

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR PECAN PARK ESTATES

THIS DECLARATION is made on the date hereinafter set forth by Pecan Park Homeowners Association, Inc., a Texas not-for-profit corporation established for the purpose set forth herein and hereinafter referred to as the "Association".

WITNESSETH

WHEREAS, the Association is the owner of certain real property in the Town of Flower Mound, Denton County, Texas, which is described in Exhibit "A" attached hereto and made a part hereof (the "Property").

WHEREAS, the Association desires to maintain an exclusive planned community known as Pecan Park Estates, on the Property and such other land as may be added thereto pursuant to the terms and provisions of this Declaration;

NOW THEREFORE, the Association declares that the Property shall be held, sold and conveyed subject to the restrictions, covenants and conditions declared below, which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each Lot and other portions of the Property in order to maintain within the Property a planned community of high standards. Such covenants shall be binding on all parties having any right, title or interest herein or any part therefore, their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Property" shall mean and refer to the real property described in Exhibit "A", and such additions thereto as may be brought within the jurisdiction of the Association and be made subject to this Declaration.

Section 2. "Lot" shall mean and refer to any plot of land indicated upon any recorded subdivision map of Property or any part thereof creating single family home sites, with the exception of the Common Area and areas deeded to a governmental authority or utility, together with all improvements thereon.

Section 3. "Unit" shall mean and refer to any residential dwelling situated upon any Lot.

Section 4. "Owner" and "Member" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the

performance of an obligation. The terms "Owner" and "Member" are interchangeable in this document.

Section 5. "Board" shall mean the Board of Directors of the Association.

Section 6. "Common Areas" shall mean and refer to that portion of the Property, if any, conveyed to the Association for the use and benefit of the Owners.

Section 7. "Common Maintenance Areas" shall mean and refer to the Common Areas, if any and the entrance monuments, drainage facilities, detention ponds, right-of-way landscaping, and such other areas lying within dedicated public easements or right-of-way as deemed appropriate by the Board of Directors of the Association for the preservation, protection and enhancement of the property values and the general health, safety and welfare of the Owners.

Section 8. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Pecan Park Estates, and any amendments, annexations and supplements thereto made in accordance with its terms.

ARTICLE II

PECAN PARK ESTATES HOMEOWNERS ASSOCIATION, INCORPORATED

Section 1. Membership. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Every member shall have the right at all reasonable times during business hours to inspect the books of the Association.

Section 2. Funding. Subject to the terms of this Article, each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay the Association: (1) annual assessment or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Such assessments will remain effective for the full term (and extended term, if applicable) of this Declaration. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge of the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the successors in title of such Owner unless expressly assumed by them.

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Section 3. Assessments.

- (a) Owner Assessments. Subject to the terms of this Article, each Lot is hereby subject to an annual assessment, for the purpose of creating a fund to be designated and known as the "maintenance fund", which maintenance charge and assessment will be paid by the Owner or Owners of each Lot in advance in monthly, quarterly or annual installments. The rate at which each Lot will be assessed, and whether such assessment shall be payable monthly, quarterly or annually, will be determined by the Board of Directors of the Association at least thirty (30) days in advance of each affected assessment period. Said rate may be adjusted from time to time by the Board of Directors as the needs of the Association may, in the judgment of the Directors, require. The assessment for each Lot shall be uniform except as provided in Subsection b of this Section 3. The Association shall, upon written demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessment has been paid for the assessment period.
- (b) Purpose of Maintenance Fund. The Association shall establish a maintenance fund composed of Owners' annual maintenance assessments and shall use the proceeds of such fund in providing for normal, recurring maintenance charges for the Common Maintenance Areas for the use and benefit of all members of the Association. Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following: normal, recurring maintenance of the Common Maintenance Areas (including, but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking, and otherwise caring for existing landscaping) and the improvements to such Common Maintenance Areas, such as sprinkler systems, and private streets, if any, provided the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Common Maintenance Areas; payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions and conditions affecting the property to which the maintenance fund applies; payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charge and assessment; employment of policemen and watchmen,; and doing any other thing or things necessary or desirable in the opinion of the Board of Directors of the Association to keep the Property neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property, it being understood that the judgment of the Board of Directors in the expenditure of said funds and the determination of what constitutes normal, recurring maintenance shall be final and conclusive so long as such judgment is exercised in good faith. The Association shall, in addition, establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements of the Common

Maintenance Area. The fund shall be established and maintained out of regular annual assessments.

- (c) Special Assessments for Working Capital Fund, Nonrecurring Maintenance and Capital Improvements. In addition to the annual assessments authorized above, the Association may levy special assessments applicable to that year only for the purpose of defraying, in whole or in part, the cost of any nonrecurring maintenance, or the acquisition, construction, reconstruction, repair or replacement of a capital improvement upon any Common Maintenance Area, including fixtures and personal property related thereto. The Association shall not commingle the proceeds of such special assessment with the maintenance funds. Such proceeds shall be used solely and exclusively to fund the nonrecurring maintenance or improvements in question.

Section 4. Non-payment of Assessments: Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall bear interest from the due date at the highest non-usurious rate of interest allowed by Texas law or 18% per annum, whichever is less. The association shall have the authority to impose late charges to compensate for the administrative and processing costs of late payments on such terms as it may establish by duly adopted resolutions and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien retained herein against the property. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Maintenance Area or abandonment of his property.

Section 5. Subordinated Lien to Secure Payment. To secure the payment of the maintenance charge and assessment established hereby and to be levied on individual Lots as above provided, there is hereby reserved a lien for the benefit of the Association, said lien to be enforceable through appropriate proceedings at law or in equity by such beneficiary; provided, however, that each such lien shall be specifically made secondary, subordinate and inferior to all liens, present and future, given, granted, and created by or at the insistence and request of the Owner of any such Lot to secure the payment of monies advanced or to be advanced on account of the purchase price and /or the improvement of any such Lot; and further provide that as a condition precedent to any proceeding to enforce such a lien upon any Lot upon which there is an outstanding valid and subsisting first mortgage lien, said beneficiary shall give the holder of such first mortgage sixty (60) days written notice of such proposed action, such notice, which shall be sent to the nearest office of the lien holder by prepaid U.S. registered mail, to contain the statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such first mortgage lien holder, the beneficiary shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to holder thereof. Sale or transfer of a Lot shall not affect

the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale, foreclosure or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. The Association shall have the right to file notices of liens in favor of such Association in the Official Records of Denton County, Texas.

Section 6. Voting Rights. Every Owner is allowed to vote in person or by proxy at a meeting, by absentee ballot, or by any other method of representation provided in the dedicatory instrument. To be a valid absentee or electronic ballot, the vote must pertain to only those items appearing in the ballot. An absentee or electronic ballot may not be counted if the owner attends any meeting to vote in person. Such ballot may not be counted on a final vote of a proposal if a motion was amended to be different from the exact language on the absentee ballot.

Section 7. Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized herein shall be sent to all members, or delivered to their residences, not less than thirty (30) days or more than sixty (60) days in advance of the meeting. At any such meeting called, the presence of members or of proxies entitled to cast 67 percent of all the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at such subsequent meeting shall be 67 percent of the quorum requirement for such prior meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum (the quorum requirement being reduced for each such meeting). No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 8. Tabulation and Access to Ballots. A person who is a candidate in an Association election or who is otherwise the subject of an Association vote may not tabulate votes and those who are related to a person within the third degree consanguinity or affinity, as determined under Chapter 573 of the Texas Government Code, may not tabulate or otherwise be given access to ballots, except as provided under Section 209.00594 of the Texas Property or as otherwise obligated to comply with a court order. Votes are confidential and the person tabulating the votes shall not disclose how a member voted. Only a person qualified to tabulate votes or who performs a recount may be given access to ballots cast in the election or vote.

Section 9. Regular Meeting and Mandatory Election. The Board is required to call an annual meeting of the members of the Association. If the Board fails to do so, an Owner can demand that a meeting of the Association be called within 30 days. If the Board fails to call a meeting, three or more owners can form an election committee and file written notice of the committee's

formation with the Denton County Clerk. The notice filed by the election committee must contain certain information as specified in Section 209.014 of the Texas Property Code. If more than one election committee is created, the first election committee to file its notice of record becomes the election committee. The election committee is allowed to call meetings of the members of the property owners association, but only for the purpose of electing board members.

ARTICLE III

GENERAL POWERS AND DUTIES OF BOARD OF DIRECTORS OF THE ASSOCIATION

Section 1. Purpose of the Maintenance Fund. The Board, for the benefit of the Owners, shall provide and shall pay out of the maintenance fund provided for in Article II above the following, as deemed necessary by the Board of Directors:

- (a) Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas rather than against the individual Owners, if any.
- (b) Care and preservation of the Common Maintenance Area.
- (c) The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board, (provided that any contract for management of the Association shall be terminable by the Association, with no penalty upon ninety (90) days prior written notice to the management party) and the services of such other personnel as the Board shall determine to be necessary or proper of the operation of the Association, whether such personnel are employed directly by the Board or by the manager.
- (d) Legal and accounting services.
- (e) A policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board of Directors, including a policy or policies of insurance as provided herein in Article IV.
- (f) Workers compensation insurance to the extent necessary to comply with any applicable laws.
- (g) Such fidelity bonds as may be required by the By-Laws or as the Board may determine to be advisable.

- (h) Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments (including taxes or assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the enforcement of this Declaration.

Section 2. Powers and Duties of the Board. The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the By-laws of the Association:

- (a) To execute all declarations of ownership for tax assessment purposes with regard to the Common Areas, if any, on behalf of all Owners.
- (b) To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners if the Board sees fit.
- (c) To enter into contracts, maintain one or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association.
- (d) To protect or defend the Common Areas from loss or damage by suit or otherwise to provide adequate reserves for replacements.
- (e) To make reasonable rules and regulation for the operation of the Common Maintenance Areas and to amend them from time to time; provided that, any rule or regulation may be amended or repealed by an instrument in writing signed by Owners constituting a majority of the votes of the Association, or with respect to a rule applicable to less than all of the Common Areas, by a majority of the votes of the Owners in the portions affected.
- (f) To make available for inspection by Owners within sixty (60) days after the end of each year an annual report and to make all books and records of the Association available for inspection by Owners at reasonable times and intervals.
- (g) To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency.

- (h) To enforce the provisions of any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.
- (i) To collect all assessments and enforce all penalties for non-payment including the filing of liens and institution of legal proceedings.
- (j) Call an annual meeting of the members of the Association.
- (k) The Association shall maintain and produce books and records for examination and copying upon the request of an owner. Generally, a response to a request for information must be made by the 10th business day after the Association receives a written request from the owner. If the association needs more time to respond to the request, the association is required to identify a date by which the information will be made available.
- (l) The Association is also required to adopt a records production and copying policy that sets the cost the Association will charge for compilation, production and reproduction of information. The Association is allowed to include all reasonable costs of materials, labor and overhead but the association's costs may not exceed costs that a government can charge under the Texas Public Information Act, Texas Government Code Chapter 552. The policy itself must be recorded as an instrument of the association in the appropriate property records with the District Clerk. Until the Association adopts a policy, it cannot charge for the compilation, production or reproduction of information. The Association can require advance payment, if necessary.
- (m) The Association must draft and enforce a document retention policy that requires the association to retain certificates of formation, by-laws, dedicatory covenants, and amendments thereto, financial books and records, account records of owners for five years, contracts with a term of more than one year, minutes of meetings of the owners and the board and tax returns and audits.

Section 3. Board Powers Exclusive. The Board shall have the exclusive right to contract for all goods, services and insurance, payment of which is to be made from the maintenance fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein.

Section 4. Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner or other person or entity for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof, such

contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association.

ARTICLE IV

TITLE TO COMMON AREAS

Section 1. Association to Hold. The Association holds title to all common areas and is responsible for all maintenance obligations with respect to any Common Areas.

Section 2. Liability Insurance. The Association shall purchase and carry a general comprehensive public liability insurance policy for the benefit of the Association and its members, covering occurrences on the Common Areas. The policy limits shall be as determined by the Board of Directors of the Association. The Association shall use its best efforts to see that such policy shall contain, if available, cross-liability endorsements or other appropriate provisions for the benefit of the members, Directors, and the management company and other insureds, as their interests may be determined.

Section 3. Condemnation. In the event of condemnation or a sale in lieu thereof of all or any portion of the Common Areas, the funds payable with respect thereto shall be payable to the Association and shall be used by the Association to purchase additional Common Areas to replace that which has been condemned or to take whatever steps it deems are reasonably necessary to repair or correct any damage suffered as a result of the condemnation. In the event that the Board of Directors of the Association determines that the funds cannot be used in such a manner due to lack of available land for additional Common Areas or for whatever reason, any remaining funds may be utilized by the Association for the general maintenance fund.

ARTICLE V

EASEMENTS

Section 1. Utility Easements. The Association hereby reserves the right to grant perpetual, nonexclusive easement for the benefit of the Association or its designees, upon, across, over, through and under any portion of the Common Area or any portion of any Lot outside of the permitted building area of such Lot, for ingress, egress, installation, replacement, repair, maintenance, use and operation of all utility and service lines and service systems, public and private, including, without limitation, cable television. The Association, for itself and its designees, reserves the right to retain title to any such easements.

Section 2. Entry Easement. The Association hereby reserves the right to enter the property in the event that the Owner fails to maintain the Lot as required herein, or in the event of emergency repairs and to do the work reasonably necessary for the proper maintenance and operation of the Property. Entry upon the Lot as provided herein

shall not be deemed a trespass, and the Association shall not be liable for any damage so created unless such damage is caused by the Association's willful misconduct or gross negligence.

Section 3. Drainage Easements. Easements for the installation and maintenance of utilities, storm water retention/detention ponds, and/or a conservation area are reserved as may be sworn on the recorded plat. Within these easement areas, no structure, plant or material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may hinder or change the direction or flow of drainage channels or slopes in the easements. The easement area of each Lot and all improvements contained therein shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, utility company or the Association is responsible.

ARTICLE VI

USE AND OCCUPANCY

All Lots and dwellings shall be used and occupied for single-family residence purposes. No Lot or dwelling may be used for commercial, institutional or other non-residential purpose if such use involves the attendance or entry of non-residents upon the Lot or otherwise diminishes the residential character of the Lot or neighborhood. This prohibition shall not apply to "garage sales" provided that no Owner shall conduct more than two (2) garage sales of no more than two (2) days duration each during any twelve (12) month period.

An Owner shall obtain the approval of the Association or the Architectural Review Committee or other committee duly authorized by this instrument, based on criteria prescribed uses of a lot for residential purposes, including reasonable restrictions regarding size, location, shielding, and aesthetics of before the owner begins the construction, placement, or erection of a building, structure, or other improvement for the residential purpose on an adjacent lot as defined under TEX. PROP. CODE § 209.015 (a). Accordingly, an owner may sell the adjacent lot separately, but only for the purpose of the construction of a new residence that complies with existing requirements in the dedicatory instrument. A provision in a dedicatory instrument violating TEX. PROP. CODE § 209.015 is void.

ARTICLE VII

PROPERTY RIGHTS

Section 1. Owners' Easement of Enjoyment. Every Owner shall have a right and easement in and to the Common Areas and a right and easement of ingress and

egress to, from and through said Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) The right of the Association to establish and publish rules and regulations governing the use of the Common Areas affecting the welfare of Association members;
- (b) The right of the Association to suspend the right of use of the Common Areas of an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;
- (c) The right of the Association, subject to the provisions hereof, to dedicate or transfer all or any part of the Common Areas, if any, to any public agency, authority or utility for such purposes and subject to other conditions as may be agreed by the Association. No such dedication or transfer shall be effective unless an instrument signed by Owners entitled to cast two-thirds (2/3) of the votes of membership has been recorded agreeing to such dedication or transfer;
- (d) All easements herein described are easements appurtenant to and running with the land; they shall at all times inure to the benefit of and be binding upon the Owners, and all of their grantees, and their respective heirs, successors, personal representatives and assigns, perpetually and in full force.

Section 2. Effect of Declaration. Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, restrictions and covenants herein described or to this Declaration shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees, or trustees of said parcels as fully and completely as if those easements, restrictions and covenants were fully related and set forth in their entirety in said documents.

Section 3. Rezoning Prohibited. No Lot shall be rezoned to any classification allowing commercial, institutional or other non-residential use without the express consent of the Association. The Association may enforce this covenant by obtaining an injunction against any unapproved rezoning at the expense of the enjoined party.

ARTICLE VIII

ARCHITECTURAL REVIEW COMMITTEE

Section 1. Occupants Bound. All provisions of the Declaration which govern the conduct of the Owners and which provided sanctions against Owners shall also apply to all occupants, guests and invitees of any Lot. Every Owner shall cause all occupants

of his Lot to comply with the Declaration. Every Owner shall be responsible for all violations and losses to the Common Areas caused by such occupants notwithstanding the fact that such occupants of a Lot are fully liable and may be sanctioned for any such violation or loss.

Section 2. Dwelling Site. The floor area of the main structure, exclusive of garages and open porches shall not be less than 2400 square feet.

Section 3. Architectural Review Committee. The Architectural Review Committee, "ARC" shall be composed of three (3) individuals elected by the Board, each generally familiar with residential and community development design matters and knowledgeable about the Association's concern for a high level of taste and design standards within the Properties. The ARC shall use its best efforts to promote and ensure a high level of taste, design, quality, harmony and conformity throughout the Properties.

No member of the ARC shall be liable for claims, causes of action or damages (except where occasioned by gross negligence or willful misconduct in violation of this Declaration) arising out of services performed pursuant to this covenant.

No building, fence, wall, parking area, swimming pool, spa, pole, mail box, driveway, fountain, pond, tennis court, sign, exterior color or shape, or new or modifications of a structure shall be commenced, erected, or maintained upon the Properties, nor shall any exterior addition to, or change or alteration therein, be made until the plans and specifications showing nature, kind, shape, height, materials and location of the same shall have been submitted to, and approved in writing by the Committee as to:

- (a) quality of workmanship and materials; adequacy of site dimensions; adequacy of structural design; proper facing of main elevation with respect to nearby streets;
- (b) conformity and harmony of the external design, color, type and appearance of exterior surface and landscaping;
- (c) location with respect to topography and finished grade elevation and effect of location and use on neighboring Lots and improvements situated thereon and any drainage arrangement;
- (d) the other standards set forth within this Declaration (and any amendments hereto) or as may be set forth within bulletins promulgated by the ARC, or matters in which the ARC has been vested with the authority to render a final interpretation and decision.

Final plans shall be submitted, in duplicate, to the ARC for approval or disapproval at least thirty (30) days prior to the commencement of any construction or modification. The plans may be submitted to the chair of the ARC or President of the Association. The ARC is authorized to request the submission of samples of proposed construction materials. If the plans are approved by the ARC, one complete set of plans will be retained by the ARC and the other set will be marked approved and returned to

the Lot Owner or his representative. If the plans are found not to be in compliance with these Covenants and Restrictions, one set of the plans will be returned, marked "disapproved", accompanied by a reasonable statement of items found not to comply with these Covenants and Restrictions.

The ARC's approval or disapproval as required in these covenants shall be in writing. In the event the ARC fails to approve or disapprove within 21 days after plans have been submitted to it, approval will not be required and the related covenants shall be deemed to have been fully complied with.

Section 4. Exterior Materials. Each residence shall have at least eighty percent (80%) masonry on the first and second floor (excluding window and door surfaces). All surfaces of each residence, whether first or second floor, that can reasonably be brick, shall be brick. All exterior chimneys shall be brick or masonry.

Section 5. Antennas and dish antennas. Antennas that are less than one meter in diameter and is designed to receive video programming via broadband radio service or is designed to receive local television broadcast signals are permitted. Antennas must be approved by the ARC to be in compliance with FCC regulations.

Section 6. Construction Time Limit. All permitted improvements to be constructed on any Lot, including driveways, shall be completed within a period of six (6) months from the date of commencement or issuance of Town of Flower Mound construction permit.

Section 7. Easements. Easements for installation and maintenance of utilities and drainage are reserved as shown on plat.

Section 8. Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised or kept or bred on any Lot except that dogs, cats and other household pets may be kept provided that they are not kept, bred or maintained for any commercial purpose.

Section 9. Fences. All proposed fencing that is visible from the street shall be drawn on site plan and submitted, in duplicate, to the ARC, and shall be reviewed in regard to materials, location, height, and style. No fence shall be permitted in the front of any dwelling, except as the ARC may approve in writing.

Section 10. Roof Materials. All roof pitches must be in excess of 8/12 and a composition shingle of the irregular cut like "Timberline", no square tab. Tile or other material may be acceptable upon submission to ARC.

Section 11. Landscaping and Yards. Installation of drought-resistant landscaping or water-conserving natural turf must be submitted to the ARC to ensure, to the extent practicable, maximum aesthetic compatibility with other landscaping in the subdivision.

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Section 12. Signs. No signs of any kind or character shall be allowed on any Lot except one sign of not more than eight (8) square feet advertising the property for sale or rent, provided, however, that any other person or entity engaged in the construction has the right during the construction period, to construct and maintain such facilities as may be reasonably necessary or convenient for such construction, including, but not limited to, signs. Any such facilities as mentioned above must first have approval from the ARC.

ARTICLE IX

USES OF LOTS SPECIFICALLY PROHIBITED

Section 1. Oil Development Prohibited. No oil well drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted on any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted on any Lot. No derrick or other structure designed for use in boring for oil, natural gas or other minerals shall be erected, maintained or permitted on any Lot.

Section 2. Garages. Each residence shall provide garage space for at least two conventional automobiles. All garages must have written approval of the ARC.

No garage, garage house or other out-building shall be occupied by any Owner, tenant or other person in addition to the residence.

Section 3. Grading of Lot. The general grading, slope and drainage plan of a Lot as established may not be altered without the approval of the Town of Flower Mound and the ARC.

Section 4. Air Conditioning. No air conditioning apparatus shall be installed on the ground in front of a residence. No air conditioning apparatus shall be attached to any front wall or window of a residence. No evaporative cooler shall be installed on the front wall or window of a residence.

Section 5. Waste. No Lot or part of any Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Waste of any nature shall not be kept on any Lot except in sanitary containers and not left curbside, except for the day before and day of trash pickup by the township.

Section 6. Storage of Materials. No articles, goods or materials of any kind or character shall be kept or stored in the open or exposed to public view. All storage areas shall be placed so as to conform with the building line restrictions set forth herein.

Section 7. Prohibited Improvements. No temporary structure such as a dwelling shop, trailer or mobile home of any kind or any improvement of a temporary

character (except children's playhouses, dog houses, greenhouses, gazebos and buildings for storage of lawn maintenance equipment which may be placed on a Lot only in places which are not visible from the street on which the Lot fronts) shall be permitted on any Lot.

No structure of a temporary character, such as a trailer, tent, shack, barn, underground tank or storage structure or other out-building shall be used on the Lot at any time as a dwelling house.

Section 8. Vehicles and Trailers. No boat, marine craft, hovercraft, aircraft, recreational vehicle, pick-up camper, travel trailer, motor home, camper body or similar vehicle or equipment may be parked for storage in the driveway or front yard of any dwelling or parked on any public street on the property, nor shall any such vehicle or equipment be parked for storage in the side or rear yard of any residence unless properly concealed from public view. No such vehicle or equipment shall be used as a residence or office temporarily or permanently. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked while in use for the construction, maintenance or repair of a residence in the Property.

No motorized vehicle or similar equipment shall be parked or stored in an area visible from any street except passenger automobiles, passenger vans, motorcycles, pick-up trucks (including those with attached bed campers) that are in operating condition and have current license plates and inspection stickers and are in current use.

Section 9. Transport Vehicles. Trucks with tonnage in excess of one-and one-half (1-1/2) tons and any commercial vehicle with painted advertisement shall not be permitted to park on the streets, driveways or Lots overnight.

No vehicle of any size which transports flammable or explosive cargo may be kept on the Property at any time.

Section 10. Safe Conditions. All Owners shall at all times keep their Lots in a safe, clean, wholesome condition and comply in all respects with all government, health, fire and police requirements and regulations; and said Owners shall remove at their own expense any rubbish or character whatsoever which may accumulate on their Lots. That includes the maintenance of all grassed and landscaped areas. In the event owner shall fail to comply with any or all the terms of this covenant, then the ARC and its agents shall have the right, privilege and license to enter upon the Lot in question without liability for any manner of trespass and make any and all corrections or improvements that may be necessary to meet the terms of this covenant and to charge such Owner the expenses incurred in doing so including all damages, costs and attorney's fees which the ARC may incur in connection therewith.

Section 11. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance to the neighborhood.

ARTICLE X

MAINTENANCE

Section 1. Association's Duty of Maintenance. The Association shall maintain and keep in good repair the Common Areas. The maintenance shall include, without limitation, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping and improvements situated on Common Areas including without limitation, any recreational facilities situated thereon. Such maintenance, repair and replacement shall include, but not be limited to, regular mowing, weeding, irrigating, fertilizing, pruning, trimming and repairing improvements on the Common Areas. The Association shall also maintain, repair and replace, if necessary: (a) all entry features, monuments and improvements for the Property including the expenses for water and electricity, if any, provide to all such entry features, and (b) all landscaping (including sprinkler systems) located on the Common Areas of public right-of-way within the Property.

Section 2. Duty of Maintenance. Except as provided in Article X, Section 1. above, the Owners of each Lot and their tenants shall, at their sole cost and expense, keep their respective Lots and the improvements constructed thereon in a well-maintained, safe, clean and attractive condition at all times. Such maintenance includes, but is not limited to, the following:

- (a) Prompt removal of litter, trash, refuse and waste;
- (b) Lawn mowing and edging on a regular basis;
- (c) Tree and shrub pruning;
- (d) Watering landscaped areas;
- (e) Keeping lawn and garden areas alive and free of weeds;
- (f) Complying with all government, health and police requirements;
- (g) Repair of exterior damages to improvements; and
- (h) Painting and repainting of improvements as often as reasonably necessary to ensure the attractiveness and aesthetic quality of such Lot or improvement as determined by the ARC. The approval of the ARC otherwise required herein shall not be required for repainting so long as neither the color scheme nor the arrangement

of the colors of any improvements, nor the color of paint thereon, is substantially altered.

Section 3. Enforcement. If, in the opinion of the Association, any such Owner or occupant has failed in any of the foregoing duties or responsibilities, then the Association may give such written notice of failure and such Owner must within the (10) days after receiving such notice, perform the care or make arrangements with the Association for making the repairs and maintenance required. Should any such Owner fail to fulfill this duty and responsibility within such period, then the Association, through its authorized agent or agents, shall have the right and power to enter onto the premises and perform such care and maintenance without any liability for damages for wrongful entry, trespass or otherwise. The Owners and occupants of any part of the Lot on which such work is performed shall jointly and severally be liable for the cost of such work and shall promptly reimburse the Association for such cost. Each Owner and occupant agrees by the purchase or occupation of the Lot, to pay such costs within fifteen (15) days following receipt of notice of such costs. The costs incurred by the Association pursuant to the provisions of this Section shall be secured by a lien which shall have the same attributes as the lien for Assessments set forth in this Declaration or in the Amended and Restated Bylaws, and the Association shall have the identical powers and rights in all respects.

ARTICLE XI

GENERAL

Section 1. Enforcement. The Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and reservations or hereafter imposed by the provisions of this Declaration. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Remedies. In the event of any default by any Owner under the provisions of the Declaration, By-Laws or rules and regulations of the Association, the Association and any Owner shall have each and all of the rights and remedies which may be provided for in this Declaration, the By-Laws and said rules and regulations, and those which may be available at law or in equity, and may prosecute any action or other proceedings against such defaulting Owner and /or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Lot and ownership interest of such Owner, or for damages or injunction, or specific performance, or for judgment, for the payment of the money and collection thereof, or for any combination of the remedies, or for any other relief. No remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy. All expenses of the Association in connection with any such actions or proceedings, including court costs and attorney's fees or other fees and

expenses, and all damages, permitted by law but, with reference to any Lots financed by FHA insured loans, not in excess of the maximum rate of FHA loans at the time of delinquency, from the due date until paid, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed part of respective maintenance assessment (to the same extent as the lien provided herein for unpaid assessments), upon the Lot and upon all of his additions and improvements thereto, and upon all of his personal property upon the Lot. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or any Owner.

Section 2. Term and Amendments. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless seventy-five percent (75%) of the votes outstanding shall have voted to terminate the covenants and restrictions of this Declaration and prior approval has been obtained from the Town of Flower Mound upon the expiration of the initial twenty-five (25) year period or any extension thereof, which termination shall be by written instrument signed by seventy-five percent (75%) of the Owners and counter signed by a duly authorized representative of the Town of Flower Mound and properly recorded in the Denton County, Texas land records. This Declaration may be amended by an instrument signed by Owners constituting no less than seventy-five (75%) of the votes of the Association and by the prior written consent of the Town of Flower Mound. Any amendment must be recorded.

Section 3 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain, in full force and effect.

Section 4 Rights and Obligations. The provisions of this declaration and the Articles of Incorporation and By-Laws and the rights and obligations established thereby shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representative, successors, assigns, purchasers, grantees and mortgagees. By the recording or the acceptance of a deed conveying a Lot of any ownership interest in the Lot whatsoever, the person to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration and the Articles of Incorporation and the By-Laws, whether or not mention thereof is made in said deed.

Section 5. Miscellaneous Provisions. Any provisions of this Declaration or of the Articles of Incorporation and By-Laws to the contrary notwithstanding, the following provisions shall control:

- (a) FHA/VA Approval. If any prospective Owner applies for FHA or VA mortgage financing and receives a commitment therefore, the following actions will require approval of the Federal Housing Administration and

the Veterans Administration as applicable: (1) addition of properties except as set forth in Article VIII, (2) dedication of Common Areas, and (3) amendment of this Declaration.

- (b) The following actions will require notice to all institutional holders of first mortgage liens: (1) abandonment or termination of the Association; or (2) material amendment to the Declaration.
- (c) Upon the request of any first mortgagee of a dwelling on a Lot, the Association shall furnish to such mortgagee a written notice of any default by the Owner of such dwelling in the performance of such Owner's obligations under this Declaration or the By-Laws or Association rules and regulations which is not cured within thirty (30) days. Any first mortgagee of a dwelling who comes into possession of such dwelling pursuant to the remedies provided in the mortgage, a foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall take such property free of any claims for unpaid assessments or charges in favor of the Association against the mortgaged dwelling which accrued prior to the time such holder comes into possession of the dwelling.
- (d) Unless at least seventy-five percent (75%) of the first mortgagees (based upon one vote for each mortgage) have given their prior written approval, neither the Association nor the Owners shall be entitled to:
 - i. By act or omission seek to abandon, partition, encumber, or transfer the Common Areas, if any, or any portion thereof of interest therein; (The granting of easements for public utilities or other public purposes consistent with the intended use of such property shall not be deemed a transfer within the meaning of this clause.)
 - ii. Substantially change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner by the Association;
 - iii. By act or omission change, waive or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance of the dwellings or maintenance of the dwellings or Lots;
 - iv. Fail to maintain liability and extended coverage insurance on insurable property comprising a part of the Common Areas on a current replacement cost basis in an amount no less than one hundred percent (100%) of the insurance value (based on current replacement costs).

- (e) All personal pronouns used in this Declaration, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa.

Section 6. Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

Section 7. Conflicts. In the event of conflict between the terms of this Declaration and the By-Laws, rules, regulations or Articles of Incorporation of the Association, this Declaration shall control.

Section 8. Failure of Association to Perform Duties. Should the Association fail to carry out its duties as specified in this Declaration, the Town of Flower Mound or its lawful agents shall have the right and ability, after due notice to the Association, to remove any landscape systems, features or elements that cease to be maintained by the Association; to perform the responsibilities of the Association if the Association fails, to do so in compliance with any of the provisions of this Declaration or of any applicable Town codes or regulations; to assess the Association for all costs incurred by the Town in performing said responsibilities if the Association fails to do so; and /or will avail itself of any other enforcement actions available to the Town pursuant to state law or Town codes and regulations. Should the Town exercise its rights as specified above, the Association shall indemnify and hold harmless the Town of Flower Mound from any and all costs, expenses, suits, demands, liabilities or damages, including attorney's fees and costs of suit, incurred or resulting from the Town's removal of any landscape systems, features or elements that cease to be maintained by the Association or from the Town's performance of the aforementioned operations, maintenance or supervision responsibilities of the Association due to the Association's failure to perform said duties.

IN WITNESS WHEREOF, the Association has caused this instrument to be executed on its behalf as of this day and year first above written.

Jim D. Hill, HOA President 1/23/17
(Effective date 7/26/16)

Subscribed and sworn to before me this 23rd day of JAN, 2017

Notary Public

[Handwritten Signature]

