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SUPPLEMENTAL DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR

ATTEN HILL
[LLANO COUNTY, TEXAS]

Declarant: GPIF SUMMIT ROCK LAND LLC, A DELAWARE LIMITED LIABILITY
COMPANY

Cross Reference to Summit Rock Communities Amended and Reinstated Master Declaration of Covenants, Conditions and Restrictions, recorded as Volume 1537, Pages 3934-4068, Official Public Records of Llano County, Texas, as may be amended and supplemented from time to time.

**SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND
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**SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND
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This Supplemental Declaration of Covenants, Conditions and Restrictions (the "Declaration") is made by **GPIF SUMMIT ROCK LAND LLC, A DELAWARE LIMITED LIABILITY COMPANY** (the "Declarant"), and is as follows:

RECITALS:

A. This Declaration is filed with respect to that certain real property located in Llano County, Texas, as more particularly described on Attachment 1 attached hereto and incorporated herein (collectively, the "**Property**"). The Declarant is the owner of the Property.

B. Declarant desires to create and carry out a uniform plan for the development, improvement, and sale of the Property.

C. By the filing of this Declaration, Declarant serves notice that the Property is subject to the terms and provisions of this Declaration.

D. Pursuant to the Master Declaration, a Major Developer (as defined in the Master Declaration) may record a Supplemental Declaration (as defined in the Master Declaration) to apply to a certain portion of the Master Property (as defined in the Master Declaration). Declarant is a Major Developer under the Master Declaration pursuant to that certain Designation of Major Developer for Summit Rock Communities, recorded as Instrument No. 24 00479, in the Official Public Records of Llano County, Texas, and desires to subject the Property, which consist of a certain portion of the Master Property (as defined in the Master Declaration), to this Declaration. This Declaration shall be considered a Supplemental Declaration (as defined in the Master Declaration), which shall supplement the covenants, conditions and restrictions contained in the Master Declaration. **HORSESHOE BAY RESORT INTERESTS, LLC**, a Texas limited liability company is the current "Declarant" under the Master Declaration (the "**Master Declarant**"). The Master Declarant has executed this Declaration to evidence its consent to the Recordation of this Declaration.

NOW, THEREFORE, it is hereby declared: (i) that the Property (or any portion thereof) will be held sold, conveyed, and occupied subject to the following covenants, conditions and restrictions which will run with such portions of the Property and will be binding upon all parties having right, title, or interest in or to such portions of the Property or any part thereof, their heirs, successors, and assigns and will inure to the benefit of each owner thereof; and (ii) that each contract or deed conveying the Property (or any portion thereof) will conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions and restrictions, regardless of whether or not the same are set out in full or by

reference in said contract or deed; and (iii) that this Declaration will supplement and be in addition to the covenants, conditions and restrictions of the Master Declaration.

This Declaration uses notes (text set apart in boxes) to illustrate concepts and assist the reader. If there is a conflict between any note and the text of the Declaration, the text will control.

ARTICLE 1 DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in this Declaration will have the meanings hereinafter specified:

“Access Gate” or **“Access Gates”** mean any subdivision entry facilities serving the Property, including, but not limited to, gates, call boxes, controllers and all other facilities associated with operation of gates restricting access to the Private Roads. The Access Gates are hereby designated as Common Area. The Access Gates will be maintained by the Association in good condition and repair, as determined from time to time by the Board, in accordance with Applicable Law. Such Access Gates shall not be relied on by the Owners and others for security of property and person. Notwithstanding anything to the contrary contained herein, the Association retains the right to charge Owners a fee or deposit for the issuance of, or replacement of, privacy gate remote access cards and/or units. Additionally, the Board, in its sole discretion, shall determine when the Access Gates will be operational, including but not limited to hours of operation and periods when the Access Gates will remain open. Declarant may, but shall not be obligated, to construct or install Access Gates.

“Architectural Control Committee” or **“ACC”** means the committee created pursuant to this Declaration to review and approve or deny plans for the construction, placement, modification, alteration or remodeling of any Improvements on a Lot. As provided in *Article 9* below, the Declarant acts as the ACC and the ACC is not a committee of the Association until the Declarant has assigned its right to appoint and remove all ACC members to the Association in a Recorded written instrument.

“Applicable Law” means the statutes and public laws and ordinances in effect at the time a provision of the Restrictions is applied, and pertaining to the subject matter of the Restriction provision. Statutes and ordinances specifically referenced in the Restrictions are “Applicable Law” on the date of the Restrictions, and are not intended to apply to the Property if they cease to be applicable by operation of law, or if they are replaced or superseded by one or more other statutes or ordinances.

“Area of Common Responsibility” means those portions of a Dwelling or Lot that are designated, from time to time, by this Declaration or the Association to be maintained, repaired,

and replaced by the Association, as a common expense, as reflected in the Designation of Area of Common Responsibility and Maintenance Chart attached to this Declaration as Exhibit "A".

"Assessment" or **"Assessments"** means assessments imposed by the Association under this Declaration.

"Assessment Unit" has the meaning set forth in *Section 6.7.2*.

"Association" means Atten Hill Residential Association, Inc., a Texas non-profit corporation, which has been created by Declarant to exercise the authority and assume the powers specified in *Article 5* and elsewhere in this Declaration.

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

"Bulk Rate Contract" or "Bulk Rate Contracts" means one or more contracts which are entered into by the Association for the provision of utility services or other services of any kind or nature to the Lots. The services provided under Bulk Rate Contracts may include, without limitation, cable television services, telecommunications services, internet access services, "broadband" services, security services, trash pick-up services, propane service, natural gas service, lawn maintenance services, wastewater services, and any other services of any kind or nature which are considered by the Board to be beneficial to all or a portion of the Property or the Common Area. Each Bulk Rate Contract must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period.

"Bylaws" means the bylaws of the Association, which may be initially adopted and Recorded by the Declarant or the Board and Recorded as part of the initial project documentation for the benefit of the Association. The Bylaws may be amended, from time to time, by the Declarant until expiration or termination of the Development Period. Any amendment to the Bylaws proposed by the Board must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period. Upon expiration of the Development Period, the Bylaws may be amended by a Majority of the Board.

"Certificate" means the Certificate of Formation of the Association, filed in the Office of the Secretary of State of Texas, as the same may be amended from time to time.

"Common Area" means any property and facilities that the Association owns or in which it otherwise holds rights or obligations, including any property or facilities held by the Declarant for the benefit of the Association or its Members. Common Area includes any property that the Association holds under a lease, license, or any easement in favor of the Association. The Common Area may be for the use and enjoyment of the Owners, Residents, their guests, tenants and invitees, and members of the public.

“Community Manual” means the community manual, which may be initially adopted and recorded by the Declarant or the Board of the Association and Recorded as part of the initial project documentation for the benefit of the Association. The Community Manual may include the Bylaws, Rules and other policies governing the Association. The Bylaws, Rules and other policies set forth in the Community Manual may be amended, from time to time, by the Declarant until expiration or termination of the Development Period. Any amendment to the Bylaws, Rules and other policies governing the Association prosecuted by the Board must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period. Upon expiration or termination of the Development Period, the Community Manual may be amended by a Majority of the Board.

“Community Systems” means any and all cable television, telecommunications, alarm/monitoring, internet, telephone or other lines, conduits, wires, amplifiers, towers, antennae, satellite dishes, equipment, materials and installations and fixtures (including those based on, containing and serving future technological advances not now known), if installed by Declarant pursuant to any grant of easement or authority by Declarant or the Association within the Property.

“Declarant” means GPIF SUMMIT ROCK LAND LLC, A DELAWARE LIMITED LIABILITY COMPANY, its successors or assigns; provided that any assignment(s) of the rights of GPIF SUMMIT ROCK LAND LLC, A DELAWARE LIMITED LIABILITY COMPANY, as Declarant, must be expressly set forth in writing and Recorded.

Declarant enjoys special rights and privileges to help protect its investment in the Property which are described in this Declaration. Many of these rights do not terminate until either Declarant: (i) has conveyed all Lots which may be created out of the Property; or (ii) voluntarily terminates these rights by Recorded written instrument.

“Design Guidelines” means the standards for design, construction, landscaping, and exterior items proposed to be placed on any Lot adopted pursuant to *Section 9.3.4*, as the same may be amended from time to time. The Design Guidelines may consist of multiple written design guidelines applying to specific portions of the Property. At Declarant’s option, Declarant may adopt or amend from time to time the Design Guidelines for the Property or any portion thereof. Notwithstanding anything in this Declaration to the contrary, the Declarant will have no obligation to establish Design Guidelines for the Property or any portion thereof.

“Design Review Committee” means the architectural review committee established pursuant to the Master Declaration.

“Development Period” means the period of time beginning on the date when this Declaration has been Recorded and ending twenty (20) years thereafter, unless earlier terminated by Declarant. Declarant may terminate the Development Period by an instrument executed by Declarant and Recorded. The Development Period is the period in which Declarant

reserves the right to facilitate the development, construction, and marketing of the Property, and the right to direct the size, shape and composition of the Property. The Development Period is for a term of years and does not require that Declarant own any portion of the Property.

“Dwelling” means the single family residence located on a Lot, together with any garage incorporated therein, whether or not the Dwelling is occupied for residential purposes.

“Homebuilder” means an Owner (other than the Declarant) who acquires a Lot for the construction of a single family Dwelling for resale to a third party.

“Improvement” means all physical enhancements and alterations to the Property, including but not limited to grading, clearing, removal of trees, alteration of drainage flow, and site work, and every structure and all appurtenances of every type and kind, whether temporary or permanent in nature, including, but not limited to, buildings, outbuildings, storage sheds, balconies, porches, patios, tennis courts, sport courts, recreational facilities, swimming pools, putting greens, garages, driveways, parking areas and/or facilities, storage buildings, sidewalks, fences, gates, screening walls, retaining walls, stairs, decks, walkways, landscaping, alteration of drainage flow, mailboxes, poles, signs, antennas, exterior air conditioning equipment or fixtures, exterior lighting fixtures, water softener fixtures or equipment, and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

“Lot” means any portion of the Property designated by Declarant or as shown as a subdivided Lot on a Plat other than Common Area.

“Majority” means more than half.

“Manager” has the meaning set forth in *Section 5.5.8*.

“Master Association” means Summit Rock Property Owners Association, Inc., a Texas non-profit corporation.

“Master Association Assessments” means any charge, fee, or assessment levied by the Master Association pursuant to the Master Declaration or Applicable Law.

“Master Bylaws” means the bylaws for the Master Association.

“Master Declaration” means that certain Summit Rock Communities Amended and Reinstated Master Declaration of Covenants, Conditions and Restrictions, recorded as Volume 1537, Pages 3934-4068, Official Public Records of Llano County, Texas, as may be amended and supplemented from time to time.

“Master Documents” means, singularly or collectively, as the case may be, the Master Declaration, the articles of incorporation and the bylaws of the Master Association, any design guidelines of the Master Association, and any rules, regulations or policies promulgated by the Master Association.

“Members” means every person or entity that holds membership privileges in the Association.

“Mortgage” or **“Mortgages”** means any mortgage(s) or deed(s) of trust securing indebtedness and covering any Lot.

“Mortgagee” or **“Mortgagees”** means the holder(s) of any Mortgage(s).

“Owner” means the person(s), entity or entities, including Declarant, holding all or a portion of the fee simple interest in any Lot, but does not include the Mortgagee under a Mortgage prior to its acquisition of fee simple interest in such Lot pursuant to foreclosure of the lien of its Mortgage.

“Plat” means a Recorded subdivision plat of any portion of the Property and any amendments thereto.

“Private Roads” means the roadways located within the Property. The Private Roads shall be used for vehicular and pedestrian ingress and egress to and from the Lots and are hereby designated as Common Area. The Private Roads will be maintained by the Association in good condition and repair, as determined from time to time by the Board, in accordance with Applicable Law.

“Record, Recording, Recordation and Recorded” means recorded or to be recorded in the Official Public Records of Llano County, Texas.

“Resident” means an occupant or tenant of a Lot, regardless of whether the person owns the Lot.

“Restrictions” means the restrictions, covenants, and conditions contained in this Declaration, the Design Guidelines, Bylaws, Community Manual, Rules, or in any other rules and regulations promulgated by the Association pursuant to this Declaration, as adopted and amended from time to time. *See Table 1* for a summary of the Restrictions.

“Rules” means any instrument, however denominated, which may be adopted by the Declarant as part of the Community Manual or subsequently adopted by the Board for the regulation and management of the Property or the Common Area, including any amendments to those instruments. Until expiration or termination of the Development Period, the Declarant may unilaterally amend the Rules, and must approve any amendment to the Rules adopted by the Board.

“Sales Restriction Period” means a period commencing on the date that a Lot is conveyed to an Owner by Declarant and ending two (2) years thereafter.

TABLE 1: RESTRICTIONS	
Declaration (Recorded)	This document and any amendments thereto
Certificate of Formation (Recorded)	Establishes the Association as a Texas nonprofit corporation.
Bylaws (Recorded)	Governs the Association’s internal affairs, such as elections, meetings, etc.
Community Manual (Recorded)	Establishes rules and policies governing the Association.
Design Guidelines (if adopted, Recorded)	Governs the design and architectural standards for the construction of Improvements and modifications thereto. The Declarant shall have no obligation to adopt the Design Guidelines.
Rules (if adopted, Recorded)	Regulates the use of property, activities, and conduct within the Property and Common Area.
Board Resolutions (adopted by the Board of the Association)	Establishes rules, policies, and procedures for the Property, Owners, and the Association.

ARTICLE 2 EASEMENTS

2.1. Owner’s Easement of Enjoyment. Every Owner is granted a right and easement of enjoyment over the Common Area and to use of Improvements thereon, subject to other rights and easements contained in the Restrictions. An Owner who does not occupy a Dwelling delegates this right of enjoyment to the Residents of his Dwelling, and is not entitled to use the Common Area.

2.2. Owner’s Maintenance Easement. Each Owner is hereby granted an easement over and across any adjoining Dwelling and Lot and the Common Area to the extent reasonably necessary to maintain or reconstruct such Owner’s Dwelling, subject to the consent of the Owner of the adjoining Lot and Dwelling and the consent of the Board as provided below, or the consent of the Board in the case of Common Area, and provided that the Owner’s use of the easement granted hereunder does not damage or materially interfere with the use of the adjoining Lot and/or Dwelling or Common Area. Requests for entry into an adjoining Lot must be made to the Owner of such Lot in advance. The consent of the adjoining Lot Owner will not be unreasonably withheld; however, the adjoining Lot Owner may require that access to its Lot be limited to Monday through Friday, between the hours of 8 a.m. until 6 p.m., and then only in conjunction with actual maintenance or reconstruction activities. Access to the Common Area for the purpose of maintaining or reconstructing any Dwelling must be approved in advance and in writing by the Board. The consent of the Board will not be unreasonably withheld; however, the Board may require that access to the Common Area be limited to Monday through Friday, between the hours of 8 a.m. until 6 p.m., and then only in conjunction with actual maintenance or reconstruction activities. In addition, the Board may require that the Owner

abide by additional reasonable rules with respect to use and protection of the Common Area during any such maintenance or reconstruction. If an Owner damages an adjoining Dwelling or Common Area in exercising the easement granted hereunder, the Owner will be required to restore the Dwelling or Common Area to the condition which existed prior to any such damage, at such Owner's expense, within a reasonable period of time not to exceed thirty (30) days after the date the Owner is notified in writing of the damage by the Association or the Owner of the damaged Dwelling.

Notwithstanding the foregoing, no Owner shall perform any work to any portion of his Dwelling or Lot if the work requires access to, over or through the Common Area or other Lots and/or Dwellings without the prior consent of the Board except in case of an emergency. All such work may only be performed by a person who shall deliver to the Board prior to commencement of such work, in form satisfactory to the Board:

(i) releases of the Board, the ACC, and the Association for all claims that such person may assert in connection with such work;

(ii) indemnities of the Board, the ACC, and the Association, holding each and all of them harmless from and against any claims asserted for loss or damage to persons or property, including, but not limited to, Common Area, or other Lots and Dwellings;

(iii) certificates of insurance, including liability and workmen's compensation coverage, in amounts and with companies reasonably acceptable to the Board; and

(iv) all other information and assurances which the Board may reasonably require.

2.3. Owner's Ingress/Egress Easement. Each Owner is hereby granted a perpetual easement over the Property, including the Lots, as may be reasonably required, for ingress to and egress from his Dwelling, but subject to any Rules adopted from time to time by the Board.

2.4. Owner's Encroachment Easement. Every Owner is granted an easement for the existence and continuance of any encroachment by his Dwelling on any adjoining Lot, Dwelling or Common Area now existing or which may come into existence hereafter, as a result of construction, repair, shifting, settlement, or movement of any portion of a Dwelling, or as a result of condemnation or eminent domain proceedings, so that the encroachment may remain undisturbed so long as the improvement stands.

2.5. Easement Of Cooperative Support. Each Owner is granted an easement of cooperative support over each adjoining Lot and Dwelling as needed for the common benefit of the Property, or for the benefit of Dwellings that share any aspect of the Property that requires

cooperation. By accepting an interest in or title to a Lot, each Owner: (i) acknowledges the necessity for cooperation in a townhome; (ii) agrees to try to be responsive and civil in communications pertaining to the Property and to the Association; (iii) agrees to provide access to his Dwelling and Lot when needed by the Association to fulfill its duties; and (iv) agrees to try refraining from actions that interfere with the Association's maintenance and operation of the Property.

2.6. Association's Access, Maintenance and Landscape Easement. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, grants to the Association an easement of access, maintenance and entry over, across, under, and through the Property, including without limitation, each Lot and each Dwelling and all Improvements thereon for the following purposes:

- (i) To perform inspections and/or maintenance that is permitted or required of the Association by the Restrictions or by Applicable Law.
- (ii) To perform maintenance that is permitted or required of the Owner by the Restrictions or by Applicable Law, if the Owner fails or refuses to perform such maintenance.
- (iii) To enforce the Restrictions.
- (iv) To exercise self-help remedies permitted by the Restrictions or by Applicable Law.
- (v) To respond to emergencies.
- (vi) To grant easements to utility providers as may be necessary to install, maintain, and inspect utilities serving any portion of the Property.
- (vii) To perform any and all functions or duties of the Association as permitted or required by the Restrictions or by Applicable Law.

2.7. Utility Easement. Declarant hereby establishes and reserves: (i) a non-exclusive easement over and across each open space, landscape or recreational lot within the Property for public and private utilities necessary or required to serve the Property or the individual Dwellings located thereon; and (ii) a non-exclusive utility easement over and across each Lot to the extent necessary or required to provide utility service to Dwellings; provided, however, that such easement will not unreasonably interfere with the use of any Dwelling for residential purposes. In addition, Declarant, during the Development Period, and the Board thereafter, may grant further easements over and across the Lots and Common Areas to the extent necessary or required to provide utilities to Dwellings and/or Lots; provided, however, that such easements will not unreasonably interfere with the use of any Dwelling for residential

purposes. A company or entity, public or private, furnishing utility service to the Property, is granted an easement over the Property, including the Lots, for ingress, egress, meter reading, installation, maintenance, repair, or replacement of utility lines and equipment, and to do anything else necessary to properly maintain and furnish utility service to the Property. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, electronic communications and internet, master or cable television, and security.

2.8. Private Utility Lines. Utility lines that exclusively serve a Dwelling are private utility lines (each a “Private Utility Line” and collectively, the “Private Utility Lines”) that the Owner of the Dwelling is required to maintain, repair and replace, if necessary. Neither the Association, the Declarant, nor the utility company providing utility services will maintain, repair or replace Private Utility Lines. **EACH OWNER IS ADVISED THAT THE PRIVATE UTILITY LINES MAY BE LOCATED IN THE YARD AREA OF THE LOTS AND THE UTILITY LINES SERVING MORE THAN ONE DWELLING MAY BE LOCATED ON AN OWNER’S LOT. PRIOR TO DIGGING ON THE OWNER’S LOT, THE OWNER MUST DETERMINE THE LOCATION OF UTILITY LINES. FAILURE TO LOCATE UTILITY LINES BEFORE DIGGING MAY CAUSE SERIOUS INJURY TO PERSON OR PROPERTY. CALL 811 AT LEAST 48 HOURS BEFORE YOU DIG. SEE WWW.TEXAS811.ORG FOR FURTHER INFORMATION.**

EACH OWNER AND RESIDENT HEREBY RELEASES AND HOLDS HARMLESS THE DECLARANT AND THE ASSOCIATION, AND THEIR OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF AN OWNER’S FAILURE MAINTAIN, REPAIR OR REPLACE A PRIVATE UTILITY LINE OR FAILURE TO TAKE THE PROPER PRECAUTIONS AND DETERMINE THE LOCATION OF ALL PRIVATE UTILITY LINES AT PRIOR TO DIGGING ON SUCH OWNER’S LOT.

Each Owner is hereby granted an easement over and across the yard space of each Lot with a private utility line that exclusively serves such Owner’s Dwelling to the extent reasonably necessary to maintain, repair and replace the Private Utility Line serving such Owner’s Dwelling, subject (except in the case of an emergency threatening life or property) to the consent of the Owners of the Lots on which such Private Utility Line is located, and provided that the Owner's use of the easement granted hereunder does not damage or materially interfere with the use of the Lots or Dwellings. Requests for entry into Lots subject to the easement granted herein must be made to the Owner of such Lot in advance. The consent of the Lot Owner will not be unreasonably withheld; however, the Lot Owner may require that access to its Lot be limited to Monday through Friday, between the hours of 8 a.m. until 6 p.m., and then only in conjunction with actual maintenance, repair or replacement activities. If an Owner damages a Dwelling or Lot in exercising the easement granted hereunder, the Owner will be required to restore the Dwelling or Lot to the condition which existed prior to any such damage, at such Owner's expense, within a reasonable period of time not to exceed thirty (30)

days after the date the Owner is notified in writing of the damage by the Owner of the damaged Dwelling or Lot.

2.9. Party Walls. A wall or fence located on or near the dividing line between two (2) Lots or Dwellings constructed upon such Lots and intended to benefit both Lots constitutes a “Party Wall” and, to the extent not inconsistent with the provisions of this *Section 2.9*, is subject to the general rules of law regarding party walls and liability for property damage due to negligence, willful acts, or omissions.

2.9.1 Encroachments & Easement. If the Party Wall is on one Lot due to an error in construction, the Party Wall is nevertheless deemed to be on the dividing line for purposes of this *Section 2.9*. Each Lot sharing a Party Wall is subject to an easement for the existence and continuance of any encroachment by the Party Wall as a result of construction, repair, shifting, settlement, or movement in any portion of the Party Wall, so that the encroachment may remain undisturbed as long as the Party Wall stands. Each Lot is subject to a reciprocal easement for the maintenance, repair, replacement, or reconstruction of the Party Wall.

2.9.2 Right to Repair. If the Party Wall is damaged or destroyed from any cause, the Owner of either Lot may repair or rebuild the Party Wall to its previous condition, and the Owners of both Lots, their successors and assigns, have the right to the full use of the repaired or rebuilt Party Wall. No Party Wall may be constructed, repaired, or rebuilt without the advance written approval of the ACC in accordance with *Article 9* of this Declaration.

2.9.3 Maintenance Costs. The Owners of the adjoining Lots share equally the costs of repair, reconstruction, or replacement of the Party Wall, subject to the right of one Owner to call for larger contribution from the other under any rule of law regarding liability for negligence or willful acts or omissions. If an Owner is responsible for damage to or destruction of the Party Wall, that Owner will bear the entire cost of repair, reconstruction, or replacement. If an Owner fails or refuses to pay his share of costs of repair or replacement of the Party Wall, the Owner advancing monies has a right to file a claim of lien for the monies advanced in the Official Public Records of Llano County, Texas, and has the right to foreclose the lien as if it were a mechanic’s lien. The right of an Owner to require contribution from another Owner under this Section is appurtenant to the Lot and passes to the Owner’s successors in title.

2.9.4 Alterations. The Owner of a Lot sharing a Party Wall may not cut openings in the Party Wall or alter or change the Party Wall in any manner that affects the use, condition, or appearance of the Party Wall to the adjoining Lot or Dwelling. The Party Wall will always remain in the same location as when erected unless otherwise approved by the Owner of each Lot sharing the Party Wall and the ACC.

2.9.5 Fences. Common fences which form a part of a Dwelling will be dealt with in the same fashion as Party Walls, as set forth in this *Section 2.9*.

2.9.6 Dispute Resolution. In the event of any dispute arising concerning a Party Wall, or under the provisions of this *Section 2.9* (the "**Dispute**"), the parties shall submit the Dispute to mediation. Should the parties be unable to agree on a mediator within ten (10) days after written request therefore by the Board, the Board shall appoint a mediator. If the Dispute is not resolved by mediation, the Dispute shall be resolved by binding arbitration. Either party may initiate the arbitration. Should the parties be unable to agree on an arbitrator within ten (10) days after written request therefore by the Board, the Board shall appoint an arbitrator. The decision of the arbitrator shall be binding upon the parties and shall be in lieu of any right of legal action that either party may have against the other. In the event an Owner fails to properly and on a timely basis (both standards to be determined by the Board in the Board's sole and absolute discretion) implement the decision of the mediator or arbitrator, as applicable, the Board may implement said mediator's or arbitrator's decision, as applicable. If the Board implements the mediator's or arbitrator's decision on behalf of an Owner, the Owner otherwise responsible therefor will be personally liable to the Association for all costs and expenses incurred by the Association in conjunction therewith. If such Owner fails to pay such costs and expenses upon demand by the Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half percent (1½%) per month) will be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot hereunder will be secured by the liens reserved in this Declaration for Assessments and may be collected by any means provided in this Declaration for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s).

2.10. Security. The Association may, but is not obligated to, maintain or support certain activities within the Property designed, either directly or indirectly, to improve safety in or on the Property. Each Owner and Resident acknowledges and agrees, for himself and his guests, that Declarant, the Association, and their respective directors, officers, committees, agents, and employees are not providers, insurers, or guarantors of security within the Property. Each Owner and Resident acknowledges and accepts as his sole responsibility to provide security for his own person and property, and assumes all risks for loss or damage to same. Each Owner and Resident further acknowledges that Declarant, the Association, and their respective directors, officers, committees, agents, and employees have made no representations or warranties, nor has the Owner or Resident relied on any representation or warranty, express or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire, burglary, and/or intrusion systems recommended or installed, or any security measures undertaken within the Property. Each Owner and Resident acknowledges and agrees that Declarant, the Association, and their respective directors,

officers, committees, agents, and employees may not be held liable for any loss or damage by reason of any failure to provide adequate security or the ineffectiveness of security measures undertaken. The Access Gates are not intended to replace or serve in lieu of individual alarm systems or other measures to provide security within any Lot.

2.11. Injury to Person or Property. Neither the Association nor Declarant, or their respective directors, officers, committees, agents, and employees have a duty or obligation to any Owner, Resident or their guests: (i) to supervise minor children or any other person; (ii) to fence or otherwise enclose any Lot or Common Area; or (iii) to provide security or protection to any Owner, Resident, or their guests, employees, contractors, and invitees from harm or loss. By accepting title to a Lot, each Owner agrees that the limitations set forth in this Section are reasonable and constitute the exercise of ordinary care by the Association and Declarant. Each Owner agrees to indemnify and hold harmless the Association and Declarant, and Declarant's agents from any claim of damages, to person or property arising out of an accident or injury in or about the Property to the extent and only to the extent caused by the acts or omissions of such Owner, his tenant, his guests, employees, contractors, or invitees to the extent such claim is not covered by insurance obtained by the Association at the time of such accident or injury.

2.12. Easement to Inspect and Right To Correct. For a period of ten (10) years after the expiration of the Development Period, Declarant reserves for itself and for Declarant's architect, engineer, other design professionals, builder, and general contractor the right, but not the duty, to inspect, monitor, test, redesign, correct, and relocate any Improvement, Dwelling, or condition that may exist on any portion of the Property, including the Dwelling, and a perpetual nonexclusive easement of access throughout the Property to the extent reasonably necessary to exercise this right. The party exercising the easement reserved hereunder, will promptly repair, at its sole expense, any damage resulting from the exercise of this right. By way of illustration but not limitation, relocation of a retaining wall may be warranted by a change of circumstance, imprecise siting of the original wall, or desire to comply more fully with Applicable Law. This Section may not be construed to create a duty for Declarant or the Association, and may not be amended without Declarant's written and acknowledged consent. In support of this reservation, each Owner, by accepting an interest in or title to a Lot, hereby grants to Declarant, and the Declarant's architect, engineer, other design professionals, builder, and general contractor an easement of access and entry over, across, under, and through the Property, including without limitation, each Lot and Dwelling, and all Improvements thereon for the purposes contained in this Section.

**ARTICLE 3
GENERAL AND USE RESTRICTIONS**

All of the Property shall be owned, held, encumbered, leased, used, occupied, and enjoyed subject to the following limitations and restrictions:

3.1. General.

3.1.1 Conditions and Restrictions. All Lots within the Property will be owned, held, encumbered, leased, used, occupied and enjoyed subject to the Restrictions and the Master Documents.

NOTICE

The Restrictions are subject to change from time to time. By owning or occupying a Lot, you agree to remain in compliance with the Restrictions, as they may change from time to time.

3.1.2 Ordinances. Ordinances and requirements imposed by local governmental authorities are applicable to all Lots within the Property. Compliance with the Restrictions is not a substitute for compliance with such ordinances and regulations. Please be advised that the Restrictions do not purport to list or describe each ordinance or regulation which may be applicable to a Lot located within the Property. Each Owner is advised to review all ordinances, requirements, regulations and encumbrances affecting the use and improvement of their Lot prior to submitting plans to the ACC for approval. Furthermore, approval by the ACC should not be construed by the Owner that any Improvement complies with the terms and provisions of any ordinances, requirements, regulations, or encumbrances which may affect the Owner's Lot. The Association, each Owner, Resident, or other user of any portion of the Property must comply with the Restrictions, the Master Documents, and Applicable Law, as supplemented, modified or amended from time to time. Certain encumbrances may benefit parties whose interests are not addressed by the ACC.

3.2. Conceptual Plans. All master plans, site plans, brochures, illustrations, information and marketing materials relating to the Property or the Common Area (collectively, the "**Conceptual Plans**") are conceptual in nature and are intended to be used for illustrative purposes only. The land uses and Improvements, including but not limited to any amenity centers, reflected on the Conceptual Plans are subject to change at any time and from time to time, and it is expressly agreed and understood that land uses within the Property or the Common Area may include uses which are not shown on the Conceptual Plans. Neither Declarant nor any Homebuilder or other developer of any portion of the Property or the Common Area makes any representation or warranty concerning such land uses and Improvements shown on the Conceptual Plans or otherwise planned for the Property or the Common Area and it is expressly agreed and understood that no Owner will be entitled to rely upon the Conceptual Plans or any statement made by the Declarant or any of Declarant's representatives regarding proposed land uses or proposed Improvements in making the decision to purchase any land or Improvements within the Property or the Common Area. Each Owner who acquires a Lot acknowledges that development of the Property or the Common Area will likely extend over many years, and agrees that the Association will not engage in, or use Association funds to support, protest, challenge, or make any other form of objection to development of the Property or changes in the Conceptual Plans as they may be amended or modified from time to time.

3.3. Single-Family Residential Use. The Lots shall be used solely for single family residential purposes. No professional, business, or commercial activity to which the general public is invited shall be conducted on any Lot, except an Owner or Resident may conduct business activities within a residence so long as: (i) such activity complies with all Applicable Law; (ii) the business activity is conducted without the employment of persons other than the residents of the home constructed in the Lot; (iii) the business activity does not involve customers, contractors, clients, or the general public visiting the residence to conduct activities related to the business; (iv) the existence or operation of the business activity is not apparent or detectable by sight, i.e., no sign may be erected advertising the business on any Lot, sound, or smell from outside the residence; (v) the business activity does not involve door-to-door solicitation of residents within the Property; (vi) the business does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles parked within the Property which is noticeably greater than that which is typical of residences in which no business activity is being conducted; (vii) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Property as may be determined in the sole discretion of the Board; and (viii) the business does not require the installation of any machinery other than that customary to normal household operations. In addition, for the purpose of obtaining any business or commercial license, neither the residence nor Lot will be considered open to the public. The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis 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: (a) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; or (c) a license is required.

Leasing of a Dwelling shall be permitted in accordance with *Section 3.4*. This subsection shall not apply to any activity conducted by the Declarant or a Homebuilder.

Notwithstanding any provision in this Declaration to the contrary, until the expiration or termination of the Development Period:

(i) Declarant and/or its licensees may construct and maintain upon portions of the Common Area and any Lot owned by the Declarant such facilities and may conduct such activities which, in Declarant's sole opinion, may be reasonably required, convenient, or incidental to the construction or sale of Dwellings constructed upon the Lots, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and/or its licensees shall have an easement over and across the Common Area for access and use of such facilities at no charge; and

(ii) Declarant and/or its licensees will have an access easement over and across the Common Area for the purpose of making, constructing and installing Improvements upon the Common Area and the Property.

3.4. Rentals. Nothing in this Declaration will prevent the rental of any Lot and the Improvements thereon by the Owner thereof for residential purposes; provided that: (i) all rentals must be for terms of at least twelve (12) months; and (ii) no portion of a Lot (other than the entire Lot) may be rented. All leases shall be in writing. Notice of any lease, together with such additional information as may be required by the Board, will be remitted to the Association by the Owner on or before the expiration of ten (10) days after the effective date of the lease. Each lease must provide, or be deemed to provide, that the Board shall have the right to terminate the lease upon default by the tenant in observing any provisions of the Restrictions. Regardless of whether or not expressed in the applicable lease, all Owners shall be jointly and severally liable with the tenants of such Lot to the Association for any amount which is required by the Association to effect such repairs or to pay any claim for any injury or damage to property caused by the negligence of the tenant of such Lot or for the acts or omissions of the tenant(s) of such Lot which constitute a violation of, or non-compliance with, the provisions of the Restrictions. All leases shall comply with and be subject to the provisions of the Restrictions and the provisions of same shall be deemed expressly incorporated into any lease of a Lot. This Section 3.4 shall also apply to assignments and renewals of leases.

3.5. Noise. No exterior speakers, horns, whistles, bells, or other sound devices (other than security devices used exclusively for security purposes) shall be located, used, or placed on any portion of the Property. No noise or other nuisance shall be permitted to exist or operate upon any portion of the Property so as to be offensive or detrimental to any other portion of the Property or to its Residents. Without limiting the generality of the foregoing, if any noise or nuisance emanates from any Improvement on any Lot, the Association may (but shall not be obligated to) enter any such Improvement and take such reasonable actions necessary to terminate such noise (including silencing any burglar or break-in alarm).

3.6. Clotheslines; Window Air Conditioners. No clotheslines and no outdoor clothes drying or hanging shall be permitted within the Property, nor shall anything be hung, painted or displayed on the outside of the windows (or inside, if visible from the outside) or placed on the outside walls or outside surfaces of doors of any of the Dwelling, and no awnings, canopies or shutters (except for those heretofore or hereinafter installed by Declarant) shall be affixed or placed upon the exterior walls or roofs of Dwellings, or any part thereof, nor relocated or extended, without the prior written consent of the ACC. Window air conditioners are prohibited.

3.7. Animals - Household Pets. No animals, including pigs, hogs, swine, poultry, fowl, wild animals, horses, cattle, sheep, goats, or any other type of animal not considered to be a domestic household pet within the ordinary meaning and interpretation of such words may

be kept, maintained, or cared for on or within the Property (as used in this paragraph, the term "domestic household pet" shall not mean or include non-traditional pets such as pot-bellied pigs, miniature horses, goats, exotic snakes or lizards, monkeys, chickens or other exotic animals). The Board may conclusively determine, in its sole discretion, whether a particular pet is a domestic household pet within the ordinary meaning and interpretation of such words. No Owner may keep more than three (3) cats and dogs, in the aggregate, of which no more than two (2) may be dogs, unless otherwise approved by the Board. No animal may be allowed to make an unreasonable amount of noise, or to become a nuisance, and no domestic pets will be allowed on the Property other than within the Owner's Dwelling, unless confined to a leash. The Association may restrict pets to certain areas on the Property. No animal may be stabled, maintained, kept, cared for, or boarded for hire or remuneration within the Property, and no kennels or breeding operation will be allowed. No animal may be allowed to run at large, and all animals must be kept within enclosed areas which must be clean, sanitary, and reasonably free of refuse, insects, and waste at all times. No pet may be left unattended in yards, porches or other outside area. All pet waste will be removed and appropriately disposed of by the owner of the pet. All pets must be registered, licensed and vaccinated as required by Applicable Law. If, in the opinion of the Board, any pet becomes a source of unreasonable annoyance to others, or the owner of the pet fails or refuses to comply with these restrictions, the Owner, upon written notice, may be required to remove the pet from the Property.

3.8. Rubbish and Debris. No rubbish or debris of any kind may be placed or permitted to accumulate on or within the Property, and no odors will be permitted to arise therefrom so as to render all or any portion of the Property unsanitary, unsightly, offensive, or detrimental to any other property or Residents. Refuse, garbage, and trash must be kept at all times in covered containers, and such containers must be kept within enclosed structures or appropriately screened from view. Each Owner will contract with an independent disposal service to collect all garbage or other wastes, if such service is not provided by a governmental entity or the Association.

3.9. Trash Containers. Trash containers and recycling bins must be stored in the inside garage of the single-family Dwelling constructed on the Lot. The Board shall have the right to specify additional locations on each Owner's Lot in which trash containers or recycling bins must be stored.

3.10. Tanks. The ACC must approve any tank used or proposed in connection with a Dwelling, including tanks for storage of fuel, water, oil, or liquid petroleum gas (LPG). No elevated tanks of any kind may be erected, placed or permitted on any Lot without the advance written approval of the ACC. All permitted tanks must be screened from view in accordance with a screening plan approved in advance by the ACC. This provision will not apply to a tank used to operate a standard residential gas grill.

3.11. Temporary Structures. No tent, shack, or other temporary building, or Improvement shall be placed upon the Property without the prior written approval of the ACC; provided, however, that temporary structures necessary for storage of tools and equipment, and for office space for Declarant, Homebuilders, architects, and foremen during actual construction may be maintained with the prior approval of the ACC, approval to include the nature, size, duration, and location of such structure.

3.12. Unightly Articles; Vehicles. No article deemed to be unsightly by the Board shall be permitted to remain on any Lot so as to be visible from adjoining property or from public or private thoroughfares. Without limiting the generality of the foregoing, trailers, graders, trucks other than pickups, boats, tractors, campers, wagons, buses, motorcycles, motor scooters, all-terrain vehicles and garden and lawn maintenance equipment shall be kept at all times except when in actual use, in enclosed structures or screened from view and no repair or maintenance work shall be done on any of the foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages. Service areas, storage areas and facilities for hanging, drying or airing clothing or household fabrics must be appropriately screened from view and, no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials, scrap, refuse or trash shall be kept, stored, or allowed to accumulate on any portion of the Property except within enclosed structures or appropriately screened from view. No: (i) racing vehicles; or (ii) other vehicles (including, without limitation, motorcycles or motor scooters) which are inoperable or do not have a current license tag shall be permitted to remain visible on any Lot or to be parked on any street or driveway within the Property.

Parking of commercial vehicles or equipment, recreational vehicles, boats and other watercraft, trailers, stored vehicles or inoperable vehicles in places other than in enclosed garages is prohibited; provided, construction, service and delivery vehicles may be exempt from this provision for such period of time as is reasonably necessary to provide service or to make a delivery to a Dwelling.

Mobile homes are prohibited. Notwithstanding the foregoing, sales trailers or other temporary structures installed by the Declarant, Homebuilder or expressly approved by the ACC shall be permitted.

3.13. On Street Parking. Unless otherwise approved by the Declarant or the Board, no vehicle may be parked on any road or street within the Property unless in the event of an emergency. "Emergency" for purposes of the foregoing sentence shall mean an event which jeopardizes life or property. "Parked" as used herein shall be defined as a vehicle left unattended by a licensed operator for more than twenty four (24) consecutive hours. This provision will not apply to Declarant or its designee during the Development Period.

3.14. Drainage. There shall be no interference with the established drainage patterns over any of the Property, including the Lots, except by Declarant, unless adequate provision is made for proper drainage and such provision is approved in advance by the ACC. Specifically,

and not by way of limitation, no Improvement, may be installed which impedes the proper drainage of water between Lots or within the Property.

3.15. Compliance with Restrictions. Each Owner, his or her family, Residents of a Dwelling, tenants, and the guests, invitees, and licensees of the preceding shall comply strictly with the provisions of the Restrictions as the same may be amended from time to time. Failure to comply with any of the Restrictions shall constitute a violation of the Restrictions and may result in a fine against the Owner in accordance with *Section 6.12* of this Declaration, and shall give rise to a cause of action to recover sums due for damages or injunctive relief, or both, maintainable by the Declarant, the Board on behalf of the Association, or by the ACC. Without limiting any rights or powers of the Association, the Board may (but shall not be obligated to) remedy or attempt to remedy any violation of any of the provisions of Restrictions, and the Owner whose violation has been so remedied shall be personally liable to the Association for all costs and expenses of effecting (or attempting to effect) such remedy. If such Owner fails to pay such costs and expenses upon demand by the Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half percent (1-1/2%) per month) shall be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot shall be secured by the liens reserved in this Declaration for Assessments and may be collected by any means provided in this Declaration for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s). **Each such Owner shall indemnify and hold harmless the Association and its officers, directors, employees and agents from any cost, loss, damage, expense, liability, claim or cause of action incurred or that may arise by reason of the Association's acts or activities under this *Section 3.15* (including any cost, loss, damage, expense, liability, claim or cause of action arising out of the Association's negligence in connection therewith), except for such cost, loss, damage, expense, liability, claim or cause of action arising by reason of the Association's gross negligence or willful misconduct. "Gross negligence" as used herein does not include simple negligence, contributory negligence or similar negligence short of actual gross negligence.**

3.16. Liability of Owners for Damage to Common Area. No Owner shall in any way alter, modify, add to or otherwise perform any work upon the Area of Common Responsibility or Common Area without the prior written approval of the Board. Each Owner shall be liable to the Association for any and all damages to: (i) the Common Area and any Improvements constructed thereon; or (ii) any Improvements constructed on any Lot, the maintenance of which has been assumed by the Association, including but not limited to the Area of Common Responsibility, which damages were caused by the neglect, misuse or negligence of such Owner or Owner's family, or by any tenant or other Resident of such Owner's Lot, or any guest or invitee of such Owner. The full cost of all repairs of such damage shall be levied as an Individual Assessment against such Owner's Lot, secured by a lien against such Owner's Lot and collectable in the same manner as provided in *Section 6.10* of this Declaration.

3.17. No Warranty of Enforceability. Declarant makes no warranty or representation as to the present or future validity or enforceability of any Restrictions. Any Owner acquiring a Lot in reliance on the Restrictions shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant harmless therefrom.

3.18. Subject to Master Declaration. Every Owner, by acceptance of a deed to a Lot, acknowledges that, in addition to being subject to and bound by this Declaration, he or she is subject to the Master Documents.

3.19. Restriction on Resale of Lots. No Owner shall offer any Lot for sale or advertise or otherwise market or attempt to market a Lot for sale in any way during the Sales Restriction Period. Each Owner agrees that the breach of this provision during the Sales Restriction Period shall entitle Declarant or the Association to exercise the remedy of specific performance or damages against the Owner. This restriction shall not apply to any foreclosure or exercise of the power of sale by any Mortgagee.

3.20. Construction Time Requirements. Construction upon any Lot must commence prior to the date that is twenty-four (24) months after Owner obtains title to the Lot (the "**Construction Commencement Deadline**"). Commencement of construction shall be deemed to have occurred after completion of the footings/foundations for the residence. Each Owner shall cause construction of a single-family residential dwelling on the Lot to be completed (including securing a certificate of occupancy) within eighteen (18) months after the date on which construction was commenced ("**Construction Completion Deadline**"). For every month past the Construction Commencement Deadline that an Owner's construction has not commenced, Owner shall pay to the Association the sum of \$10,000. Additionally, for every month past the Construction Completion Deadline that an Owner's construction has not been completed, Owner shall pay to the Association the sum of \$10,000.

3.21. Approved Builders. The Declarant may adopt an approved builder program whereby the Declarant may specify certain builders who are approved for the construction or modification of residential Improvements on a Lot. If the Declarant adopts an approved builder program, the program may include one or more builders. The Declarant may require that the Owner of the Lot and/or the approved builder execute an agreement which, among other things, requires: (i) the Owner of the Lot and/or the approved builder comply with certain rules and regulations governing construction within Property; (ii) the payment of a construction deposit by the Owner of the Lot and/or the approved builder; (iii) the payment of a fee by the Owner of the Lot for administration and oversight during construction; and (iv) that the Owner of the Lot and/or the approved builder procure appropriate insurance during construction.

**ARTICLE 4
DISCLOSURES**

This Article discloses selective features of the Property that may not be obvious to potential Owners and Residents. Because features may change over time, no disclosure in this Article should be relied upon without independent confirmation.

4.1. Service Contracts. Declarant may have contracted, on behalf of the Owner, for one or more services to be provided by vendors to the Dwellings on a contract basis, such as intrusion monitoring and cable television. In that event, whether or not an Owner chooses to use the service, the Owner is required to pay its share of the contract for the contract period. The Association may serve as the conduit for the service fees and payments, which may be considered Regular Assessments or Individual Assessments. However, the Association is not the service provider and has no responsibility or liability for the availability or quality of the service, or for the maintenance, repair, or replacement of the wires, conduits, equipment, or other fittings relating to the contract service.

4.2. Adjacent Thoroughfares. The Property is located adjacent to thoroughfares that may be affected by traffic and noise from time to time and may be improved and/or widened in the future.

4.3. Adjacent Use. No representations are made regarding the use of adjacent property.

4.4. Outside Conditions. Since in every neighborhood there are conditions that different people may find objectionable, it is acknowledged that there may be conditions outside of the Property that an Owner or Resident may find objectionable, and it shall be the sole responsibility of an Owner or Resident to become acquainted with neighborhood conditions that could affect the Property.

4.5. Concrete.

4.5.1 Cracks. Minor cracks in poured concrete, including foundations, garage floors, sidewalks, driveways and patios, are inevitable as a result of the natural movement of soil (expansion and contraction), shrinkage during the curing of the concrete, and settling of a Dwelling.

4.5.2 Exposed Floors. This Section applies to Dwellings with exposed concrete floors. This notice is given because Owners may be inexperienced with concrete and expect it to be as forgiving as wood or sheetrock. In deciding whether, when, and how to fill cracks in exposed concrete floors, an Owner is hereby made aware that the color and texture of the fill material may not match the rest of the concrete floor. On some exposed concrete floors, fill materials make minor cracks more noticeable than if the

cracks had been left in their natural state. In addition, an Owner is hereby made aware that any specification for polished concrete means that the concrete will be polished, but this does not mean an Owner will be able to actually see their reflection in the floor.

4.6. Construction Activities. Declarant will be constructing portions of the Property and engaging in other construction activities related to the construction of Dwellings and Common Area. Such construction activities may, from time to time, produce certain conditions on the Property, including, without limitation: (i) noise or sound that is objectionable because of its volume, duration, frequency or shrillness; (ii) smoke; (iii) noxious, toxic or corrosive fumes or gases; (iv) obnoxious odors; (v) dust, dirt or flying ash; (vi) unusual fire or explosion hazards; (vii) temporary interruption of utilities; and/or (viii) other conditions that may threaten the security or safety of persons within the Property. Notwithstanding the foregoing, all Owners and Residents agree that such conditions on the Property resulting from construction activities shall not be deemed a nuisance and shall not cause Declarant and its agents to be deemed in violation of any provision of the Declaration.

4.7. Moisture. Improvements may trap humidity created by general use and occupancy. As a result, condensation may appear on the interior portion of windows and glass surfaces and fogging of windows and glass surfaces may occur due to temperature disparities between the interior and exterior portions of the windows and glass. If left unattended and not properly maintained by Owners and Residents, the condensation may increase resulting in staining, damage to surrounding seals, caulk, paint, wood work and sheetrock, and potentially, mildew and/or mold.

4.8. Mold and/or Mildew. Mold and/or mildew can grow in any portion of a Dwelling that is exposed to elevated levels of moisture including, but not limited to, those portions of a Dwelling in which HVAC condenser units are located. Each Owner is advised to regularly inspect the Owner's Dwelling for the existence of mold, mildew and/or water intrusion (except when the water intrusion is part of the normal functioning of Improvements and appliances such as showers, sinks, dishwashers and other similar appliances and Improvements) and/or damage.

4.9. Encroachments. Improvements may have been constructed on adjoining lands that encroach onto the Property. Declarant gives no representations or warranties as to property rights, if any, created by any such encroachments.

4.10. Budgets. Any budgets of the Association provided by the Declarant are based on estimated expenses only without consideration for the effects of inflation and may increase or decrease significantly when the actual expenses become known.

4.11. Light and Views. The natural light available to and views from a Dwelling or Lot can change over time due to among other things, additional development and the removal or addition of landscaping. **NATURAL LIGHT AND VIEWS ARE NOT PROTECTED.**

4.12. **Schools.** No representations are being made regarding which schools may now or in the future serve the Property.

4.13. **Suburban Environment.** The Property is located in a suburban environment. Sound and vibrations may be audible and felt from such things as sirens, whistles, horns, the playing of music, people speaking loudly, trash being picked up, deliveries being made, equipment being operated, dogs barking, construction activity, building and grounds maintenance being performed, automobiles, buses, trucks, ambulances, airplanes, and other generators of sound and vibrations typically found in an suburban area. In addition to sound and vibration, there may be odors and light in suburban areas.

4.14. **Water Runoff.** The Property may still be subject to erosion and/or flooding during unusually intense or prolonged periods of rain. In addition, water may pond on various portions of the Property having impervious surfaces, such as rooftop terraces, patios, and balconies, as applicable.

4.15. **Photography of the Property.** Declarant retains the right to obtain and use photography of the Property for publication and advertising purposes.

4.16. **Changes to Street Names and Addresses.** Declarant retains the right to change, in its sole discretion, the Property name and the street names and addresses in or within the Property including the street address of the Dwellings and/or Lots before or after conveyance to any third-party.

4.17. **Plans.** Any advertising materials, brochures, renderings, drawings, and the like, furnished by Declarant to Owner which purport to depict the Improvements to be constructed on any Lot are merely approximations and do not necessarily reflect the actual as-built conditions of the same.

4.18. **Location of Utilities.** Declarant makes no representation as to the location of mailboxes, utility boxes, street lights, fire hydrants or storm drain inlets or basins.

ARTICLE 5

ATTEN HILL RESIDENTIAL ASSOCIATION, INC.

5.1. **Organization.** The Association is a nonprofit corporation created for the purposes, charged with the duties, and vested with the powers of a Texas non-profit corporation. Neither the Certificate nor the Bylaws will for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

5.2. **Membership.**

5.2.1 **Mandatory Membership.** Any person or entity, upon becoming an Owner, will automatically become a Member of the Association. Membership will be

appurtenant to and will run with the ownership of the Lot that qualifies the Owner thereof for membership, and membership may not be severed from the ownership of the Lot, or in any way transferred, pledged, mortgaged or alienated, except together with the title to such Lot. Within thirty (30) days after acquiring legal title to a Lot, if requested by the Board, an Owner must provide the Association with: (i) a copy of the recorded deed by which the Owner has acquired title to the Lot; (ii) the Owner's address, email address, phone number, and driver's license number, if any; (iii) any Mortgagee's name and address; and (iv) the name, phone number, and email address of any Resident other than the Owner.

5.2.2 Easement of Enjoyment – Common Area. Every Member will have a right and easement of enjoyment in and to all of the Common Area and an access easement by and through any Common Area, which easements will be appurtenant to and will pass with the title to such Member's Lot, subject to the following restrictions and reservations:

(i) The right of the Declarant to cause such Improvements and features to be constructed upon the Common Area, as determined from time to time by the Declarant, in the Declarant's sole and absolute discretion;

(ii) The right of the Association to suspend the Member's right to use the Common Area for any period during which any Assessment against such Member's Lot remains past due and for any period during which such member is in violation of any provision of the Restrictions;

(iii) The right of the Association and Declarant (during the Development Period) to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for any purpose;

(iv) The right of the Association and Declarant (during the Development Period) to grant easements or licenses over and across the Common Area;

(v) The right of the Association to borrow money for the purpose of improving the Common Area and, in furtherance thereof, mortgage the Common Area;

(vi) The right of the Declarant, during the Development Period, and the Board thereafter, to promulgate Rules regarding the use of the Common Area and any Improvements thereon; and

(vii) The right of the Association to contract for services with any third parties on such terms as the Association may determine.

5.3. Governance. The Board will consist of at least three (3) persons elected at the annual meeting of the Association, or at a special meeting called for such purpose. **Notwithstanding the foregoing provision or any provision in this Declaration to the contrary, Declarant will have the sole right to appoint and remove all members of the Board until the tenth (10th) anniversary of the date this Declaration is Recorded. No later than the tenth (10th) anniversary of the date this Declaration is Recorded, or sooner as determined by Declarant, the Board must hold a meeting of Members of the Association for the purpose of electing one-third (1/3) of the Board (the "Initial Member Election Meeting"), which Board member(s) must be elected by Owners other than the Declarant. Declarant shall continue to have the sole right to appoint and remove two-thirds (2/3) of the Board from and after the Initial Member Election Meeting until expiration or termination of the Development Period.**

5.4. Voting Rights. The right to cast votes and the number of votes which may be cast for election of members to the Board (except as provided by *Section 5.3*) and on all other matters to be voted on by the Members will be calculated as set forth below.

(i) The Owner of each Lot will have one (1) vote for each Lot so owned.

(ii) In addition to the votes to which Declarant is entitled by reason of *Section 5.4(i)*, for every one (1) vote outstanding in favor of any other person or entity, Declarant will have four (4) additional votes until the expiration or termination of the Development Period.

(iii) When more than one person or entity owns a portion of the fee simple interest in any Lot, all such persons or entities will be Members. The vote or votes (or fraction thereof) for such Lot will be exercised by the person so designated in writing to the Secretary of the Association by the Owner of such Lot, and in no event will the vote for such Lot exceed the total votes to which such Lot is otherwise entitled under this *Section 5.4*.

5.5. Powers. The Association has the powers of a Texas nonprofit corporation. It further has the power to do and perform any and all acts that may be necessary or proper, for or incidental to, the exercise of any of the express powers granted to it by Applicable Law or this Declaration. Without in any way limiting the generality of the two preceding sentences, the Board, acting on behalf of the Association, has the following powers at all times:

5.5.1 Rules, Bylaws and Community Manual. To make, establish and promulgate, and in its discretion to amend from time to time, or repeal and re-enact, such Rules, Bylaws, and the Community Manual not in conflict with this Declaration, as it deems proper, covering any and all aspects of the Property (including the operation, maintenance and preservation thereof) or the Association. Any Rules, and any modifications to existing Rules, or the Bylaws proposed by the Board, must be approved

in advance and in writing by the Declarant until expiration or termination of the Development Period.

5.5.2 Insurance. To obtain and maintain in effect, policies of insurance that, in the opinion of the Board, are reasonably necessary or appropriate to carry out the Association's functions.

5.5.3 Records. To keep books and records of the Association's affairs, and to make such books and records, together with current copies of the Restrictions available for inspection by the Owners, Mortgagees, and insurers or guarantors of any Mortgage upon request during normal business hours.

5.5.4 Assessments. To levy and collect Assessments, as provided in *Article 6* below.

5.5.5 Right of Entry and Enforcement. To enter at any time without notice in an emergency (or in the case of a non-emergency, after twenty-four (24) hours written notice), without being liable to any Owner or Resident, upon any Lot and into any Dwelling thereon for the purpose of enforcing the Restrictions or for the purpose of maintaining or repairing any area, Improvement or other facility to conform to the Restrictions. The expense incurred by the Association in connection with the entry upon any Lot and/or Dwelling, 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 6* hereof for Assessments. The Association will have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Restrictions. The Association is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce the Restrictions; provided, however, that the Board will never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, or its successors or assigns. The Association may not alter or demolish any Improvements on any Lot other than Common Area in enforcing these Restrictions before a judicial order authorizing such action has been obtained by the Association, or before the written consent of the Owner(s) of the affected Lot(s) has been obtained. **EACH SUCH OWNER AND RESIDENT WILL RELEASE AND HOLD HARMLESS THE ASSOCIATION, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 5.5.5 (INCLUDING ANY COST, EXPENSE, LIABILITY,**

CLAIM OR CAUSE OF ACTION ARISING OUT OF THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.

5.5.6 Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association.

5.5.7 Conveyances. To grant and convey to any person or entity the real property and/or other interest, including fee title, leasehold estates, easements, rights-of-way or mortgages, out of, in, on, over, or under any Common Area for the purpose of constructing, erecting, operating or maintaining the following:

- (i) Parks, parkways or other recreational facilities or structures;
- (ii) Access Gates, Private Roads, streets, sidewalks, signs, street lights, walks, driveways, trails and paths;
- (iii) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;
- (iv) Sewers, water systems, storm water drainage systems, sprinkler systems and pipelines; and/or
- (v) Any similar Improvements or facilities.

Nothing set forth above, however, will be construed to permit use or occupancy of any Improvement or other facility in a way that would violate applicable use and occupancy restrictions imposed by the Restrictions or by Applicable Law. In addition, until expiration or termination of the Development Period, any grant or conveyance under this *Section 5.5.7* must be approved in advance and in writing by the Declarant.

5.5.8 Manager. To retain and pay for the services of a person or firm (the "**Manager**"), which may include Declarant or any affiliate of Declarant, to manage and operate the Association, including its property, to the extent deemed advisable by the Board. Personnel may be employed directly by the Association or may be furnished by the Manager. Each contract entered into between the Association and the Manager will be terminable by the Association without cause upon sixty (60) days written notice to the Manager. To the extent permitted by Applicable Law, the Board may delegate any other duties, powers and functions to the Manager. In addition, the Board may

adopt transfer fees, resale certificate fees or any other fees associated with the provision of management services to the Association or its Members. **THE MEMBERS HEREBY RELEASE THE ASSOCIATION AND THE MEMBERS OF THE BOARD AND COMMITTEE MEMBERS FROM LIABILITY FOR ANY OMISSION OR IMPROPER EXERCISE BY THE MANAGER OF ANY SUCH DUTY, POWER OR FUNCTION SO DELEGATED.**

5.5.9 Property Services. To pay for water, sewer, garbage removal, street lights, landscaping, gardening and all other utilities, services, repair and maintenance for any portion of the Property, Common Area, private or public recreational facilities, easements, roads, roadways, rights-of-ways, signs, parks, parkways, median strips, sidewalks, paths, trails, ponds, and lakes.

5.5.10 Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments that the Association or the Board is required or permitted to secure or to pay for pursuant to Applicable Law or under the terms of the Restrictions or as determined by the Board.

5.5.11 Construction on Common Area. To construct new Improvements or additions to any property owned, leased, or licensed by the Association, subject to the approval of the Board and the Declarant until expiration or termination of the Development Period.

5.5.12 Contracts. To enter into Bulk Rate Contracts or other contracts or licenses with Declarant or any third party on such terms and provisions as the Board will determine, to operate and maintain any Common Area, or other property, or to provide any service, including but not limited to cable, utility, or telecommunication services, or perform any function on behalf of Declarant, the Board, the Association, or the Members. During the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Declarant.

5.5.13 Property Ownership. To acquire, own and dispose of all manner of real and personal property, including habitat, whether by grant, lease, easement, gift or otherwise. During the Development Period, all acquisitions and dispositions of the Association hereunder must be approved in advance and in writing by the Declarant.

5.5.14 Allocation of Votes. To determine votes when permitted pursuant to *Section 5.4* above.

5.5.15 Membership Privileges. To establish Rules governing and limiting the use of the Common Area and any Improvements thereon.

5.6. Conveyance of Common Area to the Association. The Association may acquire, hold, and dispose of any interest in tangible and intangible personal property and real property. Declarant, and its assignees, reserves the right, from time to time and at any time, to designate by written and Recorded instrument portions of the Property being held by the Declarant for the benefit of the Association. Upon the Recording of such designation, the portion of the Property identified therein will be considered Common Area for the purpose of this Declaration. Declarant and its assignees may also assign, transfer or convey to the Association interests in real or personal property within or for the benefit of the Property, for the Property and the general public, or otherwise, as determined in the sole and absolute discretion of the Declarant. All or any real or personal property assigned, transferred and/or conveyed by the Declarant to the Association shall be deemed accepted by the Association upon Recordation, and without further action by the Association, and shall be considered Common Area without regard to whether such real or personal property is designated by the Declarant as Common Area. If requested by the Declarant, the Association will execute a written instrument, in a form requested by the Declarant, evidencing acceptance of such real or personal property; provided, however, execution of a written consent by the Association shall in no event be a precondition to acceptance by the Association. The assignment, transfer, and/or conveyance of real or personal property to the Association may be by deed without warranty, may reserve easements in favor of the Declarant or a third party designated by Declarant over and across such property, and may include such other provisions, including restrictions on use, determined by the Declarant, in the Declarant's sole and absolute discretion. Property assigned, transferred, and/or conveyed to the Association may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests. Upon Declarant's written request, the Association will re-convey to Declarant any unimproved real property that Declarant originally conveyed to the Association for no payment.

5.7. Indemnification. To the fullest extent permitted by Applicable Law but without duplication (and subject to) any rights or benefits arising under the Certificate or Bylaws of the Association, the Association will indemnify any person who was, or is, a party, or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is, or was, a director, officer, committee member, employee, servant or agent of the Association against expenses, including attorneys' fees, reasonably incurred by him in connection with such action, suit or proceeding if it is found and determined by the Board or a court of competent jurisdiction that he or she: (i) acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association; or (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by settlement, or upon a plea of *nolo contendere* or its equivalent, will not of itself create a presumption that the person did not act in good faith or in a manner which was reasonably believed to be in, or not opposed to, the

best interests of the Association or, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

5.8. **Insurance.** The Board may purchase and cause to be maintained, at the expense of the Association, insurance on behalf of any person who is acting as a director, officer, committee member, employee, servant or agent of the Association against any liability asserted against or incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against such liability or otherwise.

5.9. **Bulk Rate Contracts.** Without limitation on the generality of the Association powers set out in *Section 5.5* hereinabove (except that during the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Declarant), the Association will have the power to enter into Bulk Rate Contracts at any time and from time to time. The Association may enter into Bulk Rate Contracts with any service providers chosen by the Board (including Declarant, and/or any entities in which Declarant, or the owners or partners of Declarant are owners or participants, directly or indirectly). The Bulk Rate Contracts may be entered into on such terms and provisions as the Board may determine in its sole and absolute discretion. The Association may, at its option and election, add the charges payable by such Owner under such Bulk Rate Contract to the Assessments against such Owner's Lot. In this regard, it is agreed and understood that, if any Owner fails to pay any charges due by such Owner under the terms of any Bulk Rate Contract, then the Association will be entitled to collect such charges by exercising the same rights and remedies it would be entitled to exercise under this Declaration with respect to the failure by such Owner to pay Assessments, including without limitation the right to foreclose the lien against such Owner's Lot which is reserved under the terms and provisions of this Declaration. In addition, in the event of nonpayment by any Owner of any charges due under any Bulk Rate Contract and after the lapse of at least twelve (12) days since such charges were due, the Association may, upon five (5) days' prior written notice to such Owner (which may run concurrently with such 12 day period), in addition to all other rights and remedies available pursuant to Applicable Law, terminate, in such manner as the Board deems appropriate, any utility service or other service provided at the cost of the Association and not paid for by such Owner (or the Resident of such Owner's Lot) directly to the applicable service or utility provider. Such notice will consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of termination, with the title "termination notice" or similar language prominently displayed on the notice. The notice will include the office or street address where the Owner (or the Resident of such Owner's Lot) can make arrangements for payment of the bill and for re-connection or re-institution of service. No utility or cable television service will be disconnected on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services.

5.10. **Declarant's Right to Contribute to Revenues of the Association.** Declarant shall have the right, but not the obligation, in its sole discretion and from time to time, to

contribute to the revenues of the Association. At the option of Declarant, such contribution may be reflected on the books and records of the Association as a loan, in which event it shall be repaid by the Association to Declarant, at the discretion of Declarant. If treated as a loan, the contribution shall accrue interest, compounded monthly, from the date it is made until the date of its repayment, at the short term Applicable Federal Rate ("AFR"), as published by the Internal Revenue Service, and adjusted each month to reflect the AFR for such month.

5.11. Protection of Declarant's Interests. Despite any assumption of control of the Board by Owners other than Declarant, until the expiration or termination of the Development Period, the Board is prohibited from taking any action which would discriminate against Declarant, or which would be detrimental to the sale of Lots owned by Declarant. Declarant shall be entitled to determine, in its sole and absolute discretion, whether any such action discriminates or is detrimental to Declarant. The Board will be required to continue the same level and quality of maintenance, operations and services as that provided immediately prior to assumption of control of the Board by Owners other than Declarant until the expiration or termination of the Development Period.

5.12. Administration of Common Area. The administration of the Common Area by the Association shall be in accordance with the provisions of Applicable Law and the Restrictions, and of any other agreements, documents, amendments or supplements to the foregoing which may be duly adopted or subsequently required by any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans (including, for example, the Federal Home Loan Mortgage Corporation) designated by Declarant or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Common Area or by any title insurance company selected by Declarant to insure title to any portion of the Common Area. Declarant and/or its assignees may construct and maintain upon portions of the Common Area such facilities and may conduct such activities which, in Declarant's sole opinion, may be required, convenient, or incidental to the construction or sale of Improvements on the Property, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and its assignees shall have an easement over and across the Common Area for access and shall have the right to use such facilities and to conduct such activities at no charge.

5.13. Notices and Disclaimers as to Security Systems. NEITHER THE DECLARANT, A HOMEBUILDER, THE MASTER ASSOCIATION NOR THE ASSOCIATION, OR THEIR SUCCESSORS OR ASSIGNS GUARANTEE OR WARRANT, EXPRESSLY OR IMPLIEDLY, THE MERCHANTABILITY OR FITNESS FOR USE OF ANY SUCH SECURITY SYSTEM OR SERVICES, OR THAT ANY SYSTEM OR SERVICES WILL PREVENT INTRUSIONS OR NOTIFY AUTHORITIES OF FIRES OR OTHER OCCURRENCES, OR THE CONSEQUENCES OF SUCH OCCURRENCES, REGARDLESS OF WHETHER OR NOT THE SYSTEM OR SERVICES ARE DESIGNED TO MONITOR SAME; AND EVERY OWNER OR RESIDENT OF PROPERTY RECEIVING SECURITY SERVICES ACKNOWLEDGES THAT NEITHER THE

DECLARANT, A HOMEBUILDER, THE MASTER ASSOCIATION NOR THE ASSOCIATION, OR ANY OR THEIR SUCCESSORS OR ASSIGNS ARE INSURERS OF THE OWNER OR RESIDENT'S PROPERTY OR OF THE PROPERTY OF OTHERS LOCATED ON THE LOT AND WILL NOT BE RESPONSIBLE OR LIABLE FOR LOSSES, INJURIES OR DEATHS RESULTING FROM SUCH OCCURRENCES. It is extremely difficult and impractical to determine the actual damages, if any, which may proximately result from a failure on the party of a security service provider to perform any of its obligations with respect to security services and, therefore, every Owner or Resident of property receiving security services agrees that neither the Declarant, a Homebuilder, the Master Association, nor the Association, or their successors or assigns assumes liability for loss or damage to property or for personal injury or death to persons due to any reason, including, without limitation, failure in transmission of an alarm, interruption of security service or failure to respond to an alarm because of: (i) any failure of the Owner's security system; (ii) any defective or damaged equipment, device, line or circuit; (iii) negligence, active or otherwise, of the security service provider or its officers, agents or employees; or (iv) fire, flood, riot, war, act of God or other similar causes which are beyond the control of the security service provider. Every Owner and Resident obtaining security services further agrees for himself, his grantees, tenants, guests, invitees, licensees and family members that if any loss or damage should result from a failure of performance or operation, or from defective performance or operation, or from improper installation, monitoring or servicing of the system, or from negligence, active or otherwise, of the security service provider or its officers, agents, or employees, the liability, if any, of the Declarant, a Homebuilder, the Master Association, the Association, or their successors or assigns for loss, damage, injury or death shall be limited to a sum not exceeding Two Hundred Fifty U.S. Dollars (\$250.00), which limitation apply irrespective of the cause or origin of the loss or damage and notwithstanding that the loss or damage results directly or indirectly from negligent performance, active or otherwise, or non-performance by an officer, agent or employee of Declarant, a Homebuilder, the Master Association, the Association, or their successors or assigns. Further, in no event will Declarant, a Homebuilder, the Master Association, the Association, or their successors or assigns be liable for consequential damages, wrongful death, personal injury or commercial loss.

5.14. Water Bodies. By acceptance of a deed to a Lot, each Owner acknowledges that the water levels of all water bodies may vary. There is no guarantee by Declarant or the Association that water levels will be constant or aesthetically pleasing at any particular time. In fact, water levels may be non-existent from time to time.

5.15. Right of Action by Association. The Association shall not have the power to institute, defend, intervene in, settle or compromise litigation or administrative proceedings: (i) in the name of or on behalf of any Lot Owner (whether one or more); or (ii) pertaining to a Claim, as defined in *Section 14.1.1* below, relating to the design or construction of the Common Area. This *Section 5.15* may not be amended or modified without Declarant's written and acknowledged consent and Members entitled to cast at least one hundred percent (100%) of the

total number of votes of the Association, which must be part of the Recorded amendment instrument.

5.16. Private Roads. The Private Roads are private, and the Association shall have the responsibility to maintain the Private Roads in a good and functioning condition and in compliance with Applicable Law. The Private Roads shall provide perpetual access across the Property for the Association, the Residents, and their invitees, police and other emergency vehicles, public and private utility maintenance and service personnel, solid waste collection services, the U.S. Postal Service, and government employees in pursuit of their official duties. Access to the Private Roads for the persons and entities referenced in the preceding sentence shall be reasonably provided by the Association. Any Private Roads located within the Property are Common Area and are administered and maintained by the Association. The Association, acting through the Board, has the express authority to adopt, amend, repeal, and enforce Rules for use of Private Roads, including but not limited to: (i) identification of vehicles used by Owners, Residents and their guests; (ii) designation of parking or no-parking areas; (iii) limitations or prohibitions on curbside parking; (iv) removal or prohibition of vehicles that violate applicable Rules; and (v) fines for violations of applicable Rules.

ARTICLE 6 ASSESSMENTS

6.1. Assessments.

6.1.1 Established by Board. Assessments established by the Board pursuant to the provisions of this *Article 6* will be levied against each Lot in amounts determined pursuant to *Section 6.7* below. The total amount of Assessments will be determined by the Board pursuant to *Sections 6.3, 6.4, 6.5 and/or 6.6.*

6.1.2 Personal Obligation; Lien. Each Assessment, together with such interest thereon and costs of collection as hereinafter provided, will be the personal obligation of the Owner of the Lot against which the Assessment is levied and will be secured by a lien hereby granted and conveyed by Declarant to the Association against each such Lot and all Improvements thereon. The Association may enforce payment of such Assessments in accordance with the provisions of this Article.

6.1.3 Declarant Subsidy. Declarant may, but is not obligated to, reduce Assessments which would otherwise be levied against Lots for any fiscal year by the payment of a subsidy to the Association. Any subsidy paid to the Association by Declarant may be treated as a contribution or a loan, in Declarant's sole and absolute discretion. The payment of a subsidy in any given year will not obligate Declarant to continue payment of a subsidy to the Association in future years.

6.2. **Maintenance Fund.** The Board will establish a maintenance fund into which will be deposited all monies paid to the Association. The funds of the Association may be used for any purpose authorized by the Restrictions and Applicable Law.

6.3. **Regular Annual Assessments.** Prior to the beginning of each fiscal year, the Board will prepare a budget for the purpose of determining amounts sufficient to pay the estimated net expenses of the Association (the "**Regular Assessments**") which sets forth: (i) an estimate of the expenses to be incurred by the Association during such year in performing its functions and exercising its powers under the Restrictions, including, but not limited to, the cost of all management, repair and maintenance, the cost of providing street and other lighting, the cost of administering and enforcing the Restrictions; and (ii) an estimate of the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, and giving due consideration to any expected income and any surplus from the prior year's fund. Assessments sufficient to pay such estimated net expenses will then be levied at the level of Assessments set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any Assessment, the Association may at any time, and from time to time, levy further Assessments in the same manner. All such Regular Assessments will be due and payable to the Association annually on or before the first day of the month, or in such other manner as the Board may designate in its sole and absolute discretion.

6.4. **Working Capital Assessment.** Each Owner (other than Declarant) of a Lot will pay a one-time working capital assessment (the "**Working Capital Assessment**") to the Association in such amount as may be determined by the Declarant, until expiration or termination of the Development Period, and the Board thereafter. Such Working Capital Assessment need not be uniform among all Lots, and the Declarant or the Board, as applicable, is expressly authorized to establish Working Capital Assessments of varying amounts depending on the size, use and general character of the Lots. The levy of any Working Capital Assessment will be effective only upon the Recordation of a written notice, signed by Declarant or a duly authorized officer of the Association, setting forth the amount of the Working Capital Assessment and the Lots to which it applies.

Notwithstanding the foregoing provision, the following transfers will not be subject to the Working Capital Assessment: (i) foreclosure of a deed of trust lien, tax lien, or the Association's assessment lien; (ii) transfer to, from, or by the Association; (iii) voluntary transfer by an Owner to one or more co-owners, or to the Owner's spouse, child, or parent. Additionally, an Owner who (a) is a Homebuilder; or (b) acquires a Lot for the purpose of resale to a Homebuilder (a "**Development Owner**") will not be subject to the Working Capital Assessment; however, the Working Capital Assessment will be payable by any Owner who acquires a Lot from a Homebuilder or Development Owner for residential living purposes or by any Owner who: (I) acquires a Lot and is not in the business of constructing single-family

residences for resale to a third party; or (II) who acquires the Lot for any purpose other than constructing a single-family residence thereon for resale to a third party. In the event of any dispute regarding the application of the Working Capital Assessment to a particular Owner, the Declarant during the Development Period, and thereafter the Board's, determination regarding the application of the exception will be binding and conclusive without regard to any contrary interpretation of this *Section 6.4*. The Working Capital Assessment will be in addition to, not in lieu of, any other Assessments levied in accordance with this *Article 6* and will not be considered an advance payment of such Assessments. The Working Capital Assessment hereunder will be due and payable by the transferee to the Association immediately upon each transfer of title to the Lot, including upon transfer of title from one Owner of such Lot to any subsequent purchaser or transferee thereof. The Declarant during the Development Period, and thereafter the Board, will have the power to waive the payment of any Working Capital Assessment attributable to a Lot (or all Lots) by the Recordation of a waiver notice, which waiver may be temporary or permanent.

6.5. Special Assessments. In addition to the Regular Assessments provided for above, the Board may levy special Assessments (the "**Special Assessments**") whenever in the Board's opinion such Special Assessments are necessary to enable the Board to carry out the functions of the Association under the Restrictions. The amount of any Special Assessments will be at the reasonable discretion of the Board. In addition to the Special Assessments authorized above, the Association may, in any fiscal year, 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.

6.6. Individual Assessments. In addition to any other Assessments, the Board may levy an individual assessment (the "**Individual Assessment**") against an Owner and the Owner's Lot. Individual Assessments may include, but are not limited to: interest, late charges, and collection costs on delinquent Assessments; reimbursement for costs incurred in bringing an Owner or the Owner's Lot into compliance with the Declaration; fines for violations of the Restrictions; transfer-related fees and resale certificate fees; fees for estoppel letters and project documents; insurance deductibles; reimbursement for damage or waste caused by willful or negligent acts of the Owner, the Owner's guests, invitees or Residents of the Owner's Lot; common expenses that benefit fewer than all of the Lots, which may be assessed according to benefit received; fees or charges levied against the Association on a per-Lot basis; and "pass through" expenses for services to Lots provided through the Association and which are equitably paid by each Lot according to the benefit received.

6.7. Amount of Assessment.

6.7.1 Assessments to be Levied. The Board shall levy Assessments against each "Assessment Unit" (as defined in *Section 6.7.2* below). Unless otherwise provided

in this Declaration, Assessments levied pursuant to *Section 6.3* and *Section 6.5* shall be levied uniformly against each Assessment Unit allocated to a Lot.

6.7.2 Assessment Unit. Each Lot shall constitute one "Assessment Unit" unless otherwise provided in *Section 6.7.3* and *6.7.4*.

6.7.3 Assessment Exemption. Notwithstanding anything in this Declaration to the contrary, no Assessments shall be levied upon Lots owned by Declarant.

6.7.4 Other Exemptions. Declarant may, in its sole discretion, elect to: (i) exempt any un-platted or unimproved portion of the Property or any Lot from any Assessments levied or charged pursuant to this *Article 6*; or (ii) delay the levy of Assessments against any un-platted, unimproved or improved portion of the Property. Declarant or the Board may also exempt any portion of the Property which is dedicated and accepted by public authority from Assessments.

6.8. Late Charges. If any Assessment is not paid by the due date applicable thereto, the Owner responsible for the payment may be required by the Board, at the Board's election at any time and from time to time, to pay a late charge in such amount as the Board may designate, and the late charge (and any reasonable handling costs) will be levied as an Individual Assessment against the Lot owned by such Owner, collectible in the manner as provided for collection of Assessments, including foreclosure of the lien against such Lot; provided, however, such charge will never exceed the maximum charge permitted under Applicable Law.

6.9. Owner's Personal Obligation; Interest. Assessments levied as provided for herein will be the personal and individual debt of the Owner of the Lot against which are levied such Assessments. No Owner may exempt himself from liability for such Assessments. In the event of default in the payment of any such Assessment, the Owner of the Lot will be obligated to pay interest on the amount of the Assessment at the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date therefor (or if there is no such highest rate, then at the rate of one and one half percent (1 1/2%) per month), together with all costs and expenses of collection, including reasonable attorney's fees. Such amounts will be levied as an Individual Assessment against the Lot owned by such Owner.

6.10. Assessment Lien and Foreclosure. The payment of all sums assessed in the manner provided in this Article is, together with late charges as provided in *Section 6.8* and interest as provided in *Section 6.9* hereof and all costs of collection, including attorney's fees as herein provided, secured by the continuing Assessment lien granted to the Association pursuant to *Section 6.1.2* above, and will bind each Lot in the hands of the Owner thereof, and such Owner's heirs, personal representatives, successors or assigns. The aforesaid lien will be superior to all other liens and charges against such Lot, except only for: (i) tax and governmental assessment liens; (ii) liens for assessments under the Master Declaration; (iii) all

sums secured by a first mortgage lien or first deed of trust lien of record, to the extent such lien secures sums borrowed for the acquisition or improvement of the Lot in question and (iv) home equity loans or home equity lines of credit which are secured by a second mortgage lien or second deed of trust lien of record; provided that, in the case of subparagraphs (iii) and (iv) above, such Mortgage was Recorded before the delinquent Assessment was due. The Association will have the power to subordinate the aforesaid Assessment lien to any other lien. Such power will be entirely discretionary with the Board, and such subordination may be signed by an officer, agent, or attorney of the Association. The Association may, at its option and without prejudice to the priority or enforceability of the Assessment lien granted hereunder, prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice may be signed by one of the officers, agents, or attorneys of the Association and will be Recorded. Each Owner, by accepting a deed or ownership interest to a Lot subject to this Declaration, will be deemed conclusively to have granted a power of sale to the Association to secure and enforce the Assessment lien granted hereunder. The Assessment liens and rights to foreclosure thereof will be in addition to and not in substitution of any other rights and remedies the Association may have by law and under this Declaration, including the rights of the Association to institute suit against such Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien. In any foreclosure proceeding, such Owner will be required to pay the costs, expenses and reasonable attorney's fees incurred. The Association will have the power to bid (in cash or by credit against the amount secured by the lien) on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any Mortgagee, the Association will report to said Mortgagee any unpaid Assessments remaining unpaid for longer than sixty (60) days after the same are due. The lien hereunder will not be affected by the sale or transfer of any Lot; except, however, that in the event of foreclosure of any lien superior to the Assessment lien, the lien for any Assessments that were due and payable before the foreclosure sale will be extinguished, provided that past-due Assessments will be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the indebtedness secured by the Mortgage. The provisions of the preceding sentence will not, however, relieve any subsequent Owner (including any Mortgagee or other purchaser at a foreclosure sale) from paying Assessments becoming due and payable after the foreclosure sale. Upon payment of all sums secured by a lien of the type described in this *Section 6.10*, the Association will upon the request of the Owner, and at such Owner's cost, execute a release of lien relating to any lien for which written notice has been Recorded as provided above, except in circumstances in which the Association has already foreclosed such lien. Such release will be signed by an officer, agent, or attorney of the Association. In addition to the lien hereby retained, in the event of nonpayment by any Owner of any Assessment and after the lapse of at least twelve (12) days since such payment was due, the Association may, upon five (5) days' prior written notice (which may run concurrently with such twelve (12) day period) to such Owner, in addition to all other rights and remedies available pursuant to Applicable Law, terminate, in such manner as the Board deems appropriate, any utility or cable

service provided through the Association and not paid for directly by an Owner or Resident to the utility or service provider. Such notice will consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of disconnection, with the title "termination notice" or similar language prominently displayed on the notice. The notice will include the office or street address where the Owner or the Resident of the Owner's Lot can make arrangements for payment of the bill and for reconnection of service. Utility or cable service will not be disconnected on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services. Except as otherwise provided by Applicable Law, the sale or transfer of a Lot will not relieve the Owner of such Lot or such Owner's transferee from liability for any Assessments thereafter becoming due or from the lien associated therewith. If an Owner conveys its Lot and on the date of such conveyance Assessments against the Lot remain unpaid, or said Owner owes other sums or fees under this Declaration to the Association, the Owner will pay such amounts to the Association out of the sales price of the Lot, and such sums will be paid in preference to any other charges against the Lot other than liens superior to the Assessment lien and charges in favor of the State of Texas or a political subdivision thereof for taxes on the Lot which are due and unpaid. The Owner conveying such Lot will remain personally liable for all such sums until the same are fully paid, regardless of whether the transferee of the Lot also assumes the obligation to pay such amounts. The Board may adopt an administrative transfer fee to cover the expenses associated with updating the Association's records upon the transfer of a Lot to a third party; provided, however, that no transfer fee will be due upon the transfer of a Lot from Declarant to a third party.

Yes, the Association *can* foreclose on your Lot!

If you fail to pay assessments to the Association, you may lose title to your Lot if the Association forecloses its assessment lien.

6.11. Exempt Property. The following areas will be exempt from the Assessments provided for in this Article:

- (i) All area dedicated and accepted by a public authority;
- (ii) The Common Area; and
- (iii) Any portion of the Property owned by Declarant.

6.12. Fines and Damages Assessment.

6.12.1 Board Assessment. The Board may assess fines against an Owner for violations of the Restrictions which have been committed by an Owner, a Resident, or the Owner or Residents guests, agents or invitees pursuant to any *Fine and Enforcement Policy* adopted by the Board. Any fine and/or charge for damage levied in accordance with this *Section 6.12* will be considered an Individual Assessment pursuant to this

Declaration. Each day of violation may be considered a separate violation if the violation continues after written notice to the Owner. The Board may assess damage charges against an Owner for pecuniary loss to the Association from property damage or destruction of Common Area or any facilities caused by the Owner, Resident, or their guests, agents, or invitees. The Manager will have authority to send notices to alleged violators, informing them of their violations and asking them to comply with the Rules and/or informing them of potential or probable fines or damage assessments. The Board may from time to time adopt a schedule of fines.

6.12.2 Lien Created. The payment of each fine and/or damage charge levied by the Board against the Owner of a Lot is, together with interest as provided in *Section 6.9* hereof and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Association pursuant to *Section 6.1.2* of this Declaration. The fine and/or damage charge will be considered an Assessment for the purpose of this Article, and will be enforced in accordance with the terms and provisions governing the enforcement of assessments pursuant to this *Article 6*.

6.13. Collection of Master Association Assessments Levied Pursuant to Master Declaration. Unless the Master Association elects otherwise, the Association will collect from each Owner the allocated share attributable to such Owner's Lot of Master Association Assessments. The Master Association Assessments shall be paid by each Owner of a Lot together with the Regular Assessment levied hereunder by the Association. If, for any reason, the Association fails to collect the Master Association Assessments in conjunction with Regular Assessments, then the Association shall collect the Master Association Assessments from each Owner, and remit the Master Association Assessments to the Master Association in such manner as the Master Association may deem proper; provided, however, that, in any event, each Master Association Assessment will be remitted to the Master Association prior to the time when payment thereof is required by the terms and provisions of the Master Declaration.

ARTICLE 7 MAINTENANCE AND REPAIR OBLIGATIONS

7.1. **Overview**. Generally, the Association maintains the Common Area, and the Owner maintains his Lot and the Dwelling located thereon. If any Owner fails to maintain his Lot and Dwelling located thereon, the Association may perform the work at the Owner's expense. This Declaration assigns portions of the Dwellings and Lots to the "**Area of Common Responsibility**", as defined and described below. The Area of Common Responsibility is maintained by the Association and not the Owner. On the date of this Declaration, the initial designation of components of Dwellings, and Lots included within the Area of Common Responsibility is attached hereto as Exhibit "A".

7.2. **Association Maintains**. The Association's maintenance obligations will be discharged when and how the Board deems appropriate. Unless otherwise provided in this

Declaration, the Association maintains, repairs and replaces, as a common expense, the portions of the Property or the Common Area listed below, regardless of whether the portions are on an Owner's Lot:

- (i) the Common Area, including, without limitation, the Access Gates and the Private Roads;
- (ii) the Area of Common Responsibility;
- (iii) any real and personal property owned by the Association not otherwise designated as a Common Area;
- (iv) any property adjacent to the Property or the Common Area if maintenance of same is deemed to be in the best interests of the Association, and if not prohibited by the owner or operator of said property; and
- (v) any area, item, easement or service the maintenance of which is assigned to the Association by this Declaration or in accordance with any recorded plat of the Property.

The Association may be relieved of all or any portion of its maintenance responsibilities herein to the extent that: (i) such maintenance responsibility is assigned to an Owner under this Declaration; (ii) such maintenance responsibility is otherwise assumed by or assigned to an Owner; or (iii) such property is dedicated to any local, state or federal government or quasi-governmental entity; provided, however, that in connection with such assumption, assignment or dedication, the Association may reserve or assume the right or obligation to continue to perform all or any portion of its maintenance responsibilities, if the Board determines that such maintenance is necessary or desirable.

Subject to the maintenance responsibilities herein provided, any maintenance or repair performed on or to the Common Area by an Owner or Resident that is the responsibility of the Association hereunder shall be performed at the sole expense of such Owner or Resident and the Owner and Resident shall not be entitled to reimbursement from the Association even if the Association accepts the maintenance or repair.

The Association shall not be liable for injury or damage to person or property caused by the elements or by the Owner or Resident of any Lot or any other person or resulting from any utility, rain, snow or ice which may leak or flow from any portion of the Common Area or from any pipe, drain, conduit, appliance or equipment which the Association is responsible to maintain hereunder, except for injuries or damages arising after the Owner or Resident of a Lot has put the Association on written notice of a specific leak or flow from any portion of the Common Area and the Association has failed to exercise due care to correct the leak or flow within a reasonable time thereafter. The Association shall not be liable to any Owner or

Resident of any Lot for loss or damage, by theft or otherwise, of any property, which may be stored in or upon any of the Common Area or any Lot. The Association shall not be liable to any Owner or Resident, for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities under this Section where such damage or injury is not a foreseeable, natural result of the Association's failure to discharge its responsibilities. No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration or for inconvenience or discomfort arising from the making of repairs or Improvements which are the responsibility of the Association or from any action taken by the Association to comply with any law ordinance or with any order or directive of any municipal or other governmental authority.

7.3. Area of Common Responsibility. The Association, acting through its members only, has the right but not the duty to designate, from time to time, portions of a Dwelling, and Lot as an Area of Common Responsibility to be treated, maintained, repaired, and/or replaced by the Association as a common expense. A designation applies to every Lot having the identified feature. The cost of maintaining the Area of Common Responsibility is added to the annual budget and assessed uniformly against all Lots as a Regular Assessment, unless, after expiration of the Development Period, the Owners of at least a Majority of the Lots decide to assess the costs as Individual Assessments.

7.3.1 Easement. The Association is hereby granted an easement over and across each Lot and Dwelling to the extent reasonably necessary or convenient for the Association or its designee to maintain, repair and/or replace the Area of Common Responsibility. Unless otherwise agreed to by the Owner of the Lot to be accessed, access to the Area of Common Responsibility is limited to Monday through Friday, between the hours of 7 a.m. until 6 p.m., and then only in conjunction with actual maintenance activities. If the Association damages any Improvements located within a Lot or Dwelling in exercising the easement granted hereunder, the Association will be required to restore such Improvements to the condition which existed prior to any such damage, at the Association's expense, within a reasonable period of time not to exceed thirty (30) days after the date the Association is notified in writing of the damage by the Owner of the damaged Improvements.

7.3.2 Change in Designation. The Association may, from time to time, include additional components of Lots and Dwellings within the Area of Common Responsibility; however, unless otherwise approved by the Declarant during the Development Period, in no event may the Association at any time remove from the Area of Common Responsibility components of Lots or Dwellings previously designated as an Area of Common Responsibility under this Declaration. During the Development Period, any addition to the Area of Common Responsibility must also be approved by

the Declarant. After expiration or termination of the Development Period, any addition must be approved by the Owners of two-thirds of the votes in the Association. During the Development Period, the Area of Common Responsibility may be modified or amended by the Declarant, acting alone. Any modification or amendment to the Area of Common Responsibility must be recorded in the Official Public Records of Llano County, Texas.

7.4. Inspection Obligations.

7.4.1 Contract for Services. In addition to the Association's general maintenance obligations set forth in this Declaration, the Association shall, at all times, contract with (subject to the limitations otherwise set forth in this Declaration) or otherwise retain the services of independent, qualified, licensed individuals or entities to provide the Association with inspection services for the Area of Common Responsibility.

7.4.2 Schedule of Inspections. Such inspections shall take place at least once every three (3) years. The inspectors shall provide written reports of their inspections to the Association promptly following completion thereof. The written reports shall identify any items of maintenance or repair that either require current action by the Association or will need further review and analysis. The Board shall report the contents of such written reports to the Members of the Association at the next meeting of the Members following receipt of such written reports or as soon thereafter as reasonably practicable and shall include such written reports in the minutes of the Association. Subject to the provisions of the Declaration below, the Board shall promptly cause all matters identified as requiring attention to be maintained, repaired, or otherwise pursued in accordance with prudent business practices and the recommendations of the inspectors.

7.4.3 Notice to Declarant. During the Development Period, the Association shall, if requested by Declarant, deliver to Declarant ten (10) days advance written notice of all such inspections (and an opportunity to be present during such inspection, personally or through an agent) and shall provide Declarant (or its designee) with a copy of all written reports prepared by the inspectors.

7.5. Owner Responsibility. This Declaration contemplates that the Association will maintain some significant components of the Dwellings and Lots. Every Owner is responsible for the maintenance, repair and replacement of all Improvements located on such Owner's Lot, unless such Improvements are maintained by the Association as an Area of Common Responsibility. Every Owner has the following responsibilities and obligations for the maintenance, repair and replacement of their Lot:

(i) to maintain, repair, and replace the Dwelling located on the Owner's Lot and any Improvements which exclusively serve such Owner's Lot, except for the Area of Common Responsibility;

(ii) to maintain all yard and lawn area of an Owner's Lot, including (a) prompt removal of all litter, trash, refuse, and wastes; (b) lawn mowing; (c) tree and shrub pruning; (d) watering; (e) keeping exterior lighting and mechanical facilities in working order; (f) keeping lawn and garden areas alive, free of weeds, and attractive; and (g) keeping planting beds free of turf grass;

(iii) to be responsible for his own willful or negligent acts and those of his or the Resident's family, guests, agents, employees, or contractors when those acts necessitate maintenance, repair, or replacement of Common Area or the property of another Owner, or any component of the Property for which the Association has maintenance and/or insurance responsibility;

(iv) to perform his or her responsibilities in such a manner so as not to unreasonably disturb other Owners and Residents;

(v) to promptly report to the Association or its agent any defect or need for repairs for which the Association is responsible;

(vi) to pay for the cost of repairing, replacing or cleaning up any item that is the responsibility of the Owner but which responsibility such Owner fails or refuses to discharge (which the Association shall have the right, but not the obligation, to do), or to pay for the cost of repairing, replacing, or cleaning up any item which, although the responsibility of the Association, is necessitated by reason of the willful or negligent act of the Owner, his or her family, tenants or guests, with the cost thereof to be added to and to become part of the Owner's next chargeable Assessment.

SEE EXHIBIT "A"
IF IT'S NOT AN AREA OF COMMON RESPONSIBILITY, THEN IT'S THE OWNER'S INDIVIDUAL RESPONSIBILITY.

7.6. Disputes. If a dispute arises regarding the allocation of maintenance responsibilities by this Declaration, the dispute will be resolved by the Board, who shall delegate such maintenance responsibility to either the Association or the individual Owner(s), as determined by the Board in its sole and absolute discretion.

ARTICLE 8 INSURANCE

8.1. **Association's Responsibility for Insurance.** The Association will insure the Common Area and property owned by the Association including, if any, records, furniture, fixtures, equipment, and supplies. The Association will maintain a commercial general liability insurance policy covering the Common Area - expressly excluding the liability of each Owner and Resident within his Dwelling – for bodily injury and property damage. The Association may be guided by types of policies customarily available for similar types of properties. The Association may maintain blanket fidelity coverage for any person who handles or is responsible for funds held or administered by the Association, whether or not the person is paid for his services. The Association may maintain directors and officer's liability insurance, errors and omissions insurance, indemnity bonds, or other insurance the Board deems advisable to insure the Association's directors, officers, committee members, and managers against liability for an act or omission in carrying out their duties in those capacities. The Association may maintain any insurance policies and bonds deemed by the Board to be necessary or desirable for the benefit of the Association.

8.2. **Owner's Responsibility for Insurance.**

8.2.1 **Liability Insurance by Owners.** Each Owner will obtain and maintain general liability insurance, A-rated or higher, on such Owner's Lot and all Improvements located thereon. Each Owner will provide the Association with proof or a certificate of insurance on request by the Association from time to time. If an Owner fails to maintain required insurance, or to provide the Association with proof of same, the Board may obtain insurance on behalf of the Owner who will be obligated for the cost as an Individual Assessment. The Board may establish additional minimum insurance requirements, including types and minimum amounts of coverage, to be individually obtained and maintained by Owners if the insurance is deemed necessary or desirable by the Board to reduce potential risks to the Association or other Owners. If an Owner fails to maintain required insurance, the Board may obtain it on behalf of the Owner who will be obligated for the cost as an Individual Assessment.

8.2.2 **Property Insurance - Owner.** Each Owner will be obligated to maintain property insurance on the Lot and/or Dwelling located on such Owner's Lot and any Improvement on such Owner's Lot and/or Dwelling, in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or reconstruction in event of damage or destruction from any insured hazard. Each Owner will provide the Association with proof or a certificate of insurance as requested, from time to time, by the Board. Notwithstanding the foregoing, the Board may establish minimum insurance requirements, including types and minimum amounts of coverage, to be individually obtained and maintained by Owners if the insurance is deemed necessary or desirable

by the Board to reduce potential risks to the Association or other Owners. If an Owner fails to maintain required insurance, the Board may obtain it on behalf of the Owner who will be obligated for the cost as an Individual Assessment. Within sixty (60) days after the date of damage, the Owner will begin repair or reconstruction of any portion of his Lot and/or Dwelling, subject to the right of the Association to supervise, approve or disapprove, repair or restoration during the course thereof. If an Owner fails to repair or restore damage as required by this section, the Association may affect the necessary repairs and levy an Individual Assessment against the Owner and Lot for the cost thereof, after giving an Owner reasonable notice of the Association's intent to do so.

8.3. Owner's Liability For Insurance Deductible. If repair or restoration of Common Area or any Improvement thereon is required as a result of an insured loss, the Board may levy an Individual Assessment, in the amount of the insurance deductible, against the Owner or Owners who would be responsible for the cost of the repair or reconstruction in the absence of insurance.

8.4. Association Does Not Insure. The Association does not insure an Owner or Resident's personal property. Each Owner and Resident is solely responsible for insuring his or her personal property in his or her Dwelling and on the Property, including furnishings, vehicles, and stored items. **THE ASSOCIATION STRONGLY RECOMMENDS THAT EACH OWNER AND RESIDENT PURCHASE AND MAINTAIN INSURANCE ON HIS OR HER PERSONAL BELONGINGS.**

ARTICLE 9 ACC

9.1. Purpose. This Declaration creates rights to regulate the design, use, and appearance of all Improvements. Declarant has a substantial interest in ensuring that Improvements within the Property maintain and enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market and sell all or any portion of the Property. Until Declarant has delegated its right to appoint and remove all members of the ACC to the Board as provided below, the ACC will be acting solely in Declarant's interest and will owe no duty to any other Owner or the Association. Notwithstanding any provision in this Declaration to the contrary, Declarant may appoint a single person to exercise the rights of the ACC.

9.1.1 Composition. The ACC will be composed of not more than three (3) persons (who need not be Members or Owners) appointed as provided below, who will review Improvements proposed to be made by any Owner other than Declarant. Declarant will have the right to appoint and remove (with or without cause) all members of the ACC. Declarant may assign its right to appoint all members of the ACC to the Association by Recorded written instrument, and thereafter, the Board will have

the right to appoint and remove (with or without cause) all members of the ACC. Any assignment by Declarant of the right to appoint and remove all members of the ACC may be withdrawn until expiration of twenty-four (24) months after the expiration of the Development Period. If Declarant withdraws its assignment of the right to appoint and remove all members of the ACC, then on the date of such withdrawal, Declarant will have the right to appoint and remove (with or without cause) all members of the ACC. Declarant's right to appoint all members of the ACC will automatically be assigned to the Association upon the expiration of twenty-four (24) months after the expiration of the Development Period. Declarant, at its option, may create and assign specific duties and responsibilities to one or more sub-committees consisting of members and/or nonmembers of the ACC. In the event responsibilities and duties are assigned to a sub committee, those responsibilities and duties will no longer be discharged by the ACC unless the sub-committee exercising such duties and responsibilities is dissolved by Declarant. The right to create, dissolve, and appoint members of such sub-committees will reside exclusively with Declarant until such time as Declarant has assigned its right to appoint members of the ACC to the Association. The ACC will have the right to employ consultants and advisors as it deems necessary or appropriate.

9.2. Prohibition of Construction, Alteration and Improvement. No Improvement, or any addition, alteration, installation, modification, redecoration, or reconstruction thereof may occur unless approved in advance by the ACC. The ACC has the right but not the duty to evaluate every aspect of construction, landscaping, and property use that may adversely affect the general value or appearance of the Property. Notwithstanding the foregoing, each Owner will have the right to modify, alter, repair, decorate, redecorate, or improve the interior of their Dwelling, provided that such action is not visible from any other portion of the Property.

9.3. Architectural Approval.

9.3.1 Submission and Approval of Plans and Specifications. Construction plans and specifications will be submitted in accordance with procedural rules established from time to time by the ACC together with any review fee which is imposed by the ACC. No Improvement will be placed or allowed on any Lot until the plans and specifications have been approved in writing by the ACC. The ACC may, in reviewing such plans and specifications consider any information that it deems proper including, but not limited to, the harmony of external design and location in relation to surrounding structures. The ACC may postpone its review of any plans and specifications submitted for approval pending receipt of any information or material which the ACC, in its sole discretion, may require. The ACC may refuse to approve plans and specifications for proposed Improvements on any grounds that, in the sole and absolute discretion of the ACC, are deemed sufficient, including, but not limited to, purely aesthetic grounds.

Notwithstanding any provision to the contrary in this Declaration, the ACC may issue an approval to Homebuilders for the construction of Improvements based on the review and approval of plan types and adopt a procedure which differs from the procedures for review and approval of Improvements set forth in this Declaration.

9.3.2 Failure to Act. In the event that any plans and specifications are submitted to the ACC as provided herein, and the ACC fails to either approve or reject such plans and specifications for a period of sixty (60) days following such submission, the plans and specifications will be deemed disapproved.

9.3.3 Variances. Either the (i) Declarant during the Development Period or (ii) the ACC, may grant variances from compliance with any of the provisions of the Design Guidelines, if any, or this Declaration, when, in the opinion of the Declarant during the Development Period, or the ACC, in their sole and absolute discretion, such variance is justified. All variances must be evidenced in writing and must be signed. Each variance must also be Recorded; provided however, that failure to record a variance will not affect the validity thereof or give rise to any claim or cause of action against the ACC, including the Declarant or its designee, the Association, or the Board. If a variance is granted, no violation of the covenants, conditions, or restrictions contained in this Declaration or the Design Guidelines, if any, will be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance will not operate to waive or amend any of the terms and provisions of this Declaration or the Design Guidelines, if any, for any purpose except as to the particular property and in the particular instance covered by the variance, and such variance will not be considered to establish a precedent for any future waiver, modification, or amendment of the terms and provisions of this Declaration or the Design Guidelines, if any.

9.3.4 Design Guidelines. Declarant may adopt the initial Design Guidelines and, during the Development Period, will have the power from time to time, to adopt (unless previously adopted by Declarant), amend, modify, or supplement the Design Guidelines, if any. Upon expiration or termination of the Development Period, the ACC, will have the power, from time to time, to amend, modify, or supplement the Design Guidelines, if any; provided, however, that any amendment to the Design Guidelines during the Development Period must be approved in advance and in writing by the Declarant. In the event of any conflict between the terms and provisions of the Design Guidelines, if any, and the terms and provisions of this Declaration, the terms and provisions of this Declaration will control. In addition, the ACC will have the power and authority to impose a fee for the review of plans, specifications and other documents and information submitted to it pursuant to the terms of this Declaration. Such charges will be held by the ACC and used to defray the administrative expenses incurred by the ACC in performing its duties hereunder; provided, however, that any excess funds held by the ACC will be distributed to the Association at the end of each

calendar year. The ACC will not be required to review any plans until a complete submittal package, as required by this Declaration and the Design Guidelines, is assembled and submitted to the ACC. The ACC will have the authority to adopt such additional procedural and substantive rules and guidelines (including, without limitation, the imposition of any requirements for certificates of compliance or completion relating to any Improvement and the right to approve in advance any contractor selected for the construction of Improvements), not in conflict with this Declaration, as it may deem necessary or appropriate in connection with the performance of its duties hereunder.

9.3.5 Duration of Approval. The approval of the ACC of any final plans and specifications, and any variances granted by the ACC will be valid for a period of one hundred and twenty (120) days only. If construction in accordance with such plans and specifications or variance is not commenced within such one hundred and twenty (120) day period and diligently prosecuted to completion thereafter, the Owner will be required to resubmit such final plans and specifications or request for a variance to the ACC, and the ACC will have the authority to re-evaluate such plans and specifications in accordance with this *Section 9.3.5* and may, in addition, consider any change in circumstances which may have occurred since the time of the original approval.

9.3.6 No Waiver of Future Approvals. The approval of the ACC to any plans or specifications for any work done or proposed in connection with any matter requiring the approval or consent of the ACC will not be deemed to constitute a waiver of any right to withhold approval or consent as to any plans and specifications on any other matter, subsequently or additionally submitted for approval by the same or a different person, nor will such approval or consent be deemed to establish a precedent for future approvals by the ACC.

9.3.7 Non-Liability of ACC. THE ACC WILL NOT BE LIABLE TO ANY OWNER OR TO ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR INJURY ARISING OUT OF THE PERFORMANCE OF THE ACC'S DUTIES UNDER THIS DECLARATION, UNLESS SUCH LOSS, DAMAGE, OR INJURY IS DUE TO THE WILLFUL MISCONDUCT OR BAD FAITH OF THE ACC OR ONE OR MORE INDIVIDUALS ACTING ON ITS BEHALF, AS THE CASE MAY BE.

9.4. Approval under the Master Declaration. The provisions for architectural control contained in this Declaration shall be in addition to, and not in lieu of, the architectural control provisions contained in the Master Declaration. Whenever approval of the ACC is required pursuant to this Declaration, the granting of such approval shall not dispense with the need also to comply with the approval procedures set forth in the Master Declaration. All proposed construction, modifications, alterations, and Improvements shall be approved

pursuant to this Declaration before being submitted for approval pursuant to the Master Declaration and the Design Review Committee.

ARTICLE 10 MORTGAGE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots within the Property.

10.1. Notice of Action. An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates (thereby becoming an "**Eligible Mortgage Holder**"), will be entitled to timely written notice of:

(i) Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is an eligible Mortgage held, insured, or guaranteed by such Eligible Mortgage Holder; or

(ii) Any delinquency in the payment of Assessments or charges owed for a Lot subject to the Mortgage of such Eligible Mortgage Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Restrictions relating to such Lot or the Owner or Resident which is not cured within sixty (60) days; or

(iii) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

10.2. Examination of Books. The Association will permit Mortgagees to examine the books and records of the Association during normal business hours.

10.3. Taxes, Assessments and Charges. All taxes, Assessments and charges that may become liens prior to first lien mortgages under Applicable Law will relate only to the individual Lots and not to any other portion of the Property.

ARTICLE 11 GENERAL PROVISIONS

11.1. Term. The terms, covenants, conditions, restrictions, easements, charges, and liens set out in this Declaration will run with and bind the Property, and will inure to the benefit of and be enforceable by the Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Declaration is Recorded, and continuing through and including January 1, 2095, after which

time this Declaration will be automatically extended for successive periods of ten (10) years unless a change (the word "change" meaning a termination, or change of term or renewal term) is approved in a resolution adopted by Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Association, voting in person or by proxy at a meeting duly called for such purpose, written notice of which will be given to all Members at least thirty (30) days in advance and will set forth the purpose of such meeting; provided, however, that such change will be effective only upon the Recording of a certified copy of such resolution. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. Notwithstanding any provision in this *Section 11.1* to the contrary, if any provision of this Declaration would be unlawful, void, or voidable by reason of Applicable Law restricting the period of time that covenants on land may be enforced, such provision will expire twenty-one (21) years after the death of the last survivor of the now living, as of the date that this document is first Recorded, descendants of King Charles III, King of England.

11.2. Eminent Domain. In the event it becomes necessary for any public authority to acquire all or any part of the Common Area for any public purpose during the period this Declaration is in effect, the Board is hereby authorized to negotiate with such public authority for such acquisition and to execute instruments necessary for that purpose. Should acquisitions by eminent domain become necessary, only the Board need be made a party, and in any event the proceeds received will be held by the Association for the benefit of the Owners. In the event any proceeds attributable to acquisition of Common Area are paid to Owners, such payments will be allocated on the basis of Assessment Units and paid jointly to the Owners and the holders of Mortgages or deeds of trust on the respective Lot.

11.3. Amendment. This Declaration may be amended or terminated by the Recording, of an instrument executed and acknowledged by: (i) Declarant acting alone and unilaterally; or (ii) by the president and secretary of the Association setting forth the amendment and certifying that such amendment has been approved by Declarant until expiration or termination of the Development Period and Members entitled to cast at least sixty-seven percent (67%) of the total number of votes entitled to be cast by members of the Association. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. No amendment will be effective without the written consent of Declarant, its successors or assigns during the Development Period. Specifically, and not by way of limitation, Declarant may unilaterally amend this Declaration: (a) to bring any provision into compliance with Applicable Law; (b) to enable any reputable title insurance company to issue title insurance coverage on any Lot; (c) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on Lots; or (d) to comply with any requirements promulgated by a local, state or governmental agency, including, for example, the Department of Housing and Urban Development.

11.4. Roadway and Utility Easements. Declarant reserves the right to create, locate, relocate, construct, erect, and maintain or cause to be located, relocated, constructed, erected, and maintained in and on any streets maintained by the Association, or areas conveyed to the Association, or areas reserved or held as Common Area, roadways, sewer lines, water lines, electrical lines and conduits, and other pipelines, conduits, wires, and any public utility function beneath or above the surface of the ground with the right of access to the same at any time for the purposes of repair and maintenance.

11.5. Enforcement. The Association and the Declarant will have the right to enforce, by a proceeding at law or in equity, the Restrictions. The Association and/or the Declarant may initiate, defend or intervene in any action brought to enforce any provision of the Restrictions. Such right of enforcement will include both damages for and injunctive relief against the breach of any provision hereof. Every act or omission whereby any provision of the Restrictions is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated by the Declarant or the Association. Any violation of any Applicable Law pertaining to the ownership, occupancy, or use of any portion of the Property is hereby declared to be a violation of this Declaration and subject to all of the enforcement procedures set forth herein. Failure to enforce any right, provision, covenant, or condition set forth in the Restrictions will not constitute a waiver of the right to enforce such right, provision, covenants or condition in the future. Failure of the Declarant or the Association to enforce the terms and provisions of the Restrictions shall in no event give rise to any claim or liability against the Declarant, the Association, or any of their partners, directors, officers, or agents.

11.6. Higher Authority. The terms and provisions of this Declaration are subordinate to Applicable Law. Generally, the terms and provisions of this Declaration are enforceable to the extent they do not violate or conflict with Applicable Law.

11.7. Severability. If any provision of this Declaration is held to be invalid by any court of competent jurisdiction, such invalidity will not affect the validity of any other provision of this Declaration, or, to the extent permitted by Applicable Law, the validity of such provision as applied to any other person or entity.

11.8. Conflicts. If there is any conflict between the provisions of this Declaration, the Certificate, the Bylaws, the Rules, the Master Declaration, the provisions of this Master Declaration, this Declaration, the Certificate, the Bylaws, and the Rules, in such order, will govern.

11.9. Gender. Whenever the context so requires, all words herein in the male gender will be deemed to include the female or neuter gender, all singular words will include the plural, and all plural words will include the singular.

11.10. Notices. Any notice permitted or required to be given to any person by this Declaration will be in writing and may be delivered either personally or by mail. If delivery is

made by mail, it will be deemed to have been delivered on the third (3rd) day (other than a Sunday or legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the person at the address given by such person to the Association for the purpose of service of notices. Such address may be changed from time to time by notice in writing given by such person to the Association.

**ARTICLE 12
DEVELOPMENT EASEMENTS**

12.1. Subdivision Entry and Fencing Easement. Declarant reserves for itself and the Association, an easement over and across the Property and any Common Area for the installation, maintenance, repair or replacement of subdivision entry facilities and fencing, including perimeter fencing, which serves the Property, the Common Area or any other property owned by the Declarant. Declarant will have the right, from time to time, to Record a written notice which identifies the subdivision entry facilities to which the easement reserved hereunder applies. Declarant may designate all or any portion of the subdivision entry facilities and/or fencing as Common Area by written notice recorded in the Official Public Records of Llano County, Texas. The exercise of the easements reserved hereunder will not extend to permitting entry into any residence, nor will it unreasonably interfere with the use of any Lot or Dwelling.

12.2. Landscape and Monument Sign Easement. Declarant hereby reserves for itself and the Association, an easement over and across the Property and any Common Area for the installation, maintenance, repair or replacement of signs, landscaping, and/or monument signs which serve the Property, the Common Area or any other property owned by the Declarant. Declarant will have the right, from time to time, to Record a written notice which identifies those portions of the Property, Common Area or property owned by the Declarant to which the easement reserved hereunder applies. Declarant may designate the easement areas reserved hereunder as Common Area. The exercise of the easements reserved hereunder will not extend to permitting entry into any residence, nor will it unreasonably interfere with the use of any Lot or Dwelling.

**ARTICLE 13
DEVELOPMENT RIGHTS**

13.1. Development by Declarant. It is contemplated that the Property will be developed pursuant to a coordinated plan, which may, from time to time, be amended or modified. Declarant reserves the right, but will not be obligated, to pursue the development, construction and marketing of the Property, the right to direct the size, shape, and composition of the Property, the right to create and/or designate additional Lots and Common Area and to subdivide any of the Property pursuant to the terms of this *Section 13.1*, subject to any limitations imposed on portions of the Property by any applicable Plat. These rights may be exercised with respect to any portions of the Property. As each area is developed or dedicated,

Declarant may designate the use, classification and such additional covenants, conditions and restrictions as Declarant may deem appropriate for that area.

13.2. Special Declarant Rights. Notwithstanding any provision of this Declaration to the contrary, at all times, Declarant will have the right and privilege: (i) to erect and maintain advertising signs (illuminated or non-illuminated), sales flags, other sales devices and banners for the purpose of aiding the sale of Lots in the Property; (ii) to maintain Improvements upon Lots as sales, model, management, business and construction offices; and (iii) to maintain and locate construction trailers and construction tools and equipment within the Property and the Common Area. The construction, placement or maintenance of Improvements by Declarant will not be considered a nuisance, and Declarant hereby reserves the right and privilege for itself to conduct the activities enumerated in this *Section 13.2* until two (2) years after expiration or termination of the Development Period.

13.3. Addition of Land. Declarant may, at any time and from time to time, add additional lands to the Property. Upon the filing of a notice of addition of land, such land will be considered part of the Property for purposes of this Declaration, and such added lands will be considered part of the Property subject to this Declaration and the terms, covenants, conditions, restrictions and obligations set forth in this Declaration, and the rights, privileges, duties, and liabilities of the persons subject to this Declaration will be the same with respect to such added land as with respect to the lands originally covered by this Declaration. To add lands to the Property, Declarant will be required only to Record a notice of addition of land containing the following provisions:

(i) A reference to this Declaration, which reference will include the document number or volume and initial page number of the Official Public Records of Llano County wherein this Declaration is Recorded;

(ii) A statement that such land will be considered Property for purposes of this Declaration, and that all of the terms, covenants, conditions, restrictions and obligations of this Declaration will apply to the added land; and

(iii) A legal description of the added land.

13.4. Withdrawal of Land. Declarant may, at any time and from time to time, reduce or withdraw from the Property, and remove and exclude from the burden of this Declaration and the jurisdiction of the Association any portions of the Property. Upon any such withdrawal and removal this Declaration and the covenants conditions, restrictions and obligations set forth herein will no longer apply to the portion of the Property withdrawn. To withdraw lands from the Property hereunder, Declarant will be required only to Record a notice of withdrawal of land containing the following provisions:

(i) A reference to this Declaration, which reference will include the document number or volume and initial page number of the Official Public Records of Llano County wherein this Declaration is recorded;

(ii) A statement that the provisions of this Declaration will no longer apply to the withdrawn land; and

(iii) A legal description of the withdrawn land.

13.5. Assignment of Declarant's Rights. Notwithstanding any provision in this Declaration to the contrary, Declarant may, by written instrument, assign, in whole or in part, any of its privileges, exemptions, rights and duties under this Declaration to any person or entity and may permit the participation, in whole, in part, exclusively, or non-exclusively, by any other person or entity in any of its privileges, exemptions, rights and duties hereunder.

ARTICLE 14 DISPUTE RESOLUTION

14.1. Introduction and Definitions. The Association, the Owners, Declarant, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, the "**Parties**") agree to encourage the amicable resolution of disputes involving the Property and to avoid the emotional and financial costs of litigation and arbitration if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all Claims as hereafter defined. This *Article 14* may only be amended with the prior written approval of the Declarant, the Association (acting through a Majority of the Board), and Owners holding 100% of the votes in the Association. As used in this Article only, the following words, when capitalized, have the following specified meanings:

14.1.1 "**Claim**" means:

(i) Claims relating to the rights and/or duties of Declarant, the Association, or an Owner, under the Restrictions.

(ii) Claims relating to the acts or omissions of the Declarant, the Association or a Board member or officer of the Association during Declarant's control and administration of the Association, and any claim asserted against the ACC.

(iii) Claims relating to the design or construction of the Common Area.

14.1.2 "**Claimant**" means any Party having a Claim against any other Party.

14.1.3 **“Respondent”** means any Party against which a Claim has been asserted by a Claimant.

14.2. Mandatory Procedures. Claimant may not initiate any proceeding before any administrative tribunal seeking redress or resolution of its Claim until Claimant has complied with the procedures of this Article. As provided in *Section 14.8* below, a Claim will be resolved by binding arbitration.

14.3. Claim Affecting Common Areas. In accordance with *Section 5.15* of this Declaration, the Association does not have the power or right to institute, defend, intervene in, settle, or compromise litigation or administrative proceedings: (i) in the name of or on behalf of any Lot Owner (whether one or more); or (ii) pertaining to a Claim, as defined in *Section 14.1.1* above, relating to the design or construction of Common Area. In the event the Association or a Lot Owner asserts a Claim related to the Common Areas, as a precondition to providing the Notice defined in *Section 14.4*, initiating the mandatory dispute resolution procedures set forth in this *Article 14*, or taking any other action to prosecute a Claim related to the Common Areas, the Association or a Lot Owner, as applicable, must:

14.3.1 **Independent Report on the Condition of the Common Areas.** Obtain an independent third-party report (the **“Common Area Report”**) from a licensed professional engineer which: (i) identifies the Common Areas subject to the Claim including the present physical condition of the Common Areas; (ii) describes any modification, maintenance, or repairs to the Common Areas performed by the Lot Owner(s) and/or the Association; (iii) provides specific and detailed recommendations regarding remediation and/or repair of the Common Areas subject to the Claim. For the purposes of this Section, an independent third-party report is a report obtained directly by the Association or a Lot Owner and paid for by the Association or a Lot Owner, as applicable, and not prepared by a person employed by or otherwise affiliated with the attorney or law firm that represents or will represent the Association or a Lot Owner in the Claim. As a precondition to providing the Notice described in *Section 14.4*, the Association or Lot Owner must provide at least ten (10) days prior written notice of the inspection to each party subject to a Claim which notice shall identify the independent third-party engaged to prepare the Common Area Report, the specific Common Areas to be inspected, and the date and time the inspection will occur. Each party subject to a Claim may attend the inspection, personally or through an agent. Upon completion, the Common Area Report shall be provided to each party subject to a Claim. In addition, before providing the Notice described in *Section 14.4*, the Association or the Lot Owner, as applicable, shall have permitted each party subject to a Claim the right, for a period of ninety (90) days, to inspect and correct, any condition identified in the Common Area Report.

14.3.2 Claim by the Association - Owner Meeting and Approval. If the Claim is prosecuted by the Association, obtain approval from Members holding sixty-seven percent (67%) of the votes in the Association to provide the Notice described in *Section 14.4*, initiate the mandatory dispute resolution procedures set forth in this *Article 14* or take any other action to prosecute a Claim, which approval from Members must be obtained at a special meeting of Members called in accordance with the Bylaws. The notice of meeting required hereunder will be provided pursuant to the Bylaws but the notice must also include: (i) the nature of the Claim, the relief sought, the anticipated duration of prosecuting the Claim, and the likelihood of success; (ii) a copy of the Common Area Report; (iii) a copy of any proposed engagement letter, with the terms of such engagement between the Association and an attorney to be engaged by the Association to assert or provide assistance with the claim (the “**Engagement Letter**”); (iv) a description of the attorney fees, consultant fees, expert witness fees, and court costs, whether incurred by the Association directly or for which it may be liable if it is not the prevailing party or that the Association will be required, pursuant to the Engagement Letter or otherwise, to pay if the Association elects to not proceed with the Claim; (v) a summary of the steps previously taken, and proposed to be taken, to resolve the Claim; (vi) an estimate of the impact on the value of each Dwelling if the Claim is prosecuted and an estimate of the impact on the value of each Dwelling after resolution of the Claim; (vii) an estimate of the impact on the marketability of each Dwelling if the Claim is prosecuted and during prosecution of the Claim, and an estimate of the impact on the value of each Dwelling during and after resolution of the Claim; (viii) the manner in which the Association proposes to fund the cost of prosecuting the Claim; (ix) the impact on the finances of the Association, including the impact on present and projected reserves, in the event the Association is not the prevailing party. The notice required by this paragraph must be prepared and signed by a person other than, and not employed by or otherwise affiliated with, the attorney or law firm that represents or will represent the Association or Lot Owner, as applicable, in the Claim. In the event Members approve providing the Notice described in *Section 14.4*, or taking any other action to prosecute a Claim, the Members holding a Majority of the votes in the Association, at a special meeting called in accordance with the Bylaws, may elect to discontinue prosecution or pursuit of the Claim.

14.4. Notice. Claimant must notify Respondent in writing of the Claim (the “**Notice**”), stating plainly and concisely: (i) the nature of the Claim, including date, time, location, persons involved, and Respondent’s role in the Claim; (ii) the basis of the Claim (i.e., the provision of the Restrictions or other authority out of which the Claim arises); (iii) what Claimant wants Respondent to do or not do to resolve the Claim; and (iv) that the Notice is given pursuant to this Section. For Claims governed by Chapter 27 of the Texas Property Code, the time period for negotiation in *Section 14.5* below, is equivalent to the sixty (60) day period under Section 27.004 of the Texas Property Code. If a Claim is subject to Chapter 27 of the Texas Property Code, the Claimant and Respondent are advised, in addition to compliance with *Section 14.5*, to

comply with the terms and provisions of Section 27.004 during such sixty (60) day period. *Section 14.5* does not modify or extend the time period set forth in Section 27.004 of the Texas Property Code. Failure to comply with the time periods or actions specified in Section 27.004 could affect a Claim if the Claim is subject to Chapter 27 of the Texas Property Code. The one hundred and twenty (120) day period for mediation set forth in *Section 14.6* below, is intended to provide the Claimant and Respondent with sufficient time to resolve the Claim in the event resolution is not accomplished during negotiation. If the Claim is not resolved during negotiation, mediation pursuant to *Section 14.6* is required without regard to the monetary amount of the Claim.

If the Claimant is the Association, the Notice will also include: (a) a true and correct copy of the Common Area Report; (b) a copy of the Engagement Letter; (c) copies of all reports, studies, analyses, and recommendations obtained by the Association related to the Common Area which forms the basis of the Claim; (d) a true and correct copy of the special meeting notice provided to Members in accordance with *Section 14.3.2* above; and (e) reasonable and credible evidence confirming that Members holding sixty-seven percent (67%) of the votes in the Association approved providing the Notice. If the Claimant is not the Association and pertains to the Common Area, the Notice will also include a true and correct copy of the Common Area Report.

14.5. Negotiation. Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within sixty (60) days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually acceptable place and time to discuss the Claim. If the Claim involves all or any portion of the Property, then at such meeting or at some other mutually-agreeable time, Respondent and Respondent's representatives will have full access to the Property that is subject to the Claim for the purposes of inspecting the Property. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent's representatives and agents with full access to the Property to take and complete corrective action.

14.6. Mediation. If the parties negotiate, but do not resolve the Claim through negotiation within one-hundred twenty (120) days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have thirty (30) additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must have at least five (5) years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the 30-day period, Respondent will submit the Claim to mediation in accordance with this *Section 14.6*.

14.7. Termination Of Mediation. If the Parties do not settle the Claim within thirty (30) days after submission to mediation, or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the

Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may file suit or initiate arbitration proceedings on the Claim, as appropriate and permitted by this Article.

14.8. Binding Arbitration-Claims. All Claims must be settled by binding arbitration. Claimant or Respondent may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Claim not referred to arbitration as required by this *Section 14.8*.

14.8.1 Governing Rules. If a Claim has not been resolved after mediation as required by *Section 14.6*, the Claim will be resolved by binding arbitration in accordance with the terms of this *Section 14.8* and the rules and procedures of the American Arbitration Association (“AAA”) or, if the AAA is unable or unwilling to act as the arbitrator, then the arbitration shall be conducted by another neutral reputable arbitration service selected by Respondent in Llano County, Texas. Regardless of what entity or person is acting as the arbitrator, the arbitration shall be conducted in accordance with the AAA’s “Construction Industry Dispute Resolution Procedures” and, if they apply to the disagreement, the rules contained in the Supplementary Procedures for Consumer-Related Disputes. If such Rules have changed or been renamed by the time a disagreement arises, then the successor rules will apply. Also, despite the choice of rules governing the arbitration of any Claim, if the AAA has, by the time of Claim, identified different rules that would specifically apply to the Claim, then those rules will apply instead of the rules identified above. In the event of any inconsistency between any such applicable rules and this *Section 14.8*, this *Section 14.8* will control. Judgment upon the award rendered by the arbitrator shall be binding and not subject to appeal, but may be reduced to judgment in any court having jurisdiction. Notwithstanding any provision to the contrary or any applicable rules for arbitration, any arbitration with respect to Claims arising hereunder shall be conducted by a panel of three (3) arbitrators, to be chosen as follows:

(i) One arbitrator shall be selected by Respondent, in its sole and absolute discretion;

(ii) One arbitrator shall be selected by the Claimant, in its sole and absolute discretion; and

(iii) One arbitrator shall be selected by mutual agreement of the arbitrators having been selected by Respondent and the Claimant, in their sole and absolute discretion.

14.8.2 Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this *Section 14.8* will limit the right of Claimant or Respondent, and Claimant and the Respondent will have the right during any Claim, to

seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting upon any property, real or personal, that is involved in a Claim, including, without limitation, rights and remedies relating to: (i) exercising self-help remedies (including set-off rights); or (ii) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any party to submit the Claim to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

14.8.3 Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this *Section 14.8*.

14.8.4 Scope of Award; Modification or Vacation of Award. The arbitrator shall resolve all Claims in accordance with the applicable substantive law. The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope of this *Section 14.8* and subject to *Section 14.9* below (attorney's fees and costs may not be awarded by the arbitrator); provided, however, that for a Claim, or any portion of a Claim governed by Chapter 27 of the Texas Property Code, or any successor statute, in no event shall the arbitrator award damages which exceed the damages a Claimant would be entitled to under Chapter 27 of the Texas Property Code. In all arbitration proceedings the arbitrator shall make specific, written findings of fact and conclusions of law. In all arbitration proceedings the parties shall have the right to seek vacation or modification of any award that is based in whole, or in part, on (i) factual findings that have no legally or factually sufficient evidence, as those terms are defined in Texas law; (ii) conclusions of law that are erroneous; (iii) an error of federal or state law; or (iv) a cause of action or remedy not expressly provided under existing state or federal law. In no event may an arbitrator award speculative, consequential, or punitive damages for any Claim.

14.8.5 Other Matters. To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within one hundred and eighty (180) days of the filing of the Claim for arbitration by notice from either party to the other. Arbitration proceedings hereunder shall be conducted in Llano County, Texas. The arbitrator shall be empowered to impose sanctions and to take such other actions as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure and Applicable Law. Each party agrees to keep all Claims and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the parties or by Applicable Law or regulation. In no event shall any party discuss with the news

media or grant any interviews with the news media regarding a Claim or issue any press release regarding any Claim without the written consent of the other parties to the Claim.

14.9. Allocation Of Costs. Notwithstanding any provision in this Declaration to the contrary, each Party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation, Mediation, and Arbitration sections above, including its attorney's fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator and arbitrator.

14.10. General Provisions. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim.

14.11. Period of Limitation.

14.11.1 For Actions by an Owner or Resident. The exclusive period of limitation for any of the Parties to bring any Claim, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Owner or Resident discovered or reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design, four (4) years and one (1) day from the date that the Owner or Resident discovered or reasonably should have discovered evidence of the Claim.

14.11.2 For Actions by the Association. The exclusive period of limitation for the Association to bring any Claim, including, but not limited to, a Claim of construction defect or defective design of the Common Areas, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Association or its agents discovered or reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design of the Common Areas, four (4) years and one (1) day from the date that the Association discovered or reasonably should have discovered evidence of the Claim.


14.12. Approval & Settlement. The Association must levy a Special Assessment to fund the estimated costs of arbitration, including estimated attorney's fees, conducted pursuant to this *Article 14* or any judicial action initiated by the Association. The Association may not use its annual operating income or reserve funds or savings to fund arbitration or litigation, unless the Association's annual budget or a savings account was established and funded from its inception as an arbitration and litigation reserve fund.

[SIGNATURE APPEARS ON FOLLOWING PAGES]

EXECUTED to be effective on the date this instrument is recorded in the Official Public Records of Llano County, Texas.

DECLARANT:

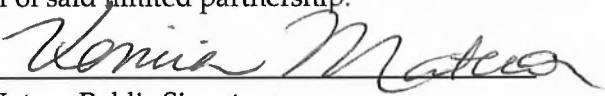
GPIF SUMMIT ROCK LAND LLC, a Delaware limited liability company

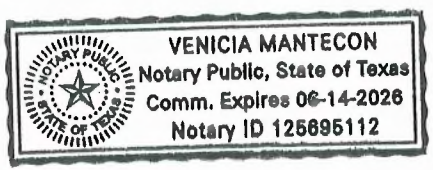
By: 
Name: Jeff Dyer
Title: Senior Vice President, Investments

THE STATE OF TEXAS §
COUNTY OF Tarrant §

This instrument was acknowledged before me this 6th day of June, 2024 by Jeff Dyer, the SVP, Investments of GPIF SUMMIT ROCK LAND LLC, a Delaware limited liability company, on behalf of said limited partnership.

(SEAL)


Notary Public Signature



ATTACHMENT 1

DESCRIPTION OF PROPERTY

DESCRIPTION OF A 113.96 ACRE (4,964,085 SQUARE FEET) TRACT OF LAND SITUATED IN THE NICHOLAS MENDEZ SURVEY NO. 3, A-506, LLANO COUNTY, TEXAS; BEING OUT OF THAT CERTAIN CALLED 678.00 ACRE TRACT OF LAND CONVEYED TO SKYWATER COMMUNITIES, LLC, BY SPECIAL WARRANTY DEED OF RECORD IN VOLUME 1532, PAGE 3555, OFFICIAL PUBLIC RECORDS OF LLANO COUNTY, TEXAS; SAID 113.96 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2-inch iron rod with cap stamped "WILLIS" found on the curving east right-of-way (R.O.W.) line of Summit Rock Boulevard (R.O.W. varies), said R.O.W. recorded on Skywater Over Horseshoe Bay Plat No. 2.1 of record in Volume 17, Page 1, Plat Records of Llano County, Texas, at the beginning of a curve to the left, being the common west corner of said 678.00 acre tract and that certain called 17.31 acre tract (see "Out Tract 12") conveyed to Horseshoe Bay Resort Destinations, LLC, by deed of record in Volume 1567, Page 60, Official Public Records of Llano County, Texas;

THENCE with the curving east R.O.W. line of Summit Rock Boulevard and the west curving line of said 678.00 acre tract, along said curve to the left having a radius of 440.00 feet, an arc length of 169.87 feet, and a chord which bears N 05°38'54" W, a distance of 168.82 feet to a mag nail with washer found at a point of curvature of a curve to the left, being the common west corner of said 678.00 acre tract and that certain called 4.28 acre tract of land (see "Exhibit LL") conveyed to Horseshoe Bay Resort Destinations, LLC, by deed of record in Volume 1567, Page 60, Official Public Records of Llano County, Texas;

THENCE with the common lines of said 678.00 acre tract and said 4.28 acre tract, with a portion of the west lines of the tract described herein, the following seven (7) courses and distances:

1. Along said curve to the left having a radius of 20.00 feet, an arc length of 52.87 feet, and a chord which bears N 87°03'27" E, a distance of 38.77 feet to a 1/2-inch iron rod found at a point of curvature of a curve to the left,
2. Along said curve to the left having a radius of 255.36 feet, an arc length of 136.66 feet, and a chord which bears N 04°32'28" W, a distance of 135.03 feet to a 1/2-inch iron rod found at a point of curvature of a curve to the right,
3. Along said curve to the right having a radius of 483.70 feet, an arc length of 321.31 feet, and a chord which bears N 00°51'28" W, a distance of 315.44 feet to a 1/2-inch iron rod with cap (cap illegible) found at a point of tangency,
4. N 71°26'33" W, a distance of 22.18 feet to a 1/2-inch iron rod found at a point of curvature of a curve to the right,
5. Along said curve to the right having a radius of 164.40 feet, an arc length of 150.52 feet, and a chord which bears N 45°35'23" W, a distance of 145.31 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found at a point of tangency,
6. N 19°25'09" W, a distance of 240.39 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found at a point of curvature of a curve to the right, and
7. Along said curve to the right having a radius of 308.55 feet, an arc length of 83.93 feet, and a chord which bears N 11°31'29" W, a distance of 83.67 feet to a 1/2-inch iron rod found at a point of tangency, being the common east corner of said 4.28 acre tract and the remainder of that certain called 8.07 acre tract of land conveyed to Horseshoe Bay Resort Destinations, LLC, by deed of record in Volume 1567, Page 60, Official Public Records of Llano County, Texas, also being the common west corner of said 678.00 acre tract and that certain called 4.46 acre tract conveyed to Horseshoe Bay Resort Interests, LLC, by deed of record in Volume 1567, Page 60, Official Public Records of Llano County, Texas;

THENCE with the common lines of said 678.00 acre tract and said 4.46 acre tract, with a portion of the west lines of the tract described herein, the following four (4) courses and distances:

1. N 42°03'32" E, a distance of 178.56 feet to a 1/2-inch iron rod found,
2. S 86°20'17" E, a distance of 80.01 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found at a point of curvature of a curve to the right,
3. Along said curve to the right having a radius of 1111.16 feet, an arc length of 78.06 feet, and a chord which bears N 05°05'02" E, a distance of 78.05 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found at a point of curvature of a curve to the right, and
4. Along said curve to the right having a radius of 443.44 feet, an arc length of 84.49 feet, and a chord which bears N 12°33'03" E, a distance of 84.36 feet to a 1/2-inch iron rod with plastic cap stamped "WUEST GROUP" set at a point of curvature of a curve to the left, from which a 1/2-inch iron rod found bears S 85°34'38" W, a distance of 19.91 feet;

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THENCE leaving the east line of said 4.46 acre tract and through the interior of said 678.00 acre tract, with a portion of the west lines of the tract described herein, the following five (5) courses and distances:

1. Along said curve to the left having a radius of 448.73 feet, an arc length of 322.46 feet, and a chord which bears N 63°43'09" E, a distance of 315.57 feet to a 1/2-inch iron rod (leaning) found at a point of tangency,
2. N 12°46'21" E, a distance of 120.30 feet to a 1/2-inch iron rod with cap stamped "WILLIS" found,
3. N 18°32'19" W, a distance of 141.09 feet to an "X" mark found in bed rock,
4. N 85°42'17" W, a distance of 146.74 feet to an "X" mark found in bed rock,
5. N 55°51'30" W, a distance of 175.15 feet to a 1/2-inch iron rod with cap stamped "WUEST GROUP" set on the common line of said 678.00 acre tract and that certain called 13.94 acre tract of land (see "Out Tract 7") conveyed to Horseshoe Bay Resort Destinations, LLC, by deed of record in Volume 1567, Page 60, Official Public Records of Llano County, Texas, for the northwest corner of the tract described herein, from which a 1/2-inch iron rod with cap stamped "RPLS 1877" found being the common north corner of said 678.00 acre tract and said 4.46 acre tract, same being the common south corner of said 13.94 acre tract and that certain called 83.33 acre tract of land (see "Tract 1") conveyed to Horseshoe Bay Resort Destinations, LLC, by deed of record in Volume 1567, Page 60, Official Public Records of Llano County, Texas, bears S 59°31'29" W, a distance of 58.41 feet;

THENCE along the common lines of said 678.00 acre tract and said 13.94 acre tract, being with the north lines of the tract described herein, the following four (4) courses and distances:

1. N 59°31'29" E, a distance of 972.42 feet to a 1/2-inch iron rod found,
2. N 08°54'11" E, a distance of 245.29 feet to a 1/2-inch iron rod found,
3. N 62°45'13" E, a distance of 676.60 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found, and
4. N 52°08'28" E, a distance of 817.86 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found for the northernmost corner of the tract described herein;

THENCE continuing along the common lines of said 678.00 acre tract and said 13.94 acre tract, being with the northeast lines of the tract described herein, the following two (2) courses and distances:

1. S 49°55'47" E, a distance of 104.28 feet to a 1/2-inch iron rod with plastic cap stamped "WUEST GROUP" set, and
2. S 74°38'31" E, a distance of 310.89 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found for the northeast corner of the tract described herein;

THENCE continuing along the common lines of said 678.00 acre tract and said 13.94 acre tract, being with the east lines of the tract described herein, the following seven (7) courses and distances:

1. S 23°42'07" W, a distance of 719.80 feet to a 1/2-inch iron rod with plastic cap stamped "WUEST GROUP" set,
2. S 66°17'53" E, a distance of 442.51 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found,
3. S 02°20'25" W, a distance of 744.03 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found,
4. S 09°02'23" E, a distance of 366.98 feet to a 1/2-inch iron rod found,
5. S 66°59'35" E, a distance of 86.30 feet to a 1/2-inch iron rod found,
6. S 06°07'01" W, a distance of 1107.04 feet to a 1/2-inch iron rod found, and
7. S 02°20'18" E, a distance of 1046.34 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found for the southeast corner of the tract described herein;

THENCE continuing along the common lines of said 678.00 acre tract and said 13.94 acre tract, also with the common lines of said 678.00 acre tract and that certain called 2.18 acre tract of land (see "Out Tract 5") conveyed to Horseshoe Bay Resort Destinations, LLC, by deed of record in Volume 1567, Page 60, Official Public Records of Llano County, Texas, being with the south lines of the tract described herein, the following four (4) courses and distances:

1. S 81°20'26" W, a distance of 357.07 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found,
2. N 33°07'28" W, a distance of 61.57 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found at a point of curvature of a curve to the right,

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3. Along said curve to the right having a radius of 380.00 feet, an arc length of 215.89 feet, and a chord which bears S 73°19'58" W, a distance of 212.99 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found at a point of tangency, and
4. S 89°27'03" W, a distance of 62.60 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found at the southeast corner of Summit House Drive (60' R.O.W.), said R.O.W. recorded on Skywater Over Horseshoe Bay Plat No. 3.2 of record in Volume 18, Page 8, Plat Records of Llano County, Texas, being the northwest corner of said 2.18 acre tract;

THENCE N 08°54'01" E, with the east line of Summit House Drive and the west line of said 678.00 acre tract, being with a portion of the west line of the tract described herein, a distance of 60.83 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found being the common south corner of said 678.00 acre tract and that certain called 8.74 acre tract of land (see "Out Tract 11") conveyed to Horseshoe Bay Resort Destinations, LLC, by deed of record in Volume 1567, Page 60, Official Public Records of Llano County, Texas;

THENCE along the common lines of said 678.00 acre tract, said 8.74 acre tract, that certain called 24.07 acre tract of land (see "Tract 2") conveyed to Horseshoe Bay Resort Destinations, LLC, by deed of record in Volume 1567, Page 60, Official Public Records of Llano County, Texas, and said 17.31 acre tract, said 13.94 acre tract, that certain called 0.30 acre and that certain called 0.33 acre tracts of land both conveyed to Horseshoe Bay Resort Interests, LLC, by deed of record in Volume 1567, Page 60, Official Public Records of Llano County, Texas, being with the interior lines of the tract described herein, the following fourteen (14) courses and distances:

1. N 89°27'03" E, a distance of 52.62 feet to a 1/2-inch iron rod with plastic cap stamped "WUEST GROUP" set at a point of curvature of a curve to the left,
2. Along said curve to the left having a radius of 320.00 feet, an arc length of 272.22 feet, and a chord which bears N 65°14'34" E, a distance of 264.09 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found at a point of tangency,
3. N 15°59'29" W, a distance of 1110.42 feet to a 1/2-inch iron rod found,
4. N 84°04'51" W, a distance of 178.43 feet to a 1/2-inch iron rod found,
5. N 29°46'33" W, a distance of 202.67 feet to a 1/2-inch iron rod found,
6. N 07°06'43" E, a distance of 557.21 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found,
7. N 42°57'18" E, a distance of 405.92 feet to a 1/2-inch iron rod found,
8. N 01°43'37" E, a distance of 306.89 feet to a 1/2-inch iron rod with plastic cap stamped "WUEST GROUP" set,
9. N 88°16'23" W, a distance of 534.35 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found,
10. S 60°57'42" W, a distance of 829.83 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found,
11. S 73°04'18" W, passing at a distance of 300.96 feet a 1/2-inch iron rod found being the east corner of said 0.30 acre tract, and continuing for a total distance of 523.23 feet to a 1/2-inch iron rod found being the west corner of said 0.30 acre tract,
12. S 08°09'18" W, passing at a distance of 119.53 feet a 1/2-inch iron rod found being the south corner of said 0.30 acre tract, and continuing for a total distance of 438.43 feet to a 1/2-inch iron rod found being the northeast corner of said 0.33 acre tract,
13. S 70°14'49" W, a distance of 91.40 feet to a 1/2-inch iron rod with cap stamped "RPLS 1877" found at a point of curvature of a curve to the right, being the northwest corner of said 0.33 acre tract,
14. Along said curve to the right having a radius of 630.00 feet, an arc length of 669.66 feet, and a chord which bears S 13°04'27" W, a distance of 638.57 feet to the POINT OF BEGINNING and containing 113.96 acres (4,964,085 square feet) of land, more or less.

[ATTACHMENT 1 CONTINUES ON THE FOLLOWING PAGE]

SAVE AND EXCEPT THE FOLLOWING PORTION OF THE FOREGOING PROPERTY:

*PART OF 113.96 ACRE TRACT BEING OUT OF
THE NICHOLAS MENDEZ SURVEY, ABSTRACT NO. 506,
CITY OF HORSESHOE BAY, LLANO COUNTY, TEXAS*

3.233 ACRES OF LAND, MORE OR LESS, SITUATED IN THE NICHOLAS MENDEZ SURVEY NO. 3, ABSTRACT NO. 506, LLANO COUNTY, TEXAS, BEING OUT OF AND PART OF A CALLED 113.96 ACRE TRACT OF LAND DESCRIBED IN A SPECIAL WARRANTY DEED DATED JANUARY 31, 2024 TO GPIF SUMMIT ROCK LAND LLC AND RECORDED IN INSTRUMENT NUMBER 24-00477 IN THE OFFICIAL PUBLIC RECORDS OF LLANO COUNTY, TEXAS (O.P.R.L.C.T.); SAID 3.233 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS (BEARINGS ARE RELATIVE TO STATE PLANE COORDINATES, NAD 83(2011), TEXAS CENTRAL ZONE 4203. DISTANCES AND AREAS REPORTED HAVE BEEN SCALED BY APPLYING THE TxDOT STANDARD SURFACE ADJUSTMENT FACTOR FOR LLANO COUNTY OF 1.00012.):

COMMENCING AT A 1/2-INCH IRON ROD FOUND FOR THE NORTHWEST CORNER OF A CALLED 4.28 ACRE TRACT OF LAND, DESCRIBED IN A SPECIAL WARRANTY DEED DATED AUGUST 3, 2016 TO HORSESHOE BAY RESORT DESTINATIONS, LLC AND RECORDED IN VOLUME 1567, PAGE 60, O.P.R.L.C.T, SAME BEING THE SOUTHWEST CORNER OF THE REMAINDER OF A CALLED 8.07 ACRE TRACT OF LAND (EXHBIT JJ) DESCRIBED IN A SPECIAL WARRANTY DEED DATED AUGUST 3, 2016 TO HORSESHOE BAY RESORT DESTINATIONS, LLC AND RECORDED IN VOLUME 1567, PAGE 60, O.P.R.L.C.T, ALSO BEING IN THE SOUTHEAST RIGHT-OF-WAY (ROW) OF SUMMIT ROCK BOULEVARD (ROW VARIES);

THENCE N 42°03'17" E 384.40' WITH THE COMMON LINE OF SAID 4.28 ACRE TRACT AND SAID REMAINDER OF A CALLED 8.07 ACRE TRACT TO A 1/2-INCH IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAID 4.28 ACRE TRACT, SAME BEING THE SOUTHEAST CORNER OF THE REMAINDER OF SAID 8.07 ACRE TRACT, SAME BEING THE SOUTHWEST CORNER OF THE REMAINDER OF A CALLED 4.46 ACRE OF LAND (EXHIBIT KK) DESCRIBED IN A SPECIAL WARRANTY DEED DATED AUGUST 3, 2016 TO HORSESHOE BAY RESORT DESTINATIONS, LLC AND RECORDED IN VOLUME 1567, PAGE 60, O.P.R.L.C.T, AND THE **POINT OF BEGINNING** OF THE HEREIN DESCRIBED TRACT;

THENCE WITH THE COMMON LINE OF SAID 113.96 ACRE TRACT AND SAID 4.46 ACRE TRACT OF LAND THE FOLLOWING **FOUR (4)** COURSES AND DISTANCES:

- N 42°04'27" E 178.77' TO A FOUND 1/2-INCH IRON ROD;

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- **S 86°20'38" E 80.01'** TO A FOUND 1/2-INCH IRON ROD WITH CAP STAMPED "RPLS 1877", AND THE BEGINNING OF A CURVE TO THE RIGHT;
- ALONG SAID CURVE, HAVING A RADIUS OF **1,111.99'**, AN ARC LENGTH OF **78.12'**, AND A CHORD BEARING AND DISTANCE OF **N 05°09'51" E 78.11'** TO A FOUND 1/2-INCH IRON ROD WITH CAP STAMPED "RPLS 1877", AND THE BEGINNING OF A CURVE TO THE RIGHT;
- ALONG SAID CURVE, HAVING A RADIUS OF **443.44'**, AN ARC LENGTH OF **84.55'** AND A CHORD BEARING AND DISTANCE OF **N 12°37'52" E 84.42'** TO THE END OF SAID CURVE, SAME BEING THE MOST NORTHERLY NORTHEAST CORNER OF THE REMAINDER OF SAID 4.46 ACRE TRACT, AND BEING IN THE SOUTHEAST LINE OF SUMMIT ROCK CLUBHOUSE LOT 1, A SUBDIVISION IN LLANO COUNTY RECORDED IN INSTRUMENT NUMBER 23-02442, PLAT RECORDS OF LLANO COUNTY, TEXAS (P.R.L.C.T.), AND BEING THE BEGINNING OF A CURVE TO THE LEFT, SAID CORNER BEING MARKED BY A SET 1/2-INCH IRON ROD WITH CAP STAMPED "WESTWOOD AUSTIN";

THENCE WITH THE COMMON LINE OF SAID SUMMIT ROCK CLUBHOUSE AND SAID 113.96 ACRE TRACT THE FOLLOWING **TWO (2)** COURSES AND DISTANCES:

- ALONG SAID CURVE, HAVING A RADIUS OF **448.78'**, AN ARC LENGTH OF **322.59'**, AND A CHORD BEARING AND DISTANCE OF **N 63°43'37" E 315.69'** TO THE END OF SAID CURVE, SAID CORNER BEING MARKED BY A SET 1/2-INCH IRON ROD WITH CAP STAMPED "WESTWOOD AUSTIN";
- **N 12°44'54" E 95.78'** TO A SET 1/2-INCH IRON ROD WITH CAP STAMPED "WESTWOOD AUSTIN";

THENCE DEPARTING SAID COMMON LINE BETWEEN SUMMIT ROCK CLUBHOUSE AND SAID 113.96 ACRE TRACT, OVER AND ACROSS SAID 113.96 ACRE TRACT THE FOLLOWING **NINE (9)** COURSES AND DISTANCES:

- **S 70°18'18" E 66.54'** TO A SET 1/2-INCH IRON ROD WITH CAP STAMPED "WESTWOOD AUSTIN";
- **S 52°43'40" E 101.77'** TO A SET 1/2-INCH IRON ROD WITH CAP STAMPED "WESTWOOD AUSTIN";
- **S 29°14'20" E 21.94'** TO A SET 1/2-INCH IRON ROD WITH CAP STAMPED "WESTWOOD AUSTIN";
- **S 46°10'05" W 134.61'** TO A SET 1/2-INCH IRON ROD WITH CAP STAMPED "WESTWOOD AUSTIN", SAID POINT BEING THE BEGINNING OF A CURVE TO THE LEFT;
- ALONG SAID CURVE, HAVING A RADIUS OF **250.03'**, AN ARC LENGTH OF **33.50'**, AND A CHORD BEARING AND DISTANCE OF **S 42°19'48" W 33.47'** TO THE END OF SAID CURVE, SAID CORNER BEING MARKED BY A SET 1/2-INCH IRON ROD WITH CAP STAMPED "WESTWOOD AUSTIN";

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- S 38°29'31" W 17.96' TO THE BEGINNING OF A CURVE TO THE RIGHT, SAID CORNER BEING MARKED BY A SET 1/2-INCH IRON ROD WITH CAP STAMPED "WESTWOOD AUSTIN";
- ALONG SAID CURVE, HAVING A RADIUS OF 419.55', AN ARC LENGTH OF 87.12', AND A CHORD BEARING AND DISTANCE OF S 44°26'26" W 86.96' TO THE BEGINNING OF A REVERSE CURVE, SAID CORNER BEING MARKED BY A SET 1/2-INCH IRON ROD WITH CAP STAMPED "WESTWOOD AUSTIN";
- ALONG SAID REVERSE CURVE, HAVING A RADIUS OF 373.54', AN ARC LENGTH OF 235.93', AND A CHORD BEARING AND DISTANCE OF S 32°17'44" W 232.03' TO THE END OF SAID CURVE, SAID CORNER BEING MARKED BY A SET 1/2-INCH IRON ROD WITH CAP STAMPED "WESTWOOD AUSTIN";
- S 66°54'13" W 368.09' TO A 1/2-INCH IRON ROD WITH CAP STAMPED "WESTWOOD AUSTIN" SET ON A WEST LINE OF SAID 113.96 ACRE TRACT, SAME BEING THE EAST LINE OF AFOREMENTIONED 4.28 ACRE TRACT;

THENCE, WITH THE COMMON LINE OF SAID 113.96 ACRE TRACT AND SAID 4.28 ACRE TRACT THE FOLLOWING TWO (2) COURSES AND DISTANCES:

- N 19°24'43" W 37.17' TO A 1/2-INCH IRON ROD WITH CAP STAMPED "RPLS 1877" FOUND FOR THE BEGINNING OF A CURVE TO THE RIGHT;
- ALONG SAID CURVE, HAVING A RADIUS OF 308.55', AN ARC LENGTH OF 83.88' AND A CHORD BEARING AND DISTANCE OF N 11°46'40" W 83.63' TO THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT, CONTAINING 3.233 ACRES (140,847 SQUARE FEET) OF LAND.

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EXHIBIT "A"

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

MAINTENANCE RESPONSIBILITY CHART

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

COMPONENT OF PROPERTY	ASSOCIATION RESPONSIBILITY	OWNER RESPONSIBILITY
Roofs.	None.	All aspects.
Roof mounted attachments.	None.	All aspects.
Exterior vertical walls of Dwellings, other exterior features of Dwellings not specifically listed in chart.	None.	All aspects.
Dwelling foundations, patio slabs, and A/C slabs.	None.	All aspects.
Concrete driveways and sidewalks.	None.	All aspects.
Retaining walls.	None.	All aspects.
Displays of street numbers on exterior doors or Dwelling surfaces.	None.	All aspects.
Landscape services	None.	All aspects.
Patios, balconies, porches, and decks.	None.	All aspects.
Exterior light fixtures on Dwelling.	None.	All aspects.
Exterior doors of Dwellings.	None.	All aspects.
Garages.	None.	All aspects.
Skylights.	None.	All aspects.
Attics.	None.	All aspects.
Insulation & weatherstripping.	None.	All aspects.
Dwelling interiors, including improvements, fixtures, partition walls & floors within Dwelling.	None.	All aspects.
Sheetrock in Dwellings (walls and ceilings) & treatments on	None.	All aspects.

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COMPONENT OF PROPERTY	ASSOCIATION RESPONSIBILITY	OWNER RESPONSIBILITY
walls.		
Surface water drainage systems.	None.	All aspects.
Windows.	None.	All aspects.
Water, sewer, electrical lines & systems.	None.	All aspects.
Heating and cooling systems & water heaters.	None.	All aspects.
Intrusion alarms on doors/windows, smoke/heat detectors, monitoring equipment.	None.	All aspects.
Any other component of a Dwelling and/or Lot not specifically listed in this <u>Exhibit "A"</u> .	None.	All 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 and levy an Individual Assessment against the Owner and the Owner's Lot for reimbursement of such costs.

