the Board of Directors shall make all of the arrangements needed to discontinue such additional services and the Townhome Lot(s) or Neighborhood that was/were receiving such additional services shall pay the expenses of such arrangements as a Neighborhood Reimbursement Assessments."

Section 7. Estoppel/Resale Certificates. The Association or its agent shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association or its agent setting forth whether the Assessments on a specified Townhome Lot have been paid, however the Declarant shall not be charged for any such certificate when selling to a Sub-developer or an Owner. A properly executed certificate of the Association as to the status of assessments on a Townhome Lot is binding upon the Association as of the date of its issuance.

Section 8. Attribution of Payments. If any Owner's Assessment payment is less than the amount assessed and the payment does not specify whether it should be applied against a Annual Regular Assessment, Special Assessment, or Reimbursement Assessment, the payment received by the Association from the Owner shall be credited in the following order of priority, unless a different order of priority is required by law: (a) Reimbursement Assessment until the Reimbursement Assessment has been satisfied; (b) Special Assessment until the Special Assessment has been satisfied; and (c) Annual Regular Assessment until the Annual Regular Assessment has been satisfied. Unless the Owner is in default of a payment plan entered into with the Association, in each of the foregoing cases, payments received shall be credited in accordance with the following order of priority: (1) any delinquent assessment; (2) any current assessment; (3) any attorneys' fees or collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure; (4) any additional attorneys' fees; (5) any fines assessed by the Association; and then to (6) any other amount owed to the Association.

Section 9. Effect of Nonpayment of Assessments. Any of the Assessments which are not paid within thirty (30) days after the due date shall be delinquent and shall be subject to the following:

(i) imposition of a late charge in such amount as the Board of Directors may from time to time determine, and/or interest on unpaid amounts at a per annum rate as established from time to time by the Board of Directors, and all costs of collection, including reasonable attorneys' fees, if any;

(ii) subject to any notice requirements, all rights of the Owner as a Member of the Association (but not such Owner's responsibilities as a Member of the Association), including usage of the Common Area, may be suspended until all Assessments and related costs are paid in full, and during such suspension, such Owner shall not be entitled to vote upon any matters on which Members are entitled to vote, unless such suspension is prohibited by law; and

(iii) an action at law against the Owner personally obligated to pay the same, and/or foreclose on the lien herein retained against the Townhome Lot. Interest, costs of court, and reasonable attorneys' fees (when placed with an attorney for collection, whether with or without suit) incurred in any such action shall be added to the amount of such Assessment or charge.

Section 10. Contractual Lien.

(i) Generally. Assessments (together with interest, any fines assessed, and reasonable attorneys' fees if it becomes necessary for the Association to enforce collection of any amount in respect of any Townhome Lot) shall be a charge on each Townhome Lot, and shall be secured by a continuing lien upon each Townhome Lot against which such assessment is made until paid.

(ii) Notice of Lien. Additional notice of the lien created by this Section 10 may be effected by recording in the Office of the County Clerk of Collin County, Texas, an affidavit, duly executed, sworn to and acknowledged by an officer of the Association, setting forth the amount owed, the name of the Owner or Owners of the affected Townhome Lot, according to the books and records of the Association, and the legal description of such Townhome Lot.

(iii) Creation of Lien. Each Owner, by his acceptance of a deed to a Townhome Lot, hereby expressly grants to the Association a lien for the purpose of securing payment of Assessments upon such Townhome Lot. The Association, acting by and through the Board of Directors may, but shall not be obligated to, prepare and record in the Real Property Records of Collin County, Texas, a notice of such lien which will constitute further evidence of the lien for Assessments against a Townhome Lot. In addition to and in connection therewith, by acceptance of the deed to his Townhome Lot, each Owner expressly GRANTS, BARGAINS, SELLS and CONVEYS to the President and/or Vice President or agent of the Association from time to time serving, as trustee (and to any substitute or successor trustee as hereinafter provided for), such Owner's Townhome Lot, and all rights appurtenant thereto, in trust, for the purpose of securing the Assessments levied hereunder, and other sums due hereunder remaining unpaid hereunder from time to time. The trustee herein

designated may be changed for any reason and at any time and from time to time by execution of an instrument in writing signed by the President or a Vice-President of the Association and attested to by the Secretary or an Assistant Secretary of the Association and filed in the Office of the County Clerk of Collin County, Texas.

(iv) Enforcement of Lien. The Association shall have the right to enforce the aforesaid lien by all methods available for the enforcement of such liens, both judicially and by nonjudicial foreclosure pursuant to Section 51.002 of the Texas Property Code (as may be amended or revised from time to time hereafter). In the event of the election by the Board of Directors of the Association to foreclose the lien herein provided for non-payment of sums secured by such lien, then it shall be the duty of the Trustee, or his successor, as hereinabove provided, at the request of the Board of Directors (which request shall be presumed) to enforce this trust and to sell such request Townhome Lot, and all rights appurtenant thereto in accordance with Section 51.002 of the Texas Property Code (as said statute shall read at the time of enforcement) and to make due conveyance to purchaser or purchasers by deed binding upon the Owner or Owners of such Townhome Lot, and his heirs, executors, administrators and successors. The Trustee shall give notice of such proposed sale as required by Section 51.002 of the Texas Property Code (as said statute shall read at the time notice is given).

(v) Additional Matters Pertaining to Foreclosure. At any foreclosure, judicial or nonjudicial, the Association shall be entitled to bid up to the amount of the sum secured by its lien, together with costs and attorneys' fees, and to apply as a cash credit against its bid all sums due to the Association covered by the lien foreclosed. From and after any such foreclosure the occupants of such Townhome Lot shall be required to pay a reasonable rent for the use of such Townhome Lot, and such occupancy shall constitute a tenancy-at-sufferance, and the purchaser at such foreclosure sale shall be entitled to the appointment of a receiver to collect such rents and further, shall be entitled to sue for recovery of possession of such Townhome Lot by forcible detainer without further notice.

Section 11. Non-Use, Etc. No Owner may waive or otherwise escape said lien and liability for the assessments provided for herein by non-use of the Common Area, or abandonment, non-use or divestiture of ownership of a Townhome Lot for any Assessment which became due and payable during the time when such Owner owned the Townhome Lot.

Section 12. Exempt Portions of the Properties. All portions of the Properties dedicated to, and accepted by, a local public authority exempt from taxation by the laws of the State of Texas, and all Common Area shall be exempt from the Assessments and other charges created herein. Notwithstanding the foregoing, no Townhome Lot which is used, or is intended for use, as a Townhome or other approved use shall be exempt from Assessments and charges and the lien herein securing payment thereof.

Section 13. No Offsets. The Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason including, without limitation, (a) any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Townhome Declaration, (b) any claim by the Owner of non-use of the

Common Areas or abandonment of his Townhome Lot, (c) any claim by the Owner of inconvenience or discomfort arising from the making of repairs or Improvements made to Common Area, or (d) any claim by the Owner of inconvenience or discomfort arising from any action taken to comply with any law or any determination of the Board of Directors or for any other reason.

Section 14. Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to any first priority lien mortgages relating to the Townhome Lots or liens relating to acquisition and/or construction upon the Townhome Lots provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to a sale or transfer of such Townhome Lot pursuant to a decree of foreclosure or a foreclosure by trustee's sale under a deed of trust or a foreclosure of the assessment lien retained and reserved herein. Sale or transfer of any Townhome Lot shall not affect the lien of the Assessment; however, the sale or transfer of any Townhome Lot pursuant to the foreclosure of a first priority lien mortgage or any proceeding in lieu thereof, shall extinguish the lien of the Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Townhome Lot from liability for the Assessments thereafter becoming due or from the lien thereof. A selling Owner of a Townhome Lot shall not be relieved of personal liability for any Assessments accruing on such Townhome Lot prior to the date of sale or transfer.

ARTICLE XI

Insurance and Casualty Losses

Section 1. Insurance. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Area and for all buildings containing Townhomes. This coverage shall be for the improvements as built, i.e. the original construction standards and materials (the "**As-Built Improvements**"). The As-Built Improvements shall not include any improvements upgraded by an Owner above the original construction standards and materials. This insurance for the As-Built Improvements shall cover loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Each Owner should obtain insurance to cover the contents of its respective Townhome. It is also highly recommended that each Owner obtain insurance to cover floods and the deductible amount on other policies. In the event that an Owner has improvements that were upgraded above the original construction standards and materials, any Owner with upgraded improvements should obtain insurance for those upgraded improvements.

The Board of Directors shall obtain a general liability policy applicable to the Common Area covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents, and, if reasonably available, directors' and officers' liability insurance. Each Owner should obtain insurance to cover general liability within its respective Townhome or on its Townhome Lot.

Premiums and deductibles for all insurance which it is the obligation of the Association to provide shall be common expenses of the Association. The policies may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost of the A-Built Improvements.

In addition to the other insurance required by this Section, the Board of Directors shall obtain, if and to the extent necessary, a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

Section 2. Damage and Destruction.

(a) In General. Immediately after the damage or destruction by fire or other casualty to all or any improvement covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty, or to the As-Built Improvements if any upgraded improvements were not insured by the Owner.

(b) Repair and Reconstruction. Any damage or destruction to any Townhome or Townhomes shall be repaired or reconstructed to the standard above. Any damage or destruction to any Common Area shall be repaired or reconstructed.

If the damage or destruction for which the insurance proceeds are paid for the As-Built Improvements is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Association's members, levy a special assessment against all Owners for the deficiency. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association; provided that the Owner and Mortgagee of any Townhome for which proceeds are received agree to the distribution as their interest may appear.

ARTICLE XII.

Condemnation

Section 1. Townhomes. If the taking includes one or more Townhomes, or any part or parts thereof, whether or not there is included in the taking any part of the Common Area, then the award shall be disbursed and all related matters shall be handled pursuant to and in accordance with the

consent of no less than fifty percent (50%) of all Owners expressed in a duly recorded amendment to this Townhome Declaration; provided that the consent of the Owner or Owners of the Townhome or Townhomes so taken must first be obtained. If such consent cannot be obtained, the funds shall be disbursed as the court may determine.

ARTICLE XIII.

Easements and Utilities

Section 1. Title to Utility Lines. The title conveyed to any Townhome Lot within the Properties shall be subject to any easement affecting same for utility or other purposes and shall not be held or construed to include the title to the water, gas, electricity, telephone, cable television, security, storm sewer, or sanitary lines, poles, pipes, conduits, or other appurtenances or facilities constructed upon, under, along, across, or through such utility easements. No Townhome Lot Owner shall own the pipes, wires, conduits, or other service lines running through his Townhome Lot that are used for or serve other Townhome Lots, but each Townhome Lot Owner shall have an easement to use such facilities to the extent necessary for the use, maintenance, and enjoyment of his Townhome Lot.

Section 2. Association Easements. The Association, its agents, servants, and employees shall have and be entitled to all easements specifically referenced throughout this Townhome Declaration.

Section 3. Easements for Utilities, Etc.

(i) Generally. Declarant hereby reserves unto Declarant (so long as Declarant owns any portion of the Properties), and the designees of Declarant, a blanket easement upon, across, over, and under all of the Properties for ingress, egress, installation, replacing, repairing, and maintaining cable television systems, master television antenna systems, alarm monitoring systems, and similar systems, roads, walkways, bicycle pathways, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas, and electricity; provided, the exercise of this easement shall not unreasonably interfere with the use of any Townhome Lot and, except in an emergency, entry onto any Townhome Lot shall be made only after reasonable notice to the Owner thereof.

(ii) Specific Easements. Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement over the Properties without conflicting with the terms hereof. The easements provided for in this Article XI shall in no way adversely affect any other recorded easement on the Properties.

(iii) Dedications to Public. The Board of Directors shall have, by a two-thirds (2/3) vote, the power to dedicate portions of the Common Area to any local, state, or federal governmental entity.

Section 4. Easement Regarding Electric Service Cables and Other Utilities. Declarant hereby reserve for each Owner an easement for access to any easement area occupied and centered on electric company service wires or other utility lines immediately adjacent to the Owner's Townhome Lot for the purpose of installing, repairing, and maintaining the underground service cables or other utility lines each Owner is obligated to furnish, install, own, and maintain pursuant to Article XII, Section 2 below.

Section 5. Easement Regarding Project Fence or Wall. Declarant hereby reserves for themselves and for the Association a non-exclusive right-of-way and easement for the purpose of constructing, maintaining, operating, repairing, removing and re-constructing an entry way and identifying Subdivision community identify perimeter fence (the "Project Fence or Wall") under, across and through a 5' strip of certain Townhome Lots that are adjacent to certain of the outer perimeter streets of the Properties, as well as a 5' strip in such other locations as determined by Declarant or the Association, on which 5' strip such Project Wall or Fence is constructed. Prior to construction of such entry way and such Project Fence or Wall, the Declarant and/or the Association shall have the right to go over and across the portions of the Townhome Lots that are adjacent to such to such 5' easement strip for the purpose of performing surveys and other such necessary pre-construction work. After the construction of the entry way and such Project Fence or Wall, Declarant and/or the Association, from time to time, and at any time, shall have a right of ingress and egress over, along, across and adjacent to said 5' easement strip for purposes of maintaining, operating, repairing, removing, re-constructing, and/or inspecting the fence. The Owners of the Townhome Lots shall have all other rights in and to such 5' easement strip located on each Owner's respective Townhome Lot; provided however, such Owner shall not damage, remove or alter the Project Fence or Wall or any part thereof without first obtaining written approval from the Declarant and/or the Association with respect to any such action, such approval to be at the Declarant's and/or the Association's sole discretion.

However, this Section 5 shall not apply to, and the Association shall not be responsible to, install or maintain any fencing located along Townhome Lot lines which separate individual Townhome Lots from one another, nor any fencing located along interior boundary lines of the Properties, or at the rear of lake Townhome Lots which are not Project Fence or Wall.

Section 6. Additional and Other Services. The Association may elect to provide services and facilities for the Properties and shall be authorized to enter into contracts with other entities to provide such services and facilities. In the event of such other services and facilities, the Association shall have and hereby reserves the right to grant such easements as are needed to facilitate such services and facilities. In addition to Assessments, the Board of Directors shall be authorized to charge additional use and consumption fees for selected services and facilities. By way of example, some services and facilities which may be provided include landscape maintenance and pest control services. The Board of Directors shall be permitted to modify or cancel existing services or facilities provided, if any, or to provide additional services and facilities. Nothing contained herein is a representation as to what services and facilities will or will not be provided.

Section 7. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang (as well as an easement for repair and maintenance of any such encroachment and overhang) as between each Townhome and such portion or portions of the Common Area adjacent thereto, or as between adjacent Townhomes due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Townhome Declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Townhome and the adjacent portion of the Common Area or as between adjacent Townhomes, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, tenant, or the Townhome Association. The easements for encroachment and overhang also include and allow for drainage from any overhang on to adjacent Townhomes.

Section 8. Easements for Use and Enjoyment. Every Owner of a Townhome or Townhome Lot shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to his Townhome or Townhome Lot, subject to the right of the Townhome Declarant to annex additional real property and the Townhomes located thereon into the Townhome Association and made subject to the terms of this Townhome Declaration. Any Owner may delegate his or her right of use and enjoyment in and to the Common Area and facilities located thereon to the members of his family, his tenants and guests and shall be deemed to have made a delegation of all such rights to the occupants of any leased Townhome.

Section 9. Easement for Entry. The Townhome Association shall have an easement to enter into any Townhome or Townhome Lot for emergency, safety, and for other purposes reasonably necessary for the proper maintenance and operation of the Subdivision, which right may be exercised by the Townhome Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. It is intended that this right of entry shall include (and this right of entry shall include) the right of the Townhome Association to enter a Townhome or Townhome Lot to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Townhome Board. The easement for entry is also for the benefit of each Owner of a Townhome or Townhome Lot, for ingress and egress, over and across the real property on which all other Townhomes or Townhome Lots are located (although the easement for Owners does not extend to the inside of the improvements of a Townhome) for emergency purposes and/or during emergency situations, to allow Owners to remove themselves from danger.

ARTICLE XIV.

Underground Electrical Distribution System

Section 1. General. An underground electrical distribution system (the "System") will be installed within that part of the Properties which, according to the Plat, contain Townhome Lots (the "Underground Residential Subdivision"). The System shall provide service to all Townhome Lots in the Underground Residential Subdivision. The System shall consist of overhead primary feeder circuits constructed on wood or steel poles, single or three phase, as well as underground primary and secondary circuits, pad mounted or other types of transformers, junction boxes, and such other appurtenances as shall be necessary to make underground service available to the Townhome Lots. For so long as underground service is maintained in the Underground Residential Subdivision the electric service to each Townhome shall be underground, uniform in character and exclusively of the type known as single phase, 120/240 volt, three wire, 60 cycle, alternating current.

Section 2. Owner's Responsibility. The Owner of each Townhome Lot containing a Townhome shall, at his own cost, furnish, install, own, and maintain (all in accordance with the requirements of local governing authorities and the National Electric Code) the underground service cable and appurtenances from the point of the electric company's metering at the structure to the point of attachment at such company's installed transformers or energized secondary junction boxes, such point of attachment to be made available by the electric company at a point designated by such company at the property line of each Townhome Lot. The electric company furnishing service shall make the necessary connections at said point of attachment and at the meter. In addition, the Owner of each Townhome Lot containing a Townhome shall, at his own cost, furnish, install, own, and maintain a meter loop (in accordance with the then current standards and specifications of the electric company furnishing service) for the location and installation on the meter of such electric company for the Townhome constructed on such Owner's Townhome Lot.

Section 3. Easement Grants. Declarant has either by designation on the Plat, this Townhome Declaration, or by separate instrument granted the necessary easements to the electric company providing for the installation, maintenance, and operation of the System and have also granted to the various Owner's reciprocal easements providing for access to the area occupied by and centered on the service wires of the various Owners to permit installation, repair, and maintenance of each Owner's owned and installed service wires.

Section 4. Rights to Build on Easement Area. Easements for the System may be crossed by driveways and walkways provided the Sub-developer or Owner makes prior arrangements with the utility company furnishing electric service and provides and installs the necessary electric conduit of approved type and size under such driveways or walkways prior to construction thereof. The easement for the System shall be kept clear of all other Improvements, including buildings, patios, or other pavings, and the utility company using the easements shall not be liable for any damage done by it, its assigns, agents, employees, or servants, to shrubbery, trees, or Improvements (other than crossing driveways or walkways provided the conduit has been installed as outlined above) of the Owner and located on the land covered by said easements.

ARTICLE XV.

Annexation

Section 1. Annexation. Additional residential property (other than the Declarant Annexation Property) and Common Area may be annexed into the jurisdiction of the Association upon the favorable vote of two-thirds (2/3) of the membership votes entitled to be cast by each membership class at a meeting of the Members or otherwise. Provided, however, for so long as there is a Class "B" membership and Class B voting status, additional residential property (if a part of the Declarant Annexation Property) or Common Area may be unilaterally annexed by Declarant without approval by Members of the Association, however, if such property is not owned by Declarant, only with the consent of the owner thereof. Further, additional real property may be annexed hereto from time to time by the Board of Directors without the consent of the Owners. Annexation of additional property shall encumber said property with all of the covenants, conditions, restrictions, reservations, liens, and charges set forth in this Townhome Declaration and shall become effective on the date a Supplemental Townhome Declaration is signed and acknowledged by the owner of said annexed property and the appropriate annexing authority (either Declarant or the Association), is filed for record in Collin County, Texas, evidencing the annexation. Each such instrument evidencing the annexation of additional property shall describe the portion of the property comprising the Townhome Lots and Common Area. The funds resulting from any assessment, whether annual or special, levied against any property hereinafter annexed to the Properties may be combined with the funds collected from the Owners of Townhome Lots within the Properties and may be used for the benefit of all property and all Owners in the manner hereinabove provided.

Section 2. Withdrawal of Property. Declarant reserves the unilateral right to amend this Townhome Declaration, so long as it has a right to annex additional property pursuant to Section 1 above, for the purpose of removing unimproved portions of the Properties from the coverage of this Townhome Declaration. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Declarant. If the property is Association Properties, the Association shall consent to such withdrawal by majority vote of the Board of Directors. For purposes of this Section 2, the term "unimproved" means no above ground, vertical improvements located on such property.

ARTICLE XVI.

General Provisions

Section 1. Duration and Amendment. The covenants, conditions, restrictions, reservations, liens, and charges set forth in this Townhome Declaration shall run with the land and shall be binding upon and inure to the benefit of the Association, all owners, their respective legal representatives, heirs, successors, and assigns for a term of sixty (60) years from the date this Townhome Declaration is filed with the County Clerk of Collin County, Texas, after which time said covenants, conditions, restrictions, reservations, liens, and charges shall be automatically extended and renewed for successive periods of ten (10) years each, unless prior to said renewal date an instrument signed by the then Owners of not less than seventy-five percent (75%) of the total number of Townhome Lots within the Properties is filed for record with the County Clerk of Collin County, Texas, altering, rescinding, or modifying said covenants and restrictions, in whole or in part, as of said renewal date.

Notwithstanding anything to the contrary herein contained, it is expressly understood and agreed that the Owners of seventy-five percent (75%) of the total number of Townhome Lots within the Properties shall always have the power and authority to amend this Townhome Declaration and such amendment shall become effective on the date any instrument signed by the then Owners of not less than seventy-five (75%) of the total number of Townhome Lots within the Properties is filed for record in Collin County, Texas, so amending this Townhome Declaration; provided, however, so long as the Declarant owns any Townhome Lots, no amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant. In addition, so long as Declarant owns any Townhome Lots, Declarant shall have the right at any time and from time-to-time, without the joinder or consent of any other party, to amend this Townhome Declaration by any instrument in writing duly signed, acknowledged, and filed for record in Collin County, Texas, for the purpose of correcting any typographical or grammatical error, ambiguity, or inconsistency appearing herein, or for the purpose of complying with any statute, regulation, ordinance, resolution, or order of the Federal Housing Administration, the Veterans Administration, or any federal, state, county, or municipal governing body, or any agency or department thereof or for any other purpose or reason whatsoever that Declarant deems to be in the best interest of the Subdivision; provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Townhome Declaration and any Supplemental Townhome Declaration taken collectively, and shall not materially impair or materially negatively affect the vested rights of any Owner or Mortgagee. No amendment by any method shall be allowed that alters the responsibility for the maintenance of the private streets by the Association without the consent of the City of Plano.

Section 2. Declarant Reservation. Any provision of this Townhome Declaration to the contrary notwithstanding, during the existence of the Class B membership which is the Development Period, and until Declarant has completed all of the contemplated Improvements and closed the sales of all of the Townhome Lots and such Townhome Lots have been occupied by Class A Owners that are not Sub-Developers, neither the Owners nor the Association shall interfere with, or allow the interference with, the completion of Declarant's planned improvements and the sale of the Townhome Lots. Declarant may make such lawful use of the unsold Townhome Lots and the Common Area, without charge, as may facilitate such completion and sale, including, but not limited to, maintenance of sales and construction trailers and offices, the showing of the Townhome Lots and the display of signs and the use of Townhome Lots for vehicular parking. Without limiting the generality of the foregoing, except only when the express provisions of this Townhome Declaration prohibit Declarant from taking a particular action, nothing in this Townhome Declaration shall be understood or construed to prevent or prohibit Declarant from any of the following:

- i. Doing on any property or Townhome Lot owned or controlled by it or on any Common Area, whatever it determines to be necessary, convenient or advisable in connection with the completion of the development of the Properties, including without limitation, the alteration of its construction plans and designs as Declarant deems advisable in the course of development (all models or sketches showing plans for future development of the Properties, as same may be expanded, may be modified by Declarant at any time and from time to time, without notice); or

- ii. Erecting, constructing and maintaining on any part of the Properties or Townhome Lot owned or controlled by Declarant or on any Common Area, such structures as may be reasonably necessary for the conduct of its business of completing said development and establishing the Properties as a community and disposing of the same by sale, lease or otherwise; or
- iii. Conducting on any part of the Properties or Townhome Lot owned or controlled by Declarant or on any Common Area, the business of developing, subdividing, grading and constructing improvements in the Properties and of disposing of Townhome Lots therein by sale, lease or otherwise; or
- iv. Determining in its sole discretion the nature of any type of improvements to be initially constructed as part of the Subdivision or the Properties; or
- v. Maintaining such sign or signs, flags or flagpoles on any part of the Properties or Townhome Lot owned or controlled by Declarant or on any Common Area as may be necessary or desired in connection with the operation of any Townhome Lots owned by Declarant or the sale, lease, marketing or operation of the Townhome Lots; or
- vi. Recording Supplemental Townhome Declarations which modify or amend this Townhome Declaration, which add or withdraw additional Properties, or that otherwise limit or impair Declarant from effecting any action which may be required of Declarant by the local government or any other governmental authority or quasi-governmental agency in connection with the development and continuing operation of the Properties; or
- vii. Modifying, changing, re-configuring, removing or otherwise altering any improvements located on the Common Area or utilizing all or portions of the Common Area for construction access or staging (provided that same does not impair existing platted access (as shown on any recorded plats) or utility services to the Townhome Lots); or
- viii. Causing utilities to be available to all portions of the Properties, including, but not limited to, the reserving or granting of easements and rights of way as may be necessary to locate, install and maintain facilities and connections.

Section 3. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Townhome Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 4. Cumulative Effect; Conflict. The covenants, conditions, restrictions, and provisions of this Townhome Declaration shall be cumulative with any others pertaining to the Properties (the

"Additional Covenants") and the Association may, but shall not be required to, enforce the Additional Covenants; provided, however, in the event of conflict between or among (a) the covenants, conditions, and restrictions of this Townhome Declaration; and (b) the terms of the Additional Covenants, and provisions of any certificate of formation, Bylaws, Rules and Regulations, policies, or practices adopted or carried out pursuant thereto, the Additional Covenant shall be subject and subordinate to those of this Townhome Declaration. The foregoing priorities shall apply, but not be limited to, the lien for Assessments created in favor of the Association.

Section 5. Compliance. It shall be the responsibility of each Owner or occupant of a Townhome to obtain copies of and become familiar with the terms of this Townhome Declaration, Certificate of Formation, Bylaws, and Rules and Regulations. Every Owner of any Townhome Lot shall comply with all lawful provisions of this Townhome Declaration, the Bylaws, and Rules and Regulations of the Association. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association or, in a proper case, by any aggrieved Owner or Owners. In addition, the Association may avail itself of any and all remedies provided in this Townhome Declaration or the Bylaws, including, but not limited to, the right to assess fines for failure to comply.

Section 6. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. NEITHER THE ASSOCIATION, ITS DIRECTORS, OFFICERS, AND AGENTS, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY TOWNHOME LOT, TENANTS, GUESTS, AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION, AND ITS BOARD OF DIRECTORS, ITS AGENTS, DECLARANT, OR ANY SUCCESSOR DECLARANT AND THE ARCHITECTURAL REVIEW COMMITTEE DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO RESIDENTIAL GUIDELINES ESTABLISHED BY DECLARANT OR THE ARCHITECTURAL REVIEW COMMITTEE MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLARS ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED, EACH OWNER AND OCCUPANT OF ANY TOWNHOME LOT, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE, ASSOCIATION, ITS BOARD OF DIRECTORS, ITS DIRECTORS, OFFICERS AND AGENTS AND COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT IS NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY TOWNHOME AND EACH

TENANT, GUEST, AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO TOWNHOME LOTS, AND TO THE CONTENTS OF TOWNHOME LOTS, AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS, ITS DIRECTORS, OFFICERS AND AGENTS AND COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT HAS MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTIES.

Section 7. Assignment of Declarant Rights. Any or all of the special rights and obligations of the Declarant set forth in this Townhome Declaration or the Bylaws may be transferred to other Persons, in whole or in part, provided the transfer shall neither reduce an obligation nor enlarge a right beyond that contained herein or in the Bylaws, as applicable, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the applicable Declarant and duly recorded in the Office of the County Clerk of Collin County, Texas. This Section 7 may not be amended without the express written consent of Declarant. Notwithstanding anything to the contrary herein, in the event of a merger or consolidation or other restructure of a Declarant with another entity, that Declarant's rights and obligations shall automatically run to such Declarant's successor in interest, regardless of whether an express written assignment is executed and recorded as required herein and regardless of whether such written instrument is recorded.

Section 8. Additional Restrictions Created by Those Other Than Declarant. No Person shall record any covenants, conditions, and restrictions, or declaration of condominium or townhome of similar instrument affecting any portion of the Properties without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions, and restrictions, or declaration of condominium or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by Declarant.

Section 9. Severability. In the event of the invalidity or partial invalidity or partial unenforceability of any provision in this Townhome Declaration, the remainder of the Townhome Declaration shall remain in full force and effect.

Section 10. Number and Gender. Pronouns, whenever used herein, and of whatever gender, shall include natural persons and corporations, entities and associations of every kind and character, and the singular shall include the plural, and vice versa, whenever and as often as may be appropriate.

Section 11. Delay in Enforcement. No delay in enforcing the provisions of this Townhome Declaration with respect to any breach or violation thereof shall impair, damage or waive the right of any party entitled to enforce the same to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time.

Section 12. Enforceability. This Townhome Declaration shall run with the Properties and shall be binding upon and inure to the benefit of and be enforceable by the Association and each Owner of a Townhome Lot in the Properties, or any portion thereof, and their respective heirs, legal representatives, successors and assigns. In the event any action to enforce this Townhome Declaration is initiated against an Owner or occupant of a Townhome Lot by the Association, the Association or other Owner, as the case may be, shall be entitled to recover reasonable attorneys' fees from the Owner or occupant of a Townhome Lot who violated this Townhome Declaration.

Section 13. Remedies. In the event any person shall violate or attempt to violate any of the provisions of the Townhome Declaration, the Association, each Owner of a Townhome Lot within the Properties, or any portion thereof, may (but shall not be obligated to) institute and prosecute any proceedings at law or in equity to abate, preempt or enjoin any such violation or attempted violation or to recover monetary damages caused by such violation or attempted violation.

Section 14. Violations of Law. Any violation of any federal, state, municipal, or local law, ordinance, rule, or regulation, pertaining to the ownership, occupation, or use of any Townhome Lot hereby is declared to be a violation of this Townhome Declaration and shall be subject to any and all of the enforcement procedures set forth in this Townhome Declaration.

Section 15. No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by the Association or its agents or employees in connection with any portion of the Properties, or any Improvement thereon, its or their physical condition, compliance with applicable laws, fitness for intended use, or in connection with the sale, operation, maintenance, cost of maintenance, taxes, or regulation thereof, unless and except as specifically shall be set forth in writing.

Section 16. Captions for Convenience. The titles, headings, captions, articles and section numbers used in this Townhome Declaration are intended solely for convenience of reference and shall not be considered in construing any of the provisions of this Townhome Declaration. Unless the context otherwise requires, references herein to Articles and Sections are to articles and sections of this Townhome Declaration.

Section 17. No Condominium. This Townhome Declaration does not and is not intended to create a condominium within the meaning of the Texas Condominium Act, Tex. Prop. Code Ann. §81.001-81.210 (Vernon 1983).

Section 18. Governing Law. This Townhome Declaration shall be construed and governed under the laws of the State of Texas.

Section 19. Notices. Any notice required to be sent to any Owner under the provisions of this Townhome Declaration shall be deemed to have been properly sent when mailed, postage pre-paid, to the last known address of the person who appears as Owner on the records of the Association at the time of such mailing.

Section 20. Waiver of Environment Conditions. The term "Declarant" as used in this Section 20 shall mean Declarant, together with its respective general partner(s), partners, directors, managers, officers, employees, agents, contractors, sub-contractors, design consultants, architects, advisors, brokers, sales personnel and marketing agents. The term "Association" as used in this Section 20 shall mean the Association, and shall further include, without limitation, its Board of Directors, managers, employees, and agents. Declarant and Association shall not in any way be considered an insurer or guarantor of environmental conditions or indoor air quality within any Townhome. Neither shall Declarant nor the Association shall be held liable for any loss or damage by reason of or failure to provide adequate indoor air quality or any adverse environmental conditions. Declarant and the Association do not represent or warrant that any construction materials, air filters, mechanical, heating, ventilating or air conditioning systems and chemicals necessary for the cleaning or pest control of the Townhome will prevent the existence or spread of biological organisms, cooking odors, animal dander, dust mites, fungi, pollen, tobacco smoke, dust or the transmission of interior or exterior noise levels. Declarant and the Association are not an insurer and each Owner and occupant of any Townhome and each tenant, guest and invitee of any Owner assumes all risks for indoor air quality and environmental conditions and acknowledges that Declarant and the Association have made no representations or warranties nor has the Declarant and the Association, any Owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, including any warranty or merchantability or fitness for any particular purpose, relative to the air quality within the Properties or any portion thereof or any Townhome.

ARTICLE XVII

Dispute Resolution and Limitation on Litigation

17.1. Consensus for Association Litigation.

Except as provided in this Section 17.1, no judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of 75% of the Class "A" Members. This Section 17.1 shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Townhome Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided in Article X hereof, (c) proceedings involving challenges to ad valorem taxation, (d) suits against providers of goods or services pursuant to a contract, or (e) counterclaims or cross-claims brought by the Association in proceedings instituted against it. This Section 17.1 shall not be amended unless such amendment is made by Declarant or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

17.2. Agreement to Encourage Resolution of Disputes Without Litigation.

(a) Declarant; the Association and its officers, directors, and committee members; all Persons subject to this Townhome Declaration; and any Person not otherwise subject to this

Townhome Declaration who agrees to submit to this Article XVII (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Subdivision without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 17.3 in a good faith effort to resolve such Claim.

(b) As used in this Article XV, the term "Claim" shall refer to any claim, grievance or dispute arising out of or relating to

(i) the interpretation, application, or enforcement of the governing documents of the Association;

(ii) the rights, obligations, and duties of any Bound Party under the governing documents of the Association; or

(iii) the design or construction of improvements within the Subdivision, other than matters of aesthetic judgment under Article VII, which shall not be subject to review.

The following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 17.3:

(i) any suit by the Association to collect assessments or other amounts due from any Owner;

(ii) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of this Townhome Declaration (relating to creation and maintenance of community standards);

(iii) any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the governing documents of the Association;

(iv) any suit in which any indispensable party is not a Bound Party; and

(v) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 1.3(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article XVII.

17.3. Dispute Resolution Procedures.

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely:

- (i) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;
- (ii) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises);
- (iii) the Claimant's proposed resolution or remedy; and
- (iv) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

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

(c) Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the notice described in Section 17.3(a) (or within such other period as the parties may agree upon), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Townhomes at Plano Gateway, Plano, Texas area.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the Parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all fees charged by the mediator.

Alternative Dispute Resolution Process

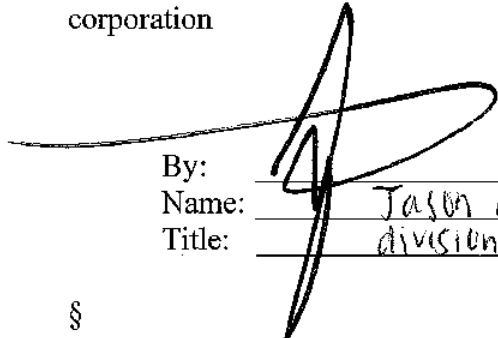


(d) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section 17.3. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Townhome Declaration to be effective as of the 19 day of January, 2021.

BEAZER HOMES TEXAS, L.P., a Delaware limited partnership

By its general partner,
Beazer Homes Texas Holdings, Inc., a Delaware corporation



By: _____
Name: Jason Cate
Title: division president

THE STATE OF TX
COUNTY OF Dallas

§
§
§

This instrument was acknowledged before me on the 19 day of January, 2021, by Jason Cate, division president of Beazer Homes Texas Holdings, Inc., a Delaware corporation, as general partner of Beazer Homes Texas, L.P. , a Delaware limited partnership, on behalf of such entities.

Brooke Hailstone
Notary Public, State of TX

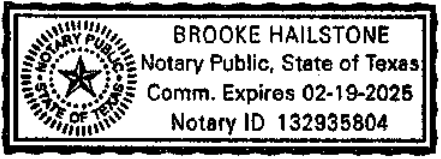


EXHIBIT "A"

Legal Description of Properties

BEING a tract of land situated in the James T. McCullough Survey, Abstract No. 633 and the John McCullough Survey, Abstract No. 585 in the City of Plano, Collin County, Texas, and being all of a called 8.218-acre tract of land conveyed to Beazer Homes Texas, L.P., as described in a Special Warranty Deed recorded in Instrument No. 20200102000008240, Official Public Records, Collin County, Texas, same also being all of Lot 1, Block A, Plano Gateway, an Addition to the City of Plano, according to the plat thereof recorded in Volume 2019, Page 360, Plat Records, Collin County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING at a 5/8-inch iron rod with plastic cap stamped "KHA" set for the westernmost southwest corner of said Lot 1 (Block A), common to the northerly end of a corner clip at the intersection of the easterly right-of-way line of Wyngate Boulevard (60 foot right-of-way, Cabinet F, Slide 78, said Plat Records) and the northerly right-of-way line of Wynview Drive (60 foot right-of-way, Cabinet F, Slide 78, said Plat Records);

THENCE North 00°37'09" West, along the easterly right-of-way line of said Wyngate Boulevard and the westerly line of said Lot 1 (Block A), a distance of 696.84 feet to a 5/8-inch iron rod with plastic cap stamped "KHA" set for the northwest corner of said Lot 1 (Block A), common to the southwest corner of Lot 1, Block 1, Southern Star Addition, an Addition to the City of Plano, according to the plat thereof, recorded in Cabinet K, Page 870, said Plat Records, from which, a found 1/2 inch iron rod bears North 05°02'11" East, 1.44 feet;

THENCE North 88°58'20" East, departing the east right-of-way line of said Wyngate Boulevard and along the northerly line of said Lot 1 (Block A), the southerly line of said Southern Star Addition and the southerly line of Lot 2, Block A, Hillary Acres Addition, an Addition to the City of Plano, according to the plat thereof recorded in Volume 2017, Page 847, said Plat Records, a distance of 506.14 feet to a 5/8-inch iron rod with plastic cap stamped "KHA" set for the northeast corner of said Lot 1 (Block A), common to the northwest corner of Lot 1, Block B, said Plano Gateway;

THENCE South 00°37'09" East, departing the southerly line of said Hillary Acres Addition and along the easterly line of said Lot 1 (Block A) and the westerly line of said Lot 1 (Block B), a distance of 709.14 feet to a 5/8-inch iron rod with plastic cap stamped "KHA" set for the southeast corner of said Lot 1 (Block A), common to the southwest corner of said Lot 1 (Block B), same being on the northerly right-of-way line of said Wynview Drive;

THENCE South 89°22'50" West, along the northerly right-of-way line of said Wynview Drive and the southerly line of said Lot 1 (Block A), a distance of 496.13 feet to a 5/8-inch iron rod with plastic cap stamped "KHA" set for the southernmost southwest corner of said Lot 1 (Block A), common to the southerly corner of the aforesaid corner clip;

THENCE North 49°35'35" West, along said corner clip, a distance of 13.25 feet to the **POINT OF BEGINNING** and containing 8.218 acres (357,958 sq. ft.) of land, more or less.

EXHIBIT "B"

**DESIGNATION OF AREA OF
COMMON RESPONSIBILITY AND
MAINTENANCE CHART**

**MAINTENANCE RESPONSIBILITY
CHART**

"All aspects" includes maintenance, repair, and replacement, as needed.

COMPONENT OF PROPERTY	ASSOCIATIONS AREA OF COMMON RESPONSIBILITY	OWNER RESPONSIBILITY (SUBJECT TO APPROVAL BY ARCHITECTURAL REVIEW COMMITTEE)
Roofs.	Deckings, felt, shingles, and metal flashing, only	All other aspects, including roof trusses.
Roof mounted attachments.	None.	All aspects.
Exterior Townhome components, including vertical walls of Townhomes & glass & appurtenant hardware, other exterior features of Townhomes not specifically listed in chart.	Outermost materials only, such as siding, stucco, and brick, and any coatings or surface treatments on the material, such as paint or sealant.	All other aspects, including wall cavities and insulation.
Townhome foundations, patio slabs, and A/C slabs.	Slab failure.	All other aspects including repair for minor cracks that result from the natural movement of soil (expansion and contraction), shrinkage during the curing of the concrete, and settling of the Townhome.
Concrete driveways and sidewalks.	All structural aspects.	Routine cleaning & including repair of minor cracks that result from the natural expansion & contraction of soil, shrinkage during the curing of the concrete and settling of the Townhome.
Retaining walls.	All aspects.	None.
Displays of street numbers on exterior doors or Townhome surfaces.	All aspects.	None.
Gutters and downspouts.	All aspects.	None.
Fences and gates, if any, around private Townhome yards.	All aspects.	None.
Yard irrigation system (sprinkler).	All aspects.	None.

Yard Maintenance.	All aspects other than fenced back yard, as long as no animals are present, and no debris is found in the yard. This includes animal waste, toys, chairs, etc. If any debris is found, the maintenance company will not return until the next scheduled maintenance.	Fenced back yard, if any.
Exterior light fixtures on Townhome.	None.	All aspects.
Exterior doors of Townhomes.	Determining styles and materials of front doors, rear doors and garage doors. Periodic paint or stain on garage doors, only.	All other aspects of the garage door, and all aspects of other doors, including paint, door frame, door, glass panes, hardware, locks, peepholes, thresholds, weatherstripping, and doorbells.
Garages.	Roofs and exterior vertical walls, as described above.	All aspects, except those noted for Association. Includes, routine interior cleaning, interior wall and ceiling materials, pedestrian door, automatic garage door opener, remote controls, interior light fixture, interior electrical outlets.
Skylights.	None.	All aspects.
Attics.	None.	All aspects.
Insulation & weatherstripping.	None.	All aspects.
Townhome interiors, including improvements, fixtures, partition walls & floors within Townhome.	None.	All aspects.
Sheetrock in Townhomes (walls and ceilings) & treatments on walls.	None.	All aspects.
Surface water drainage systems.	All aspects, including collection drains and drain systems.	None. Prohibited from changing the drainage system.
Windows.	Periodic exterior caulking in connection with exterior painting.	All other aspects, including window frames, windowsill flashings, window seals and sealants, screens, window locks, glass panes, glazing, interior caulking.
Water, sewer, electrical lines & systems.	All other aspects unless maintained by a utility company or other regulatory authority.	All aspects for lines and systems located on and serving the Lots.

Heating and cooling systems & water heaters.	None.	All aspects.
Intrusion alarms on doors/windows, smoke/heat detectors, monitoring equipment.	None.	All aspects.
Cable for television or internet.	Standards for location and appearance of cable and/or conduit.	All other aspects.
Television antennas & satellite dishes.	Standards for location and appearance of exterior mounted devices.	All other aspects.

NOTE 1: The components listed in the first column are applicable only if they exist, and may not be construed to create a requirement to have such a component.

NOTE 2: If an Owner fails or refuses to perform necessary maintenance, repair, or replacement, the Association may perform the work after giving required notices to the Owner. The expense incurred by the Association in connection with the entry upon any Lot and/or Townhome, and the maintenance and repair work conducted thereon or therein, will be a personal obligation of the Owner of the Lot so entered, will be deemed an Individual Assessment against such Lot, will be secured by a lien upon such Lot, and will be enforced in the same manner and to the same extent as provided in *Article 5* of the Declaration for Assessments.



Filed and Recorded
 Official Public Records
 Stacey Kemp, County Clerk
 Collin County, TEXAS
 01/20/2022 11:05:57 AM
 \$286.00 TBARNETT
 20220120000105750