
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

OLDE TOWN AT THE SQUARE

This Declaration of Covenants, Conditions and Restrictions (this “**Declaration**”) is made by Granbridge, L.P., a Texas limited partnership (“**Declarant**”).

RECITALS

A. Declarant is owner of the real property commonly known as Olde Town on the Square, a subdivision in the City of Granbury, Hood County, Texas, according to the map or plat thereof recorded in Cabinet ____, Slide ____, of the Plat Records of Hood County, Texas (the “**Subdivision**”). The Subdivision includes various Lots and Common Areas (as those terms are defined below).

B. The Subdivision is currently located within the “Historic Compatibility Overlay District” (the “**HCO District**”) as established by the City of Granbury, Texas (the “**City**”). Properties within the HCO District must have construction and area requirements similar to and compatible with the standards provided in the “Historic Preservation Overlay District” as established by the City. The architectural tone of properties located within the HCO District must generally reflect the history and traditions of single family residential construction in the City.

C. Declarant desires to develop a residential community within the Subdivision, consistent with the regulations applicable to the HCO District, with Residences that Declarant believes reflect the styles of single family houses typically constructed in the United States in the years from 1910 through the 1940’s (the “**Design Concept**”). Declarant desires to create and carry out a uniform plan for the improvement, sale and development of the Lots consistent with those regulations and styles.

D. Declarant desires to ensure the preservation of the value of the Lots and for the maintenance of Common Areas, and desires to subject the Subdivision to the covenants, restrictions, easements, charges, and liens set forth in this Declaration, each and all of which is and are for the benefit of the Subdivision and the Owners.

E. Declarant deems it desirable for the efficient preservation of the values of Lots in the Subdivision to subject and bind the Subdivision to the jurisdiction and assessment of the Granbury Olde Town Homeowners Association, Inc., a Texas non-profit corporation (the “**Association**”), with the power and duty to maintain and administer the Common Areas of the Subdivision and the power to administer and enforce the Covenants and Restrictions (defined below) and to collect and disburse the assessments and charges described in this Declaration.

ARTICLE 1
DEFINITIONS

The following words, when used in this Declaration, shall have the following meanings:

“**Act**” means the Texas Non-Profit Corporation Act, as amended from time to time.

“**Annual Assessment**” means the assessment payable by all Owners calculated upon the projected expenses of the Association as further described in Article 10 of the Declaration.

“**Approved Shrubs**” means wax myrtle, Nellie R. Stevens holly, Foster holly, east Palatka holly, or any other type of shrubbery or plant approved by the ARC.

“**Architectural Review Committee**” or “**ARC**” means that particular committee which is described and explained within Article 6 of the Declaration.

“**Articles**” means the Articles of Incorporation (together with any amendments and restatements) of the Association on file in the Office of the Texas Secretary of State.

“**Assessments**” means the Annual Assessments, Special Assessments, Member Charges and any other payments owing by a Member under this Declaration, together with all late charges, interest and costs of collection as provided in this Declaration.

“**Association**” means Granbury Olde Town Homeowners Association, Inc., a Texas non-profit corporation, or any other similar entity designated by Declarant as the property owners association for the Subdivision, and their respective successors and assigns.

“**Blanche Street Lots**” means Lots 1 through 10, inclusive, as shown on the Plat.

“**Board of Directors**” means the Board of Directors of the Association.

“**Builder**” means each entity and/or individual which: (i) is regularly engaged in the ordinary business of constructing residential dwellings on subdivision lots for sale to third-party homeowners as their intended primary residence; and (ii) has entered into a contract with Declarant to purchase one or more Lots.

“**Bylaws**” means these Bylaws of the Association, as adopted and amended from time to time in accordance with the provisions of the Act, the Articles and the Declaration.

“**CCR Lien**” means the lien in favor of the Association securing payment of the Assessments and performance of the Covenants and Restrictions by each Owner as described in Articles 10 and 11 of the Declaration.

“**City**” means the City of Granbury, Texas.

“**Common Areas**” means any and all areas of land within or adjacent to the Subdivision which are known, described or designated as open space, detention ponds, common areas, parks, recreational areas, landscape or fencing easements, parking areas or spaces, greenbelts and the like, including without limitation those shown on the Plat, as well as those not shown on the Plat but which are designated as such by Declarant, together with any and all Improvements that are now or that may hereafter be constructed thereon. Common Areas will also include: (i) any and all public right-of-way lands for which the City or the County has required that Declarant and/or the Association expend private, non-reimbursable time and monies to care for and maintain, such as but not limited to: street medians, streetscape, hike and bike trails, park areas and quasi-governmental service facilities; and (ii) any and all facilities provided by Declarant and/or the Association to or for the benefit of the local police, fire and similar governmental departments for which no reimbursement via public funds is requested or anticipated.

“**County**” means Hood County, Texas.

“**Covenants and Restrictions**” means all covenants, conditions, restrictions, easements, charges and liens set forth in the Declaration.

“**Declarant**” means Granbridge, L.P., a Texas limited partnership, and any of its successor(s) and assign(s), with respect to the voluntary disposition of all (or substantially all) of the assets and/or stock of that entity, and/or the voluntary disposition of all (or substantially all) of the right, title and interest of that entity in and to the Subdivision. No person or entity merely purchasing one or more Lots from that entity in the ordinary course of business shall be considered the “Declarant”.

“**Declaration**” means this Declaration of Covenants, Conditions and Restrictions for the Subdivision, together with any and all amendments or supplements thereto.

“**Deed**” means any deed, assignment, testamentary bequest, muniment of title or other instrument, or intestate inheritance and succession, conveying or transferring fee simple title or a leasehold interest or another legally recognized estate in a Lot.

“**Design Guidelines**” means those particular standards, restrictions, guidelines, recommendations and specifications established or to be established in the future by the ARC applicable to most of the aspects of construction, placement, location, alteration, maintenance and design of any Improvements to or within the Subdivision, and all amendments, bulletins, modifications, supplements and interpretations thereof. The Design Guidelines shall be established to assist in achieving the Design Concept. The Design Guidelines include the examples of building elevations and designs which are attached to this Declaration as Exhibit “A”, which are consistent with the Design Concept.

“**Development Period**” means a period commencing on the date of the recording of the Declaration in the Real Property Records of the County, and continuing thereafter until and ending the earliest to occur of: (i) Declarant’s conveyance to unaffiliated third parties of all of the Lots in the Subdivision; (ii) January 1, 2013; or (iii) Declarant’s recordation in the Real Property Records of the County, of an instrument specifying the end of the Development Period at an earlier date than as established by (ii), in Declarant’s sole and absolute discretion.

“**Easement Area**” means those areas which may be covered by an easement reserved or described in this Declaration, as shown on the Plat, or as subsequently reserved by Declarant.

“**Fiscal Year**” means each twelve (12) month period commencing on the first day of January and ending on the last day of the following December, unless the Board of Directors shall otherwise select an alternative twelve month period.

“**Governmental Requirements**” means the regulations applicable to properties within the HCO District, the PD Ordinance and all other applicable federal, state or local laws, ordinances and regulations (including those of the City and the County).

“**Improvement**” means any physical change to raw land or to an existing Structure which alters the physical appearance, characteristics or properties of the land or Structure, including but not limited to the initial construction of a Structure; the addition or removal of square footage area space to or from a Structure; any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across any Lot; any change in the grade of any Lot of more than six (6) inches; or in any way altering the size, shape or physical appearance of any land or Structure.

“**Lot**” means each separately identifiable portion of the Subdivision as shown on the Plat, and which is not intended to be an “open space” or other portions of the Common Areas.

“**Member**” means each Owner of a Lot in the Owner’s capacity as a member of the Association.

“**Member Charge**” means a charge imposed upon an Owner by the Association related to a Member’s breach of the Covenants and Restrictions, as more specifically described in Article 10 of the Declaration.

“**Owner**” means the holder(s) of record title to the fee simple interest of any Lot, whether or not the holder(s) actually reside(s) on any part of the Lot.

“**PD Ordinance**” means the planned development zoning ordinance adopted by the City for the Subdivision, as it may be amended from time to time.

“**Plat**” means the plat for the Subdivision, recorded in Cabinet ____, Slide ____, Plat Records, Hood County, Texas, together with any plats of any additional land brought within the Subdivision, as those plats may be modified or amended.

“**Residence**” means any Structure or portion of a Structure situated upon the Subdivision which is designed and intended for use and occupancy as a residence by a person or persons.

“**Resident**” means: (a) each Owner of the fee simple title to any Lot within the Subdivision; (b) each person residing on any part of the Subdivision who is a bona-fide lessee pursuant to a written lease agreement with an Owner; and (c) each individual lawfully domiciled in a Residence other than an Owner or bona-fide lessee.

“**Special Assessments**” means special group assessments for capital improvements or unusual or emergency matters.

“**Structure**” means any permanent or temporary building, residence, structure, sign, garage, barn, porch, shed, greenhouse, bathhouse, boathouse, cabana, trash receptacle, covered or uncovered patio, swimming pool, play apparatus, curbing, paving, wall, tree or hedge more than two feet in height, or other improvement to any Lot.

“**Subdivision**” means the subdivision known as “Olde Town on the Square”, a subdivision located in the City of Granbury, Hood County, Texas, as shown on the Plat, and any land subsequently annexed in accordance with Article 14 of the Declaration.

“**Trustee**” means Edward Hurley or any other individual(s) or entity(ies) designated or appointed from time to time by the Association to perform the duties and responsibilities described within Article 11 of the Declaration, and that person’s or entity’s substitutes, successors and assigns.

“**Waterfront Lots**” means Lots 12, 13, 14 and 15, as shown on the Plat.

ARTICLE 2 DECLARATION AND PURPOSE

2.1 Declaration. Declarant declares that the Subdivision is and shall be owned, held, transferred, sold, conveyed, mortgaged, occupied, and enjoyed subject to the Covenants and Restrictions, and that the Subdivision shall be subject to the jurisdiction and Assessments of the Association.

2.2 Purpose. Declarant is making this Declaration for the following reasons: to ensure the best and highest use and most appropriate development of the Subdivision; to protect Owners against improper use of surrounding Lots; to preserve so far as practicable the natural beauty of the Subdivision; to guard against the erection of poorly designed or proportioned Structures of improper or unsuitable materials; to encourage and secure the erection of attractive Improvements on each Lot with appropriate locations; to secure and maintain proper setbacks from streets and adequate free space; and, in general, to provide for development of the highest quality to enhance the value of investment made by Owners of Lots.

2.3 Special Design. In developing the Subdivision, Declarant desires to create a residential subdivision which is unique, composed of Residences which are to be designed, constructed and maintained in a particular style, consistent with the Design Concept, to enhance the overall beauty and function of the Subdivision. Many styles of Residences which may be attractive, well constructed and of high quality are not consistent with the Design Concept or Declarant’s general or specific design criteria, and may not be approved to be built within the Subdivision.

ARTICLE 3 MEMBERSHIP AND VOTING

3.1 Membership. Every Owner of a Lot shall automatically be a Member of the Association. Each Owner’s rights as a Member are contingent upon the Owner remaining a Member in good standing of the Association. If more than one person owns an interest in a Lot (such as a husband and wife), all of those persons shall be entitled to participate in the Association and exercise the rights of a Member, except that only one (1) vote may be cast on behalf of all persons owning an interest in a Lot.

3.2 Classes of Members. During the Development Period, the Association shall have two (2) classes of Members: Class A Members and Class B Members. Class A Members shall be all Owners other than Declarant. The Class B member shall be Declarant. Upon the conclusion of the Development Period, the Class B membership

shall cease and Declarant shall automatically become a Class A Member entitled to the same rights and privileges as any other Class A Member (to the extent that Declarant is still an Owner of a Lot or Lots).

3.3 Voting Rights. Each Class A Member shall be entitled to one (1) vote for each Lot owned by that Class A Member. The Class B Member shall be entitled to three (3) votes for each Lot owned by the Class B Member. Quorum, notice and voting requirements relating to the Association shall be set out in the Articles, the Bylaws and the rules and regulations adopted from time to time by the Board of Directors.

3.4 Suspension of Rights. All rights of a Member (including, without limitation, the right to vote, attend meetings of the Association, and the right to use any portion of the Common Areas) may be suspended by the Board of Directors during any period in which a Member is in violation of the Covenants and Restrictions, is delinquent in the payment of any Assessment, or is otherwise in default and/or violation under this Declaration or the Bylaws or rules and regulations of the Association. The suspension of a Member's rights as a Member shall not relieve the Member from paying any Assessments or performing any other obligation required in this Declaration. The rights of Declarant as a Member or Owner may not be suspended unless a final, non-appealable judicial determination has been made that Declarant is in violation of the Covenants and Restrictions, and that violation is not then subsequently cured within thirty (30) days thereafter.

ARTICLE 4 COMMON AREAS

4.1 Right to Use. Subject to the provisions of this Article, every Owner shall have a non-exclusive right and easement of ingress and egress, use and enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every Lot. An Owner may not transfer the right and easement except as part of the conveyance of a Lot.

4.2 Maintenance; Fees. The Association (and not Declarant) shall be obligated to maintain and repair all portions of the Common Areas. The Association shall have the right to charge reasonable fees for the use of any facility now or hereafter situated or constructed or situated upon the Common Areas and to impose reasonable limits on the number of guests who may use the facilities. Declarant may not be charged a fee to use any portion of the Common Area.

4.3 Suspension of Rights. The Association shall have the right to suspend an Owner's right to use the Common Areas for any period during which any Assessment of the Association against that Owner's Lot remains unpaid, and for infractions by an Owner of the Covenants and Restrictions and/or the Association's rules and regulations for the duration of the infraction. Declarant's rights as an Owner may not be suspended except as provided in Section 3.4 above.

4.4 Easements. The Association and Declarant shall have the right to grant easements in and to the Common Areas to any public agency, authority or utility for any purposes as benefit all or any portion of the Subdivision or any Lot or Lots.

4.5 Borrow Money. The Association shall have the right to borrow money for the purpose of improving the Common Areas, for acquiring additional Common Areas, or for constructing, repairing or improving any facilities located or to be located on the Common Areas, and to give as security for the payment of any loan a mortgage conveying all or any portion of the Common Areas, provided that Declarant and two-thirds (2/3) of the Class A Members present at a meeting called for that purpose shall approve. The lien and encumbrance of any mortgage given by the Association shall be subject and subordinate to any and all rights, interest, options, easements, and privileges reserved or established in this Declaration for the benefit of Declarant or any Owner, or the holder of any mortgage (irrespective of when executed) given by Declarant or any Owner encumbering any Lot or other property located within the Subdivision.

4.6 Transfer. The Association shall have the right to dedicate or transfer all or any portion of the Common Areas to any public agency, authority, or utility for any purposes and subject to any conditions as may be agreed to by the Members of the Association. No dedication or transfer shall be effective unless an instrument agreeing to the dedication or transfer has been approved by Declarant and at least two-thirds (2/3) of the Class A Members who are present in person or by proxy at a meeting duly called for that purpose.

4.7 Rules. The Association shall have the right to prescribe rules and regulations for the use of the Common Areas, and may expand, amend or otherwise modify those rules and regulations from time to time. Each Owner, by acceptance of a Deed to any Lot, acknowledges and agrees that the use and enjoyment and marketability of the Owner's Lot may be affected by this provision and that the rules and regulations may change from time to time. The rules and regulations may include a "fines" system through which the Association may levy and collect fines from Members for violations of applicable rules and regulations. The Board of Directors shall have the authority to enforce the rules and regulations by all appropriate means. A Member found to have violated the rules and regulations shall be liable to the Association for all damages and costs, including reasonable attorney's fees, resulting from the violation of the rules and regulations by that Member or any Resident of a Lot owned by that Member.

4.8 Damage. Each Member shall be liable to the Association for any damage to any portion of the Common Areas caused by a Member or the Member's family, guests or invitees. No Member shall permit anything to be done on or in the Common Areas which would violate any Governmental Requirement or which would result in the cancellation of or the increase of premiums for any insurance carried by the Association.

4.9 Rights of Declarant. Declarant reserves the right to use, during the Development Period, portions of the Common Areas (e.g. a sales information center) for business matters directly and indirectly related to the development of the Subdivision and sale of Lots. One or more portions of the Common Areas may from time to time be reasonably limited to private functions, and conversely, one or more portions of otherwise private property may be utilized for Association functions and activities. Declarant shall convey record title to some or all of the Common Areas to the Association if, as and when deemed appropriate by Declarant or as may be required by governmental officials, and Declarant shall at all times have and retain the right to effect minor redesigns or minor reconfigurations of the Common Areas and to execute any open space declarations applicable to the Common Areas which may be permitted in order to reduce property taxes, and to take whatever steps may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem and/or income taxes.

ARTICLE 5 EASEMENTS

5.1 Platted Easements. Non-exclusive easements for installation and maintenance of utilities and drainage facilities are reserved on each Lot as shown on the Plat. No Structure, planting or other material shall be placed or permitted to remain within those easements which may damage or interfere with the installation and maintenance of utilities or in the case of drainage easements, which may change or impede the direction of flow of water through drainage channels in those easements. The easement areas of each Lot, if any, and all Improvements in those areas shall be maintained continuously by the Owner of the Lot, except for those Improvements for which a public authority or utility company is responsible. Neither the Association, Declarant nor any utility company using the easements shall be liable for any damages done by them or their assigns, agents, employees or servants to any Improvement, Structure, shrubbery, streets or flowers or other property of the Owner situated on the land covered by the easements.

5.2 Easement for Construction. Declarant, the Association and all utility companies shall have a right of ingress and egress across, over, and under the Subdivision for the purpose of installing, operating, replacing, repairing, maintaining and removing all facilities for utilities, including, but not limited to, water, sewer, telephone, cable TV, electricity, gas, and appurtenances thereto. Declarant, the Association and all utility companies shall have the right to remove any obstruction that may be placed in any easement that would constitute interference with the use of the easement or with the use, maintenance, operation or installation of the utility.

5.3 Common Area Easements. An easement is hereby extended and acknowledged to all police, fire protection, ambulance, garbage and trash collector pickup vehicles and all similar persons to enter upon the Common Areas in performance of their duties.

5.4 Conveyance Subject to Easements. Each Lot is conveyed subject to all easements, conditions and reservations shown on the Plat and contained in this Declaration, and each Owner shall take notice of all of those easements, conditions, and reservations. No Owner shall maintain any condition or Improvements in any platted easement which will interfere with the intended use of the easement.

5.5 Drainage Easements. Easements for drainage throughout the Subdivision are reserved as shown on the Plat. No Owner of any Lot in the Subdivision may perform or cause to be performed any act which would alter or change the course of the drainage easements in a manner that would divert, increase, accelerate or impede the natural flow of water over and across the easements. More specifically and without limitation, no Owner or Resident of a Residence may:

- (a) alter, change or modify the existing natural vegetation of the drainage easements in a manner that changes the character of the original environment of the easements;
 - (b) alter, change or modify the existing configuration of the drainage easements, or fill, excavate or terrace the easements, or remove trees or other vegetation therefrom without the prior written approval of the ARC and the County's Engineer;
 - (c) construct, erect or install a fence or other Structure of any type or nature within or upon the drainage easements;
 - (d) permit storage, either temporary or permanent, of any type upon or within the drainage easements;
- or
- (e) place, store, or permit to accumulate trash, garbage, leaves, limbs or other debris within or upon the drainage easements, either on a temporary or permanent basis.

By acceptance of a Deed to any Lot, each Owner covenants and agrees to ensure that the Lot is graded and maintained in accordance with the grading plan set forth in the Design Guidelines, and that the drainage of the Lot is maintained in accordance with the grading plan.

5.6 Special Water Access Easement. A reciprocal easement (the "**Water Access Easement**") is reserved for ingress and egress by boat or other watercraft across those portions of the Waterfront Lots lying within the permanent or temporary flood easement area held by the Brazos River Authority and inundated from time to time with water in accordance with the flood easements. The Water Access Easement is solely for the mutual benefit of the Owners and Residents of the Waterfront Lots, and not for the benefit of any other Owners. The purpose of the Water Access Easement is solely to allow an Owner or Resident of a Waterfront Lot to access the main body of Lake Granbury by crossing the portions of other Waterfront Lots under water from time to time by boat or other watercraft.

5.7 Fence Easement. An easement five feet (5') in width is reserved across the rear portions of the Blanche Street Lots which abut Blanche Street for the use by the Association to install, repair, maintain, remove and replace a fence or other similar structure. This fence easement and all improvements within the easement area shall be deemed a part of the Common Areas.

ARTICLE 6 ARCHITECTURAL REVIEW COMMITTEE

6.1 Establishment of ARC. In order to protect the overall integrity of the development of the Subdivision as well as the value of Improvements of all Owners, a committee designated as the "**Architectural Review Committee**" is hereby established to carry out all duties as noted in this Declaration. The Architectural Review Committee shall have full authority to approve and disapprove and control all construction, development and Improvement activities of any kind (including, without limitation, Structures, hardscape and landscape) within the Subdivision and to insure that all Improvements are constructed in accordance with good workmanship-like manners and standard industry trade practices, and to insure that all Improvements are architecturally, aesthetically and ecologically designed to be compatible with Declarant's conceptual plan for the overall Subdivision.

6.2 Submission of Plans. No Structure of any kind shall be erected, placed, constructed, maintained, modified or altered, no Improvement shall be made, no landscaping or hardscape shall be installed on any Lot in the Subdivision, nor shall any clearing or sitework (including specifically the removal of trees or any other vegetation) be commenced, until a complete set of plans and specifications relating to that Structure, Improvement or activity

shall have been formally submitted to and approved by the ARC. The plans and specifications relating to that Structure, Improvement or activity shall be in writing and, to the extent applicable to the proposed Structure, Improvement or activity, shall contain and include, but shall not necessarily be limited to, the following information: floor plans, including finished floor and ground elevations; exterior location for any buildings, fence or other Structures (including location of light poles, if applicable); site plans showing the location of all Improvements and the distance from those Improvements to adjacent Lot lines; exterior lighting and location; landscaping and irrigation plans; samples of exterior finish materials and color samples; the location and design of porches; and any other plans, specifications or information deemed pertinent by the Architectural Review Committee and/or Declarant. The landscaping plan shall include the proposed layout for flower beds, trees and lawn areas, and shall include a layout of the irrigation or water sprinkler system.

6.3 Plan Review. The Architectural Review Committee shall review all plans, specifications and other information submitted for compliance with all the requirements of this Declaration and for the compatibility of any Improvements (including landscaping) with the Design Concept and other architectural, aesthetic and ecological goals of Declarant, it being the intent that those goals require that all Improvements be compatible with all other Improvements in the Subdivision and that they be in harmony with their natural surroundings. The ARC shall have full right and authority to utilize its sole discretion in approving or disapproving any plans and specifications which are submitted. If the ARC fails to approve submitted plans or to request additional information reasonably required within thirty (30) days after submission, the applicant shall give the ARC written notice of its failure to respond. Unless the ARC responds within ten (10) days of receipt of that notice, approval will be deemed granted.

6.4 Approval. The Architectural Review Committee may disapprove the construction or design of any Improvement or Structure, including the removal of any trees or other natural vegetation, if the members of the ARC believe a violation of the Covenants and Restrictions would result or on purely aesthetic grounds where, in its sole judgment, disapproval is required to protect the continuity of design or value of the Subdivision, or to preserve the serenity and natural beauty of any surroundings. Prior approvals and/or disapprovals of the ARC pertaining to any Improvement activities or regarding matters of design or aesthetics shall not be deemed binding upon the ARC for later requests for approval if the ARC feels that the repetition of those matters will have an adverse effect on the Subdivision. The Architectural Review Committee shall have the express power to construe and interpret any Covenant or Restriction in this Declaration that may be capable of more than one construction.

Plans and specifications which are submitted to the ARC must be consistent with the Design Concept. Each Owner, by its acquisition of a Lot, shall be deemed to have acknowledged that the determination by the ARC as to whether or not any proposed Structure or Improvement is consistent with the Design Concept is subjective, and that plans and specifications which meet the technical requirements of this Declaration may not be approved if determined by the ARC not to be consistent with the Design Concept.

6.5 Right to Inspect. During reasonable hours, members of the Architectural Review Committee, any member of the Board of Directors, or any authorized representative of any of them, shall have the right to enter upon and inspect any Lot, and the Residence thereon, for the purpose of ascertaining whether or not the provisions of the Declaration have been or are being complied with, and those persons shall not be deemed guilty of trespass by reason of such entry.

6.6 General. The ARC shall have the authority to employ professional consultants at the expense of the Association to assist it in performance of its duties. The decision of the Architectural Review Committee shall be final, conclusive and binding upon the applicant. The ARC members shall not be entitled to any compensation for any services rendered pursuant to this Declaration, but shall be entitled to reimbursement from the Association for reasonable out-of-pocket expenses incurred in performing their duties.

6.7 No Liability. Members of the ARC shall not be liable to any person (including Owners and Builders) subject to or possessing or claiming any benefits of this Declaration and the Covenants and Restrictions contained in this Declaration for any damage or injury arising out of their acts under this Declaration.

6.8 Number and Designation. The number of initial members of the ARC and the initial persons who are to serve as members of the ARC shall be decided by Declarant. Until the end of the Development Period, Declarant shall have the sole right to appoint or remove members of the ARC in Declarant's sole discretion. Upon the

expiration of the Development Period, the Board of Directors shall designate the number of members of the ARC, which shall consist of at least three (3) but no more than five (5) members, and may appoint and remove all members of the ARC.

6.9 Design Guidelines. Declarant may from time to time promulgate Design Guidelines, which are incorporated into this Declaration by reference, a copy of which will be furnished to Owners on request. The Design Guidelines will supplement this Declaration and may make other and further provisions as to the approval and disapproval of plans and specifications, prohibited materials and other matters relating to the appearance, design and quality of Structures and other Improvements. Until the end of the Development Period, Declarant shall have the right to amend the Design Guidelines in any manner in Declarant's sole discretion. After the end of the Development Period, the Design Guidelines may be amended from time to time upon the affirmative vote of two-thirds (2/3) of the members of the ARC.

6.10 Variances. The Architectural Review Committee may grant a variance from any and all requirements set out in this Declaration or in any Design Guidelines if good cause is shown for the variance and the ARC believes the variance will not materially affect the proper development of the Subdivision.

ARTICLE 7 CONSTRUCTION RESTRICTIONS

7.1 Residential Structures. No Structure shall be placed or constructed upon any Lot other than Structures whose primary design and purpose is for single family residential purposes or accessory Structures whose purposes are consistent with and incidental to the residential use of the Residence and the Lot. No duplexes, apartment buildings, or commercial Structures shall be allowed in the Subdivision, unless specifically permitted in this Declaration. Except as specifically provided in the next sentence, no more than one (1) Residence may be located on any Lot. If a Residence meeting the requirements of this Declaration exists on a Lot, then a separate accessory Structure which is designed as a garage apartment may also be constructed and used for residential purposes, so long as the garage apartment has no more than a total of four hundred (400) square feet of living area floor space and otherwise meets all Governmental Requirements and all other requirements for accessory Structures under this Declaration. All Structures must meet all Governmental Requirements, including those imposed under the PD Ordinance or by regulations arising from the Subdivision's location within the HCO District.

7.2 Minimum Floor Space. The main residence Structure of each Residence constructed on a Lot shall contain no less than 1,500 and no more than 3,500 contiguous square feet of space, exclusive of open or screened porches, terraces, patios, driveways, carports, garages and living quarters for domestic servants separated or detached from the primary living area.

7.3 Height Restriction. No Improvement shall be made or Structure shall be erected, altered or placed on, within or in the Subdivision which exceeds two (2) standard stories or forty five feet (45') in height. All Governmental Requirements with respect to the maximum height of Structures shall be complied with at all times.

7.4 Building Materials. The exterior walls of all Residences and all other Structures (other than Boathouses) shall be constructed with a minimum of eighty-five percent (85%) exterior masonry, Hardi® siding or similar materials, as may be prescribed by Design Guidelines. The exterior walls of all Boathouses shall be constructed only of masonry and/or natural wood. The minimum masonry percentage shall apply to the aggregate area of all exterior walls including chimneys but excluding doors, windows and similar openings. Masonry includes brick, brick veneer, stone, stone veneer and rock. Small quantities of stucco, drivett and similar substances may be approved by the ARC. In no instance shall more than eighteen (18) inches of the slab of the Residence be exposed above finished grade as viewed from any street, right-of-way or other Common Areas.

7.5 Roofs. Roofing shall be either slate, dimensional composition shingles, or other materials as approved by the ARC. Roofs for Residences shall have a minimum slope of 8/12. Roofs for any accessory Structure (including Boathouses) must be compatible with, and must meet the same requirements as, a Residence. Roofs for Residences or accessory Structures (including Boathouses) may be constructed of tin or other metal only if specifically approved by the ARC.

7.6 Porches. Each Residence must have a one-story entrance porch on the front elevation that is scaled similarly to porches on nearby traditional residential buildings. Porches must be designed in dimensions and proportions adequate to create usable space.

7.7 Flues. All fireplace flues and smoke stacks shall be enclosed and concealed from public view in finished chimneys or materials architecturally compatible with the finish material of the exterior walls of the dwelling or otherwise approved by the ARC.

7.8 Mailboxes. When a Residence is constructed, a mailbox shall be installed consistent with the architecture and materials of the Residence in accordance with the plans approved by the ARC. Mailboxes shall be constructed of a material and design approved by the ARC.

7.9 Fences. The location and materials used in the construction of all fences or walls located on a Lot must be approved by the ARC. Chain link fences and masonry fences are prohibited. All fences or walls must be maintained at the Owner's expense. No fence shall exceed six feet (6') in height. All fences must be of a style and size compatible with the Design Concept, as determined by the ARC.

The Owner of each Blanche Street Lot shall construct a fence along the rear of its Lot meeting the requirements of this Section and otherwise acceptable to the ARC contemporaneously with the construction of a Residence on that Lot. Fences along the rear portions of all Blanche Street Lots must be constructed of wrought iron in a style and size consistent with all other similar fences along the rear of the Blanche Street Lots. The Owner must also plant and maintain Approved Shrubs at the Owner's expense on the eastern side of the wrought iron fence on the rear of its Blanche Street Lot.

All fences which face the front of a Lot (such as fences which run from the side of a Residence to the side Lot line) must be constructed of wrought iron. Solid fences facing the front of any Lot are not permitted. Fences which face the front of a Lot must be set back at least ten feet (10') from the front wall of the Residence.

Fences which run along the side Lot lines or at the back of Lots other than Blanche Street Lots shall be composed of masonry, brick, wrought iron or wood, and must be of a style and size as approved by the ARC.

7.10 Retaining Walls. All retaining walls located on any Lot must be constructed of masonry. No retaining wall may be constructed from cross-ties. Any retaining walls currently located on a Lot which do not meet the requirements of this Section must be removed and/or reconstructed to meet these requirements before the ARC will approve any plans and specifications for any new Structure or other Improvements.

7.11 Driveways. Driveways on each Lot must be constructed of brick pavers, concrete or similar substances which must be approved by the ARC. All other materials and finishes are prohibited. Each driveway must accommodate two (2) vehicles in front of the garage for off-street parking requirements. The driveway turnout shall be constructed in such manner as to provide an attractive transitional radius into the driveway entrance and shall prevent escape of drainage water from the street onto any Lots. All sidewalks shall conform to Governmental Requirements and FHA, HUD and VA specifications.

7.12 Garages. Every Residence shall have and maintain a garage large enough to accommodate under roof a minimum of one (1), but not more than two (2) full-sized automobiles (except as expressly provided below). If the automotive entrance to a garage on any Lot (other than a Waterfront Lot) faces the front of a Lot (so that it is not a side or rear entry garage), then the automotive entrance to that garage must be set back at least twenty feet (20') from the front wall of the Residence. The automotive entrance to a garage on a Waterfront Lot may be even with or behind the front wall of the Residence. Any garage door which faces the front of a Lot and which is located within the front one-half (1/2) of a Lot must be constructed of wood. All garages must have garage doors harmonious in quality and color with the exterior of the Residence. All garages shall be installed with electric opening and closing devices, which devices shall at all times be kept in serviceable condition. All garage doors shall be closed when not in use. Vehicles shall not be parked on any non-paved portion of any Lot. No garage shall be permanently enclosed for conversion to any other use. Open car ports are not permitted, unless special design circumstances warrant their use, in which case permission must be obtained in writing from the ARC.

Garages which would accommodate three (3) cars may be permitted only in exceptional cases if one or more of the garage door openings is not visible from the street in front of the Lot, the overall design of the Residence and garage is consistent with the Design Concept, and the Owner has obtained the prior approval of the ARC, which may be given in its sole discretion.

7.13 Boathouses. Every accessory Structure constructed on a Waterfront Lot whose primary purpose is for storage of boats and other watercraft (a “**Boathouse**”) must meet all of the requirements of accessory Structures under this Declaration, except to the extent that those requirements conflict with those contained in this Section. No more than one (1) Boathouse may be constructed on any Waterfront Lot. No Boathouse may be more than one (1) story in height. All roofs on Boathouses must have a minimum pitch of 2/12, except for portions of the roof used for functional purposes (such as a deck). All Boathouses must comply with all Governmental Requirements, including without limitation all Brazos River Authority boathouse requirements. No Boathouse may have more than three (3) slips for boat or watercraft storage. No Boathouse may be wider than thirty-five feet (35’), as measured on a line parallel to the shoreline.

7.14 Accessory Structures other than Boathouses. Every accessory Structure, inclusive of Structures such as a storage building, gazebo, spa, greenhouse, cabana or children’s playhouse but exclusive of Boathouses, shall be constructed of the same exterior materials and shall otherwise be compatible with the Residence to which it is appurtenant in terms of its design and material composition. All accessory Structures shall be subject to approval of the ARC. No accessory Structure shall exceed one (1) story in height, except for garage apartments which are located above a garage. The total floor area of an accessory Structure shall not exceed four hundred (400) square feet.

7.15 Temporary Structures. Unless specifically permitted in this Declaration, no Structure of a temporary character (sales buildings, trailer, tent, shack, garage, barn or other accessory Structures) may be used on any Lot at any time for storage or as a residence, either temporarily or permanently. No trailer except Builder sales and construction trailers shall at any time be parked in view of any other Lot or Residence or connected to utilities situated within a Lot. No prefabricated dwelling or building previously constructed elsewhere may be placed or maintained on any Lot. No modular, manufactured, prefabricated or mobile home, whether or not the wheels have been removed, may be placed or maintained on any Lot. All Structures of a temporary character must be approved by the Architectural Review Committee. During the Development Period, Declarant or any Builder may erect and maintain temporary Structures as are customary in connection with the construction of Improvements and sale of Lots, including, but not limited to storage facilities, signs and construction trailers. All temporary construction and sales Structures shall be aesthetically compatible with the Subdivision development.

7.16 Setbacks and Building Sites. All Structures must be constructed, placed and maintained in conformity with platted setback lines shown on the Plat or as established by applicable Governmental Requirements. The ARC may grant a variance from all setback requirements (other than those imposed by Governmental Requirements) if good cause is shown for the variance and the ARC believes the variance will not materially affect the proper development of the Subdivision. No Structure (other than shrubbery, fencing and driveways) may be located closer than five feet (5’) to any side or rear lot line. The location of all Structures within a Lot must be approved by the ARC. The ARC may establish additional setback lines for Structures other than Residences.

7.17 Floodplain; Finished Floor Elevations. No Residence of any kind (other than a Boathouse) may be located within any area designated as being within the 100 year flood plain (the “**Floodplain**”) as established from time to time by the Federal Emergency Management Agency or other applicable Governmental Requirements. No Improvements shall be made and no action of any sort shall be taken to fill any areas within the Floodplain on any Lot. No portion of any Residence shall have a finished floor elevation lower than two feet (2’) above the line of the Floodplain.

7.18 Sight Lines. No fence, wall or hedge or shrub planting which obstructs sight lines at elevations greater than three (3) feet above the roadway shall be placed or permitted to remain on any corner Lot within the triangular area as formed by the street right-of-way lines and a line connecting them at property corner, from the intersection of the street right-of-way lines as extended. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

7.19 Completion of Construction. Once construction on a Residence or a Boathouse has commenced, the construction on that Residence or Boathouse shall be completed within nine (9) months from the date construction commenced. If a Residence or other Structure has been damaged by casualty, that Residence or other Structure must either be repaired and restored or completely removed from the Lot within nine (9) months from the date that the damage occurred.

7.20 Variances; Discretion. The ARC is empowered to grant variances to the requirements in this Article in its sole discretion. The ARC may reject any plans and specifications which may technically meet the specific requirements in this Article if particular features or the overall design of any Structure does not conform to Declarant's conceptual plan for the Subdivision.

ARTICLE 8 USE AND OTHER RESTRICTIONS

8.1 Single Family Residential Purpose. All Lots in the Subdivisions shall be used for single family residential purposes only. No Structure intended for or adapted to business or commercial use shall be constructed or maintained on any Lot. No hobby, home-based business or other activity may be conducted on any Lot which attracts vehicular or pedestrian traffic to the Lot. No direct sales activities (excluding activities of Declarant and Builders and community activities specifically approved by the Board of Directors), flea markets, bazaars, sample sales, promotional parties or similar activities shall be conducted on any portion of the Subdivision. Garage sales, yard sales and similar sales are permitted so long as any sale does not extend for more than two (2) days and not more than one (1) such sale occurs on a Lot during any twelve (12) month period.

8.2 Leases. Residences may be leased for a period of no less than one (1) year. All leases must be in writing. The lease of a Residence shall not discharge the Owner from compliance with any of the obligations and duties as an Owner. Owners shall provide lessees with a copy of this Declaration, Bylaws and the rules and regulations of the Association and all correspondence from the Association. All the provisions of this Declaration, Articles, By-laws, Design Guidelines and rules and regulations of the Association shall be applicable and enforceable against any Resident to the same extent as against an Owner. Any lease or rental agreement shall be deemed to be subject to the terms of this Declaration and the other documents of the Association by reference without the necessity of specific reference to them, and each Resident shall be bound by the terms and conditions of those documents.

8.3 Signs. Except as otherwise specifically provided in this Declaration, no sign, banner, or pennant of any kind shall be displayed to the public view on any Lot except one (1) professional sign of not more than four (4) square feet advertising the Lot for rent or sale, which may include contact information for the seller, lessor or real estate broker, but not the purchase price or rental rate. Distressed, foreclosures and bankruptcy references are specifically prohibited. Builders may erect and maintain a sign on a Lot during the period of time during which Builder is constructing Improvements on the Lot. Signs advertising subcontractors or suppliers are specifically prohibited. Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than ninety (90) days in advance of the election to which they pertain and are removed within fifteen (15) days after the election. The ARC shall have control over all verbiage on all signs. Except for signs advertising a Lot or Residence for sale and adhering to the standards of this Article or signs installed by Declarant, all signs within the Subdivision shall be subject to the prior written approval of the ARC. Declarant may install signs of any size and content it determines is reasonably necessary or desirable to advertise the Subdivision and particular Lots during the Development Period. Declarant, the Association and their respective agents shall have the right to remove any signs, billboard or other advertising Structure that does not comply with the above, and in doing so shall not be subject to any liability for trespass or any other liability in connection with such removal.

8.4 Yard Maintenance. All improved yards and lawns shall be kept neat and well maintained and all grass, weeds, and vegetation on each Lot shall be kept mowed at regular intervals. Trees, shrubs, vines and plants which die shall be promptly removed from each Lot. Lawns must properly maintained (not to exceed six inches [6"] in height) and fences must be repaired and maintained and no objectionable or unsightly usage of Lots will be permitted which is visible to public view. Building materials shall not be stored on any Lot, and any excess materials not needed for construction and nay building refuse shall promptly be removed from each Lot. Within ninety (90) days from the date of completion of construction of a Residence on a Lot, the front and side yards shall

be returned to a neat condition and shall be sodded or covered with other vegetation. Each front and side yard must include an operable irrigation or water sprinkler system.

Until a Residence is built on a Lot, Declarant or the Association may, at its option and at Owner's expense, have the grass, weeds and vegetation cut when and as often as the same is necessary in its judgment, and have dead trees, shrubs and plants removed therefrom. Either Declarant or the Association may also, at its option and at the Owner's expense, remove any excess building materials or building refuse situated on a Lot in violation of this Covenant.

All front yards and side yards on all Lots must be planted with grass or other ground cover exclusive of any landscape areas. Decorative ground cover rock in the front and side yards may not exceed ten percent (10%) of the total area of the front and side yards. Cuts into natural grade visible from the street are to be faced with masonry, sodding or landscaping. Allowances may be made for areas left in their natural state depending upon their appearance, and subject to the express approval of the ARC.

8.5 Removal of Violations. The Association may require any Owner to remove or eliminate any object situated on a Residence or Lot that is visible from any Common Area or from any other Lot, if, in the Board of Directors' sole judgment, such object detracts from the visual attractiveness of the Subdivision. The Association, and its agents, during normal business hours, shall have the right (after 5 days written notice to the Owner of any Lot involved, setting forth the specific violation or breach of this covenant and the action required to be taken, and if at the end of such time reasonable steps to accomplish such action have not been taken by the Owner), to enter on the subject premises (without any liability whatsoever for damages for wrongful entry, trespass or otherwise to any person or entity) and to take the action(s) specified in the notice to remedy or abate said violation(s) or breach(es). The Association, or its agent, shall further have the right (upon like notice and conditions), to trim or prune, at the expense of the Owner, any hedge, tree or any other planting that, in the written opinion of the Association, by reason of its location on the Lot, or the height, or the manner in which it is permitted to grow, is detrimental to the adjoining Lots, is dangerous or is unattractive in appearance. The lien provided under this section will constitute a CCR Lien retained against the Lot with the same force and effect as the CCR Lien for Assessments set forth in this Declaration.

8.6 Vehicles. No trailer, motor home, tent, boat, marine craft, hovercraft, aircraft, recreational vehicle, motor home, camper body, travel trailer, truck larger than a one (1) ton pick-up (except those used by a Builder during the construction of Improvements), or wrecked, junked or inoperable vehicle shall be kept, parked, stored, or maintained on any portion of the front yard area of a Lot nor shall be kept, parked, stored or maintained on other portions of the Lot. No stripped down, wrecked, junked or inoperable trailers, boats, recreational vehicles or motor vehicles shall be kept, parked, stored or maintained on any Lot. No dismantling or assembling of a motor vehicle, boat, trailer, any truck or any other machinery or equipment shall be permitted in any driveway or yard adjacent to a street. The Board of Directors shall have the absolute authority to determine from time to time whether a vehicle and/or accessory is operable and adequately screened from public view. Upon an adverse determination by the Board of Directors, the vehicle and/or accessory shall be removed and/or otherwise brought into compliance with this paragraph.

No vehicles, trailers, implements or apparatus may be driven or parked on any easement. No commercial vehicle bearing commercial insignia or names shall be parked on any Lot except within an enclosed Structure or a screened area which prevents such view thereof from adjacent Lots and streets, unless such vehicle is temporarily parked for the purpose of serving such Lot. No vehicles of any description may be parked overnight on any street within the Subdivision. No vehicle of any size which transports inflammatory or explosive cargo may be kept in the Subdivision at any time.

8.7 Offensive Activities. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Owners or the Subdivision.

No Owner or occupant shall perform any work that will impair the structural soundness or integrity of another Residence or impair any easement, nor do any act nor allow any condition to exist which will adversely affect the other Residences or their Owners or Residents.

No exterior lighting of any sort shall be installed or maintained on a Lot where the light source is offensive or a nuisance to other Owners of Lots (reasonable security, landscape, or tennis court lighting is permitted with the approval of the ARC.).

No exterior speakers (other than stereo speakers sold for noncommercial use), horns, whistles, bells, or other sound devices (except security devices such as entry door and patio intercoms used exclusively to protect the Lot and Improvements situated thereon) shall be placed or used upon any Lot.

8.8 Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall be kept in sanitary containers. No trash, ashes or other refuse may be thrown or dumped on any vacant Lot, park, street, Right of Way, or drainage area in the Subdivision. No cans, bags, containers or receptacles for the storing or disposal of trash, garbage, refuse rubble, or debris shall be stored, kept, placed or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage and rubbish and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal but shall be removed from view before the following day.

8.9 Animals and Pets. Except as specifically provided in this Section, no livestock, poultry, swine or animals of any kind shall be raised, bred or kept on any Lot. Cats, dogs, or other generally recognized household pets may be kept on a Lot for non-commercial purposes provided that the pets are not exotic or dangerous pets of any type (i.e. pit bulls, boa constrictors, ferrets, etc.) and do not pose a safety or health threat to the community. No more than a total of three (3) animals (permitted pets) may be kept on any Lot. Any pet which endangers the health of any Owner or occupant of a Lot, which creates a nuisance or an unreasonable disturbance, or which is not a common household pet, as may be determined by the Board of Directors, must be permanently removed from the Subdivision upon seven (7) days written notice by the Board of Directors. No pets shall be permitted in the Common Areas.

All animals shall be kept in strict accordance with all Governmental Requirements (including leash laws), and in accordance with all rules established by the Association. All animals must be kept within a fenced area on a Lot. If taken off the Lot, all animals must be kept on a leash or otherwise controlled by the Owner or Resident. It shall be the responsibility of the owners of the pets to prevent the animals from running loose or becoming a nuisance to the other Residents.

8.10 Microwave, Radio, TV Antenna and Solar Collectors. No microwave dishes, radio, citizen band or otherwise, or television aerial wires or antennas shall be maintained on any portion of any Lot, or in the Common Area, except direct broadcast satellite (DBS) antennae less than forty inches (40") in diameter, multichannel multipoint distribution system (MMDS) antennae less than forty inches (40") in diameter, or television broadcast antennae, which Owners shall screen from view as much as possible without impairing the installation, maintenance or use. All matters set forth in this provision require the express approval, in advance, of the ARC, which shall be exercised in conformity with the rules of the Federal Communications Commission and other Governmental Requirements.

8.11 Air Conditioning Equipment; Clothes Lines. No window, roof or wall type air-conditioner that is visible from any street shall be used, placed or maintained on or in any Residence. No air-conditioning apparatus shall be installed on the ground in front of a Residence. No clothes lines shall be placed on any Lot.

8.12 Athletic Facilities. Basketball goals, or backboards, or any other similar sporting equipment of either a permanent or temporary nature shall not be placed on the front of any Lot without the prior written consent of the ARC. All recreational equipment is subject to the Design Guidelines.

ARTICLE 9 BOARD OF DIRECTORS

9.1 Maintenance Fund. The Board of Directors, for the benefit of the Owners, shall establish and maintain a maintenance fund into which shall be deposited the Assessments collected from Owners and which maintenance fund shall be used, without limitation, for the payment of the following:

- (a) Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas rather than against the individual Owners, if any.
- (b) Care and preservation of the Common Areas.
- (c) The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board of Directors, and the services of such other personnel as the Board of Directors or by the manager.
- (d) Legal and accounting services.
- (e) A policy or policies of insurance insuring the Common Areas, the Association, its Directors, and Officers against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board of Directors.
- (f) Workers compensation insurance to the extent necessary to comply with any applicable laws.
- (g) Such fidelity bonds as may be required by the Bylaws or as the Board of Directors may determine to be advisable.
- (h) Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments (including taxes or assessments assessed against an individual Owner which the Board of Directors is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the enforcement of this Declaration.
- (i) Perpetual maintenance and enhancement of all common Areas including walls, gates, grounds, landscaping, lights, irrigation and electric for right-of-way and all entry monuments, walls and signs owned or maintained by the Association.

9.2 Powers and Duties of Board: The Board of Directors, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for in this Declaration and in the Bylaws of the Association:

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

(h) To enforce the provisions of any rules made under this Declaration and to enjoin and seek damages from any Owner for violation of such provisions or rules.

(i) To collect all Assessments and enforce all penalties for non-payment including the filing of lien affidavits and institution of legal proceedings.

(j) To establish a monetary "fines" system which shall include due process hearings and a discretionary range of fine amounts, which, when levied, shall constitute a permitted Member Charge secured by the CCR Lien established in this Declaration.

(k) To establish reserve funds which may be maintained and/or accounted for separately from other funds maintained for annual operating expenses.

The Board of Directors shall have the exclusive right to contract for all goods, services and insurance payment of which is to be made from the maintenance fund and the exclusive right and obligation to perform the functions of the Board of Directors except as otherwise provided in this Declaration.

The Board of Directors, on behalf of the Association, shall have full power and authority to contract with any Owner or other person or entity for the performance by the Association of services which the Board of Directors is not otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board of Directors may deem proper, advisable and in the best interest of the Association.

ARTICLE 10 ASSESSMENTS

10.1 Obligation to Pay Assessments. Each Owner of any Lot, by acceptance of a Deed to a Lot, whether or not it shall be so expressed in any Deed or other conveyance, shall be deemed to covenant and agree to pay all Assessments to the Association, including, without limitation, (a) Annual Assessments; (b) Special Assessments to be fixed, established, and collected from time to time as provided below; and (c) Member Charges levied against individual Owners. The Assessments shall be a charge on the land and shall be a continuing lien upon the Lot against which each Assessment is made. All Assessments shall also be the personal obligation of the person who was the Owner of the applicable Lot at the time the Assessment became due. Each Owner shall be directly liable and responsible for the acts, conduct and omissions of each and every Member and Resident associated with the Residence on the Owner's Lot. Notwithstanding anything to the contrary contained in this Declaration, Declarant shall be exempt from the obligation to pay any Assessments on any Lot owned by Declarant.

10.2 Purpose of Assessments. The Assessments levied by the Association shall be used for the purpose of promoting the comfort, recreation, health, safety, convenience, welfare and quality of life of the Residents and Members, and in particular, for the improvement, maintenance and operation of the Common Areas and the use and enjoyment of the Subdivision by the Members. The Assessments may also be used for expenses incurred by the Association to perform its functions described in or contemplated by this Declaration and to remedy a Member's breach of the Covenants and Restrictions.

10.3 Annual Assessments. The Annual Assessments for both improved and unimproved Lots shall be determined by the Board of Directors in the manner provided for in this Declaration after determination of current maintenance costs and anticipated needs of the Association during the year for which the Assessment is being made. The maximum Annual Assessment may be adjusted by a majority vote of the Board of Directors, without membership vote, but shall not be increased more than ten percent (10%) above the prior year's Annual Assessment. The Association may increase the maximum Annual Assessment rate by more than the percentage specified in the preceding sentence only upon receipt of a two-thirds (2/3) of all votes cast by Owners at a meeting called for vote on such a proposed increase.

10.4 Rate of Assessment. Both Annual Assessments and Special Assessments must be fixed at a uniform rate for all Lots owned by Class A Members, unless otherwise approved by at least two-thirds (2/3) of the members of the Board of Directors. The Annual Assessment for each Lot owned by a Class A Member shall be an amount equal

to the lesser of (i) one hundred ten percent (110%) of the prior year's Annual Assessment, or (ii) the total amount of the annual budget multiplied by a fraction, the numerator of which is the number of Lots attributable to that Owner and the denominator of which is the total number of Lots in the Subdivision. Declarant shall have the right to waive collection of Annual Assessments attributable to a Lot acquired by a Builder for up the 180 day period after the date that Lot is acquired by the Builder.

10.5 Special Assessments. In addition to the Annual Assessments provided for above, the Association may levy, in any Assessment year, a Special Assessment on each Lot, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital Improvement on or which is a part of the Common Areas, respond to the unusual emergency needs of the Association as may be expected to appear from time to time, or for such other lawful purpose related to the use of the Subdivision as the Board of Directors or the Owners may determine, provided that any such Assessment shall have the assent of a majority of the votes of the Lot Owners who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Lot owners and shall set forth the purpose of the meeting.

10.6 Member Charge. In addition to the Annual Assessment and Special Assessment, the Association, by vote of the Board of Directors, may impose a Member Charge upon any Owner for the purposes of reimbursing the Association for all direct and indirect costs incurred by the Association (including, without limitation, attorney's fees) with regard to any violation of a Covenant by the Owner, any family member of the Owner, or any Resident of a Lot owned by the Owner. Each Owner who has violated the Covenants and Restrictions shall be notified in writing of the violation and shall be afforded a reasonable period of time, not to exceed ten (10) days, to correct the violation before a Member Charge is assessed.

10.7 Due Dates, Budget and Late Charges. The Annual Assessments provided for in this Declaration shall become due and payable and shall be collected as the Board of Directors of the Association shall determine. The Annual Assessment may be payable either on an annual basis on a date set by the Board of Directors or on a monthly or quarterly basis. The amount of the Annual Assessment shall be an amount which bears the same relationship to the Annual Assessment provided for above as the remaining number of months in that year bears to twelve. The Board of Directors shall use reasonable efforts to provide each Owner with an invoice statement as of the appropriate amount due, but any failure to provide such a notice shall not relieve any Owner of the obligation. The due date of any Special Assessment under the provisions hereof shall be fixed in the resolution authorizing such Assessment. The Special Assessments are due and payable on the date fixed in the resolution authorizing the Special Assessment. Member Charges are due and payable within thirty (30) days after the Owner was served with notice by the Association of the amount of such Member Charge.

10.8 Budget. Each year, the Board of Directors of the Association shall adopt an annual budget and set the amount of the Annual Assessment, taking into consideration the Association's operating cost for the then current year, expected increases or decreases in such costs over the next year, and future needs of the Association. The annual budget shall be adopted by the Board of Directors at least thirty (30) days prior to the commencement of each fiscal year.

10.9 Interest; Late Charge; Costs of Collection. Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a rate to be determined, from time to time, by the Board of Directors, not to exceed the maximum permitted by law. If the Board of Directors shall refuse or fail to determine a rate of interest, the rate of interest shall be eighteen percent (18%) per annum. If applicable state law provides or requires an alternate ceiling under applicable law (including the Texas Finance Code) then that ceiling shall be the indicated rate ceiling. The Board of Directors may also establish from time to time late charges payable for any Assessment not paid within five (5) days after the date due in an amount as determined by the Board of Directors to defray some of the expenses of the Association resulting from the delinquent Assessment. In addition to any other charge for delinquent Assessments provided in this Declaration, each Owner shall be obligated to pay to the Association all actual costs of collection incurred by the Association, including attorney's fees and costs of court, all of which are part of the Assessments secured by the liens in favor of the Association. Nothing in this Declaration is intended or shall be construed to allow for the contracting, charging or collection of interest at a rate in excess of the highest rate permitted by applicable law.

10.10 Application of Payments. All payments shall be applied first to costs and attorney's fees, then to late charges, then to interest, then to delinquent Assessments, then to any unpaid installments of the Assessments which

are not the subject matter of suit in the order of their coming due, and then to any unpaid installments of the Assessments which are the subject matter of suit in the order of their coming due.

10.11 Certificate regarding Assessments. The Board of Directors shall, upon reasonable demand, furnish to any Owner of a Lot a certificate in writing signed by an authorized officer of the Association setting forth the amount of any Assessments due and payable relating to the Lot(s) owned by the Owner. The certificate shall be conclusive evidence of payment of any Assessment stated to have been paid. A reasonable charge may be made by the Board of Directors for the issuance of a certificate.

ARTICLE 11 ENFORCEMENT AND LIENS

11.1 Remedies and Lien for Assessments. A lien is hereby reserved against each Lot in favor of the Association to secure the payment of all Assessments and the performance of all obligations of the Owner of the Lot. Each Owner, by the acceptance of a Deed to a Lot, expressly grants to and vests in the Trustee for the benefit of the Association, a lien with power of sale upon the Lot(s) owned by the Owner to secure payment of all Assessments attributable to the Lot(s) and the performance of all Covenants and Restrictions by the Owner. The Association and its agents shall also have the right and power to bring all actions against the Owner personally for the collection of the Assessments as a debt and to enforce the CCR Lien by all methods available for the enforcement of contractual liens, including non-judicial or judicial foreclosure by an action brought in the name of the Association, and grants to the Association the power of sale in connection with the CCR Lien. The Board of Directors shall have the right to remove any Trustee serving from time to time with or without cause and to appoint a substitute or successor Trustee. The Board of Directors shall have the right to appoint Agents, to mail and file the notices required by Texas Property Code §51.002, to conduct the sale, and to otherwise comply with the statute. The CCR Lien provided for in this Section is a contractual lien with power of sale to the Trustee for the benefit of the Association to secure the payment of the Assessments and the performance of the other Covenants and Restrictions. No Owner may waive or otherwise escape liability for the Assessments provided for in this Declaration by nonuse of the Common Areas or abandonment of the Owner's Lot.

11.2 Notices. Notice of the CCR Lien may be given, but is not required, by the recordation in the Real Property Records of the County of an Affidavit of Delinquent and Notice of Assessment Lien, duly executed by the Trustee or an officer, agent or attorney of the Association, setting forth the amount owed, the name of the last known Owner or Owners of record of the Lot, and the legal description of the Lot. The Association shall have the right (but not the obligation) without notice to any Owner to provide notice of any default in the payment of an Assessment or the performance of any Covenant to any holder of a lien upon a Lot.

11.2 Foreclosure of CCR Lien. Foreclosure of a CCR Lien in favor of the Association may be conducted as a non-judicial sale by the Trustee of real property subject to a contractual lien in the manner required by applicable law. At any foreclosure, judicial or non-judicial, the Association shall be entitled to bid up to the amount of the sum secured by its CCR Lien, together with costs and attorney's fees, and to apply as a cash credit against its bid all sums due to the Association covered by the CCR Lien foreclosed. From and after any such foreclosure the occupants of such Lot shall be required to pay a reasonable rent for the use of that Residence and such occupancy shall constitute a tenancy-at-sufferance, and the purchaser at such foreclosure sale shall be entitled to appoint a receiver to collect such rents and, further, shall be entitled to sue for recovery of possession of such apartment by forcible detainer or by writ of possession.

11.3 Subordination of CCR Lien. Except as provided below, the CCR Lien securing payment of the Assessments and performance of the Covenants and Restrictions provided for in this Declaration shall be superior to any and all other charges, liens or encumbrances arising after the effective date of this Declaration. The CCR Liens reserved and created in this Declaration shall be subordinate to the lien of any bona-fide mortgage or mortgages now or hereafter placed upon the Lots subject to Assessment and the liens for taxes or other public charges which are superior by applicable law. The subordination of the CCR Liens reserved in this Declaration shall apply only to the Assessments which have become due and payable prior to the sale or transfer of such Lot pursuant to a decree of foreclosure, non-judicial foreclosure, or conveyance in lieu of foreclosure or in satisfaction of mortgage debt. The sale or transfer shall not relieve the then Owner of the Lot from liability for any Assessments thereafter becoming due nor from the CCR Lien of any subsequent Assessment.

11.4 Actions and Injunctions. If the Owner or Resident of any Lot, or the Owner's or Resident's heirs, executors, administrators, successors or assigns, shall violate or attempt to violate any of the Covenants and Restrictions set forth in this Declaration, it shall be lawful for the Association, Declarant, or any Owner subject to this Declaration, to prosecute any proceedings against the person or persons violating or attempting to violate any Covenants and Restrictions. The failure of any Owner or Resident to comply with any Covenant will result in irreparable damage to the Association, Declarant and other Owners of Lots in the Subdivision; thus the breach of any provision of this Declaration may not only give rise to an action for damages at law, but also may be enjoined or may be subject to an action for specific performance in equity in any court of competent jurisdiction. In the event an action is instituted to enforce the terms of this Declaration or prohibit violations of the Covenants and Restrictions, and the party bringing the action prevails, then in addition to any other remedy provided in this Declaration or provided by law, that party shall be entitled to recover court costs and reasonable attorney's fees. Neither the Architectural Review Committee, the Association, nor Declarant shall be charged with any affirmative duty to police, control or enforce the terms of this Declaration.

11.5 Cure by Association or Declarant. By accepting a Deed to a Lot, each Owner agrees that Declarant and the Association shall have the right to enter upon any Lot on which a violation of a Governmental Requirement or Covenant or Restriction exists for the purpose of curing any violation, provided that (except in cases of emergency) the Owner has been given five (5) days prior written notice and has failed to remedy the complained of violation within that time. Each Owner shall indemnify and hold harmless Declarant and the Association from all cost and expense of that curative action and any cost or expense of penalty or fine levied by any governmental authority as a result of the act or failure to act of the Owner with respect to the Owner's Lot or the Subdivision. This remedy shall be cumulative of all other remedies for violations of provisions of these Covenants and Restrictions.

ARTICLE 12 INSURANCE AND REPAIRS

12.1 Fire, Hazard and Casualty Insurance. Each Owner shall carry all-risk casualty insurance on all Structures constructed on its Lot. Each Owner agrees that in the event of damage and destruction to any Structure, the Owner shall either proceed promptly to repair or to reconstruct the damaged Structure in a manner consistent with the original Structure or clear the Lot of all debris and return the Lot to substantially the natural state in which it existed prior to the beginning of the construction.

12.2 Liability Insurance. Each Owner shall be responsible, at its own cost and expense, for personal liability insurance to the extent not covered by the Association and public liability insurance acquired by the Association on behalf of all Owners with respect to the Common Areas. Before a Residence is erected on any Lot, each Owner shall carry, at the Owner's expense, homeowners and lot owners insurance. Once a Residence has been erected on a Lot, each Owner shall, at the Owner's expense, obtain homeowners insurance. If a Residence is leased to a third party, the Owner or Resident shall obtain liability and hazard insurance.

12.3 Insurance by Association. The Board of Directors of the Association may obtain and continue in effect:

(a) property insurance, to insure the Structures in the Common Areas, naming the Association as beneficiary with an endorsement to the mortgagee, if any, against risks of loss or damage by fire and other hazards as are covered under standard fire and extended coverage provisions, including coverage against vandalism;

(b) comprehensive public liability insurance in such limits as it shall deem desirable, insuring the Association, its agents and employees, and each Owner, from and against liability in connection with the Common Areas;

(c) liability insurance covering errors and omissions of directors, officers, managers, employees and representatives of the Association, and fidelity bonds for all officers and employees which have control over the receipt or disbursement of funds; and

(d) other insurance as may be required by law (e.g. workers compensation) or which the Board of Directors deems prudent in the operation of the Association and maintenance of the Common Areas.

12.4 Insurance Premiums. All costs, charges and premiums for all insurance obtained by or for the benefit of the Association shall be a common expense of all Owners and shall be part of the Annual Assessment.

12.5 Indemnity. The Association may indemnify directors, offices, employees and agents and may purchase indemnity insurance to the maximum extent permitted by the Act.

12.6 Condemnation. If part or all of the Common Areas shall be taken or condemned by any authority having the power of eminent domain, any compensation and damages shall be paid to the Association. The Board of Directors shall have the exclusive right to act on behalf of the Association with respect to the negotiation and litigation of the taking or condemnation issues affecting the Common Areas. The Owners may, by vote of seventy-five per cent (75%) or more of the total voting power under this Declaration, agree to distribute the proceeds of any condemnation or taking by eminent domain, to each Owner and their mortgagee, if any, as their interests may appear. If the Owners shall not so agree, the proceeds shall be added to the funds of the Association, and the Association shall decide on whether or not to replace or restore, as far as possible, the Common Areas so taken or damaged. The Association shall give timely notice of the existence of condemnation proceedings to all Owners. The expense of participation in the proceedings shall be common expenses chargeable to the Owners.

12.7 Insufficient Proceeds. If the insurance or condemnation proceeds are insufficient to repair or replace any loss or damage, the Association may levy a Special Assessment as provided in this Declaration.

ARTICLE 13 TERM AND AMENDMENTS

13.1 Duration. This Declaration and the Covenants and Restrictions shall remain in force and effect for a period of thirty (30) years after this Declaration is recorded, at which time this Declaration and Covenants and Restrictions shall be renewed for successive periods of ten years each, unless amended or terminated as provided in this Declaration. This Declaration may be terminated in its entirety at any time after the end of the Development Period by a written agreement recorded in the Real Property Records of the County executed by the Owners of at least eighty percent (80%) of all Lots in the Subdivision; provided, however, the termination shall not be effective unless recorded at least one (1) year in advance of the effective date of termination.

13.2 Amendments by Members. After the end of the Development Period, this Declaration and the Covenants and Restrictions may be amended by written instrument approved by the affirmative vote of the Members of the Association holding at least seventy-five percent (75%) of the total votes. The amendment shall be effective when it is certified by the President of the Association as to the requisite number of votes and recorded in the Real Property Records of the County. Any amendment so certified and recorded shall be conclusively presumed to have been duly adopted.

13.3 Amendments by Declarant. Declarant shall have the right to file an amendment to this Declaration, without the necessity of joinder by any other Owner, for any reason and to amend any provision of this Declaration at any time prior to the end of the Development Period. Declarant may amend this Declaration to correct clerical errors, clarify ambiguities, remove any contradiction in the terms of this Declaration, to make any additions, deletions or amendments as may be required by the FHA, HUD, VA or other governmental or quasi-governmental entity to qualify the Subdivision for mortgage guaranties issued by those entities, or for any other purpose in Declarant's sole discretion.

ARTICLE 14
ANNEXATION AND CONSOLIDATION

14.1 Annexation or Disannexation by Declarant. Prior to the end of the Development Period, Declarant may, from time to time at its sole option without the consent or joinder of any other party, add or annex additional land to the scheme of this Declaration or disannex land from the scheme of this Declaration. An annexation of additional land shall be effective upon Declarant's filing in the Real Property Records of the County of an amendment to this Declaration annexing the additional land and specifically making that additional land subject to the Declaration (with any changes to the Declaration specifically relating to all or portions of the additional land as Declarant may elect). A disannexation of land subject to this Declaration shall be effective upon Declarant's filing in the Real Property Records of the County of an amendment to this Declaration disannexing the land and specifically removing that land from the Subdivision and from the effect of the Declaration

14.2 Effect of Annexation. Any annexations of additional land shall automatically extend the jurisdiction, functions, duties and membership of the Association to the additional land and correspondingly subject the additional land to the Covenants and Restrictions.

14.3 Consolidation. Any Owner owning two (2) or more adjoining Lots or portions of two or more adjoining Lots may, with the prior approval of the ARC or Declarant, consolidate such Lots or portions thereof into a single building site for the purpose of constructing one (1) Residence and other Improvements as are permitted in this Declaration on a single Lot.

14.4 Effect of Consolidation. If Lots are consolidated as permitted by the preceding Section, then:

(a) the Lot resulting from that consolidation shall bear, and the Owner of that Lot shall be responsible for, all Annual Assessments and Special Assessments previously applicable to the Lots (or portions thereof) which were consolidated (i.e., if two Lots were consolidated into one Lot, the Owner of the consolidated Lot shall pay two Annual Assessments or Special Assessments);

(b) the Member owing the Lot resulting from that consolidation shall be entitled to one (1) vote for each full Lot that was consolidated (i.e., if two Lots were consolidated into one Lot, the Owner of the consolidated Lot shall be entitled to two (2) votes);

(c) the Owner shall bear all expenses incurred in replatting the Lots affected, and shall reimburse the Association for any expenses incurred by the Association in connection with the consolidation; and

(d) each Lot resulting from the consolidation must independently meet all Governmental Requirements.

ARTICLE 15
GENERAL

15.1 No Duty to Enforce. The failure of any Owner to comply with the provisions of this Declaration or any Covenants and Restrictions shall not be deemed or construed to impose liability of any nature on the Association, the ARC and/or Declarant, and neither the Association, the ARC nor Declarant shall be charged with any affirmative duty to police, control or enforce the provisions of this Declaration or the Covenants and Restrictions.

15.2 Security. Courtesy patrols or other security devices or services may be provided by the Association, from time to time; however, neither Declarant nor the Association is and will not at any time be a provider of security to any Owner, Resident or Residence, and each Owner must provide its own security for all Residents and their Residence, Lot and personal property.

15.3 Interpretation. If this Declaration or any word, clause, sentence, paragraph, or other part thereof shall be susceptible to more than one or conflicting interpretations, then the interpretation which is most nearly in accordance with the general purposes and objectives of this Declaration shall govern. Whenever in the application of the provisions of this Declaration, conflict with the application of any provision of the Bylaws of the Association, the provisions or application of this Declaration shall prevail. If any punctuation, word, clause, sentence, or

provision necessary to give meaning, validity, or effect to any other word, clause, sentence or provision appearing in this Declaration shall be omitted from this Declaration, then it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence or provision shall be supplied by inference. The singular, whenever used in this Declaration, shall be construed to mean the plural, when applicable, and the necessary grammatical changes required to make the provisions here apply either to corporations or individuals, males or females, shall in all cases be assumed as though in each case fully expressed. The headings contained in this Declaration are for reference purpose only and shall not in any way affect the meaning or interpretation of this Declaration.

15.4 Notices. Any notice required to be given to any Owner, Member or Resident shall be complete when the notice is deposited in the United States Mail, postage prepaid, and addressed to the Owner, Member or Resident at the last known address as shown by the records of the Association.

IN WITNESS WHEREOF, Declarant has executed this Declaration on _____, 2003, to be effective upon recordation in the Real Property Records of the County.

DECLARANT:

GRANBRIDGE, L.P.

By: EDH, Inc., its sole general partner

By: _____
Edward Hurley, President

STATE OF TEXAS

COUNTY OF _____

This instrument was acknowledged before me, the undersigned notary public, on _____, 2003, by Edward D. Hurley, as the President of and on behalf of EDH, Inc., a Texas corporation, the corporation acting in its capacity as the sole general partner of Granbridge, L.P., a Texas limited partnership, on behalf of said limited partnership.

[SEAL]

Notary Public, State of Texas

AFTER RECORDING, PLEASE RETURN TO:

Steven M. Smith
Broude, Smith & Jennings, P.C.
309 West 7th Street, Suite 1100
Fort Worth, Texas 76102

EXHIBIT "A"

(Attach examples of building elevations and designs which are consistent with Design Concept)