

**DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR
WATERS EDGE**

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR WATERS EDGE is made effective as of the 16th day of April 2015, by MICAM Development, LLC (hereinafter collectively referred to as "Declarant").

BACKGROUND STATEMENT

- A. Declarant is the owner of certain real property in Ellis County, Texas (the "Property") which is more particularly described on Exhibit A attached hereto.
- B. Declarant intends to develop on the Property a residential development to be known as "Waters Edge" (hereinafter referred to as the "Development").
- C. Declarant intends by this Declaration to impose mutually beneficial restrictions under a general plan and scheme of development for the benefit and protection of all Owners of Property within the Development. Declarant also desires to establish a method for the administration, maintenance, preservation, use and enjoyment of the Property.
- D. Declarant has caused or will cause the Association (as hereinafter defined) to be formed as a Texas non-profit corporation to perform certain functions for the common good and general welfare of the Owners (as hereinafter defined).
- E. The Declarant hereby declares that all of the Property (as hereinafter defined) shall be held, sold and conveyed subject to this Declaration of Covenants, Restrictions and Easements, which is for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property. The covenants, restrictions and easements set forth herein shall run with the Property, and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, and shall, subject to the limitations herein provided, inure to the benefit of each Owner, his heirs, grantees, distributees, legal representatives, successors, and assigns and to the benefit of the Association.

EACH OWNER SHALL SEEK AND OBTAIN AND BECOME THOROUGHLY FAMILIAR WITH (AND BY ACCEPTANCE OF A LOT SHALL BE DEEMED TO HAVE BECOME THOROUGHLY FAMILIAR WITH) THESE DECLARATIONS AND THE DESIGN GUIDELINES PRIOR TO ACQUISITION OF ANY LOT. BY ACCEPTANCE OF A LOT, EACH OWNER IS DEEMED TO HAVE AGREED TO BE BOUND BY THESE DECLARATIONS.

ARTICLE I

DEFINITIONS

The following words, when used in this Declaration of Covenants, Restrictions and Easements, shall have the following meanings:

“Annual Assessment” has the meaning given it in Section 5.04(a).

“Assessment” means an Annual Assessment or a Special Assessment.

“Architectural Control Committee” has the meaning given it in Article VII.

“Association” means Waters Edge Homeowners Association, Inc., a Texas non-profit corporation organized or to be organized under the Texas Non-Profit Corporation Act and its successors and assigns.

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

“Bylaws” mean the Bylaws of the Association.

“Commencement Date” means the date on which the first Lot (as hereinafter defined) is sold to a third party other than Declarant.

“Committee” means the Architectural Control Committee.

“Common Property” means all real property (together with any and all improvements now or hereafter located thereon) owned by the Association or in certain instances over which the Association has been granted permanent easements, if any, for the common use and enjoyment of the Owners (as hereinafter defined).

“Declarant” means MICAM Development, LLC and its successors and assigns.

“Declaration” means this Declaration of Covenants, Restrictions and Easements.

“Design Standards” means all Restrictions and standards applicable to any Residence or Structure on a Lot pursuant to this Declaration.

“Development” means the residential development known as Waters Edge developed or to be developed on the Property and such additions as may be made pursuant to Article II.

“Development-Wide Standard” shall mean the standard of conduct, maintenance or other activity generally prevailing in the Development. Such standard may be more specifically determined by the Board and by committees required or permitted to be established pursuant to the Declaration and the Articles of Incorporation and Bylaws of the Association. Such determination, however, must be consistent with the Development-Wide Standard originally established by the Declarant and with this Declaration.

“Due Date” has the meaning given it in Section 5.06(a) hereof.

“Lake Lots” shall be lot #s 9, 10 and 11 of the Development.

“Governmental Authority” has the meaning given it in the Section 3.08 hereof.

“Initial Design Standards” has the meaning given it in Section 0.01(b) hereof.

“Institutional Mortgage” has the meaning given it in Article XII hereof.

“Lot” means any parcel of land shown upon a subdivision plat or re-plat recorded in the Plat Records of Ellis County, covering any portion of the Property.

“Member” means any member of the Association.

“Membership” means the collective total of all Members of the Association.

“Occupant” means any person occupying all or any portion of a Residence located within the Development for any period of time, regardless of whether such Person is a tenant, guest, or the Owner of the Residence.

“Outbuildings” shall include any Structure located on a Lot not connected with the Residence.

“Owner” means the record owner, whether one or more persons or entities, of a fee simple title to any Lot.

“Property” means that certain real property described on Exhibit A and any additions thereto, as are subject to this Declaration, or any amendment or supplement thereto, prepared and filed of record pursuant to the provisions of Article II hereof.

“Residence” means a Structure situated upon a Lot intended for independent use and occupancy as a residence for a single family. Residence shall include porches (enclosed or unenclosed), attached garages and attached guest quarters, as well as breezeways and every integral part thereof, including but not limited to balconies, porte cocheres and architectural appurtenances such as cornices, bay windows, and the like.

“Restrictions” means all covenants, restrictions, easements, charges, liens and other obligations created or imposed by this Declaration.

“Right of Abatement” has the meaning given it in Section 10.02.

“Special Assessment” has the meaning given it in Section 5.05.

“Structure” means:

(a) anything or object the placement of which upon any Lot or the Common Property may affect the appearance of such Lot or the Common Property, including by way of illustration and not limitation, any building or part thereof, garage, porch, shed, greenhouse or bathhouse, coop or cage, covered or uncovered patio, swimming pool, dock, fence, curbing, paving, wall, tree, shrub (and all other forms of landscaping), sign, signboard, temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvement to such Lot or Common Property;

(b) any excavation, grading, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across any Lot or Common Property, or which affects or alters the flow of any waters in any natural or artificial creek,

stream, wash or drainage channel from, upon or across any Lot or Common Property.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION ADDITIONS THERETO

2.01 Property. The Property is located in the City of Midlothian, Ellis County Texas, and is more particularly described on Exhibit A attached hereto and incorporated herein by reference for all purposes.

2.02 Addition to Existing Property. Additional land(s) may become subject to this Declaration in any of the following manners:

(a) Declarant may (without the joinder and consent of any person or entity) add or annex additional real property to the scheme of this Declaration by filing of record on one or more occasions a Supplementary Declaration of Covenants, Restrictions and Easements of Waters Edge, which shall extend the scheme of the covenants, conditions, easements and restrictions of this Declaration to such property, provided, however, that such supplementary declaration may contain such complementary additions and modifications of the Covenants, Restrictions and Easements contained in this Declaration as may be necessary to reflect the different character and development requirements, if any, of the added properties and are not inconsistent with the concept of this Declaration.

(b) Any additions made pursuant to this Section 2.02, when made, shall automatically extend the jurisdiction, functions, duties and membership of the Association to the properties added.

(c) Declarant shall have the right and option (without the joinder, approval or consent of such association) to cause the Association to merge or consolidate with any similar association then having jurisdiction over real property located (in whole or in part) within one-half (1/2) mile of any real property then subject to the jurisdiction of this Association. Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Existing Property together with the covenants, conditions and restrictions established upon any other properties as one scheme.

2.03 Removal of Property. At any time prior to April 1, 2016, Declarant may remove portions of the Property from the scheme of this Declaration by filing of record a Release of Restrictions describing the portion of the Property which has been released.

2.04 Retention of Oil, Gas and Mineral Rights. Declarant has retained all oil, gas, and other mineral rights, if any, to any Lots conveyed by it.

ARTICLE III

COMMON PROPERTY

3.01 Conveyance of Common Property.

(a) The Declarant may from time to time convey to the Association or grant easements to the Association, at no expense to the Association and in accordance with this Section, real and personal property, leasehold interests, and other property interests for the common use and enjoyment of the Owners (such real and personal property and interests are hereinafter collectively referred to as "Common Property") and, to the extent expressly set forth in this Declaration, the general public. The Association shall accept such conveyance or grant, and, by acceptance thereof, the Association agrees to be bound by all of the provisions of these Declarations.

(b) It is contemplated by the Declarant that the Declarant will convey to the Association, the Common Property, as shown on the plat of the Property recorded in the Plat Records of Ellis County, Texas, as well as other common property in the event additional property is added to the scheme of this Declaration under Section 2.02. The Declarant may, at Declarant's sole discretion, modify, alter, increase, reduce and otherwise change the Common Property (or the use to be made thereof) contemplated to be conveyed to the Association in accordance with this subsection (b) of this Section 3.01 at any time prior to conveyance of such Common Property to the Association.

(c) In addition to the property described in subsection (b) of this Section 3.01, the Declarant may convey to the Association in accordance with this Section 3.01 such other real and personal property as the Declarant may determine, at Declarant's sole discretion, to be necessary or proper for the completion of the Development.

(d) Notwithstanding any legal presumption or provision hereof to the contrary, the fee simple title to, and all rights in any portion of, the Property owned by the Declarant and designated as Common Property or designated for public use shall be reserved to the Declarant until such time as the same shall be conveyed to the Association or to any municipality or other government body, agency or authority.

(e) Additionally, Declarant may retain the oil, gas, and other mineral rights to any Common Property conveyed to the Association.

3.02 Rights of Easement. Subject to the provisions hereof, every Owner of a Residence shall have a right and easement to use and enjoy the Common Property, which right shall be appurtenant to and shall pass with the title to every Lot upon transfer, provided, however, that no Owner shall do any act which interferes with the free use and enjoyment of the Common Property by all other Owners. The right and easement of use and enjoyment granted or permitted by this Section 3.02 is subject to suspension by the Association as provided in Sections 4.04(s) and 4.05.

3.03 Rights of the Association. The rights and privileges conferred in Section 3.02 hereof shall be subject to the right and obligations of the Association set forth or referenced in Article IV and to all of the other provisions of this Declaration.

3.04 Types of Common Property. At the time of the conveyance of any real property or grant of easement by the Declarant to the Association to be used as Common Property, the Declarant may designate in the deed of conveyance or easement that such real property is to be

Common Property, and further may designate in the deed of conveyance or easement the specific or general purpose or purposes for which such real property or any portion thereof may be used, and in such event, such real property or portion thereof shall not, without a three-quarters (3/4) vote of the Members, be used for any different purpose or purposes without the prior written consent of the Declarant.

3.05 Delegations of Use. Any Owner may delegate to the members of his family or his tenants or other Occupants who reside on a Lot, in accordance with the Bylaws, his right to use and enjoy the Common Property.

3.06 Maintenance. The Association shall maintain and keep in good repair the Common Property and other property of the Association within the Development, as hereinafter set forth; provided, however, the Association may choose not to replace any property the Board deems to be no longer needed for fulfilling the purpose of the Association. This maintenance obligation shall include, without limitation, maintenance, repair and replacement of all landscaping, improvements and other Structures situated on the Common Property or other property designated by Declarant to be maintained by the Association. In addition, the Association shall maintain grass and other landscaping located along or in dedicated rights of way which were installed and maintained by Declarant, to the extent permitted by the applicable Governmental Authority. The foregoing maintenance shall be performed consistent with the Development-Wide Standard.

3.07 Rights of Governing City or County. Unless otherwise approved by seventy-five (76%) percent of the outstanding votes within each voting class, the Association shall not by act or omission seek to abandon its obligations as established by this Declaration. However, in the event that:

(a) The Association dissolves and the Common Property shall not be either (i) dedicated to and accepted by the appropriate municipal corporation, public agency, authority or utility to be devoted to purposes as nearly as practicable the same as those to which the Common Property were required to be devoted by the Association, or (ii) conveyed to another organization or entity which assumes all obligations imposed hereunder upon the Association to maintain said Common Property; or

(b) The Association, its successors or assigns, shall fail or refuse to adequately maintain the appearance and condition of the Common Property which it is obligated to maintain hereunder, then, in either such event, the City of Midlothian, Texas, and Ellis County, Texas shall have the right, but not the obligation, to assume the duty of performing all such maintenance obligations of the Association at any time after such dissolution, upon giving written notice to the Owners, or at any time after the expiration of twenty- one (21) days after receipt by the Association, its successors or assigns, of written notice specifying in detail the nature and extent of the failure to maintain without such failure being remedied (The city or county assuming such duties is referred to herein as the "Governing Authority"). Upon assuming such maintenance obligations, the Governing Authority may collect, when the same become due, all assessments, annual or special, levied by the Association pursuant to the provisions hereof for the purposes of repairing, replacing, maintaining or caring for the Common Property applicable to the property within its jurisdiction and, if necessary, enforce the payment of delinquent assessments in the manner set forth herein. In the alternative, upon assuming such maintenance obligations, the Governing Authority may levy an assessment upon each Lot within its jurisdiction on a pro-rata basis for the cost of such maintenance, notwithstanding any other provisions contained in this Declaration, which assessment shall constitute a lien upon the Lot against which each assessment

is made. During any period that the Governing Authority assumes the obligations to maintain and care for the Common Property, the Association shall have no obligation or authority with respect to such maintenance. The right and authority of the Governing Authority to maintain the Common Property shall cease and terminate when the Association, its successors, or its assigns shall present to the Governing Authority reasonable evidence of its willingness and ability to resume maintenance of the Common Property. In the event the Governing Authority assumes the duty of performing the maintenance obligations of the Association as provided herein, then the Governing Authority, its agents, representatives and employees shall have the right of access, ingress and egress to and over the Common Property for the purpose of maintaining, improving and preserving the same.

ARTICLE IV

WATERS EDGE HOMEOWNERS' ASSOCIATION

4.01 Purposes, Power and Duties of the Association. The Association shall be formed as a non-profit corporation for the sole purpose of performing certain functions for the common good and general welfare of the Owners as contemplated in this Declaration. The Association shall have no power or duty to do or perform any act or thing other than those acts and things which will promote in some way the common good and general welfare of the Owners. To the extent, and only to the extent, necessary to carry out such purpose, the Association shall have all of the powers of a Texas non-profit corporation, organized under the Texas Non-Profit Corporation Act, and shall have the power and duty to exercise all of the rights, powers and privileges and to perform all of the duties and obligations of the Association as set forth in this Declaration.

4.02 Membership in the Association. Every Owner shall automatically be a Member of the Association and such Membership shall terminate only as provided in this Declaration. For purposes of voting, there shall be two (2) classes of Members as set forth in Section 4.03.

4.03 Voting Rights

(a) Each Owner of a Lot, with the exception of Declarant, shall be a Class A Member and shall be entitled to one (1) Class A vote per Lot. Where such Owner is a group or entity other than one individual person, the vote on behalf of such Owner shall be exercised only by such individual person as shall be designated in a proxy instrument duly executed by or on behalf of such group or entity and delivered to the secretary of the Association.

(b) The Declarant shall be the sole Class B Member and shall be entitled to three (3) votes for each Lot owned; provided, however, in no event shall the Class B Member have less than the total number of Class A votes plus one (1). The Class B Membership shall cease when the Declarant no longer retains the right to appoint and remove members of the Board and officers of the Association under Section 4.08 hereof.

4.04 Board of Directors. The affairs of the Association shall be conducted by a Board of Directors. The number of Directors and the method of election of Directors shall be as set forth in the Bylaws of the Association. All Board Members shall be residents of the Development or the Declarant. The Board, on behalf of the Association and for the benefit of the Property and the Owners and the Members and Occupants, may provide and may pay for, out of the Assessment

fund(s), one or more of the following:

(a) Care, preservation and maintenance of the Common Property (including without limitation the proper maintenance of the private streets) and the furnishing and upkeep of any desired personal property for use in or on the Common Property;

(b) Recreational and social programs and activities for the general benefit of the Occupants and programs which are designed only for separately identifiable sub-groups of Occupants, such as (but not limited to) infants, adolescents, teenagers, students, mothers and senior citizens;

(c) Supplementing (to the extent, if any, deemed necessary, appropriate and affordable by the Board) the police, fire, ambulance, garbage and trash collection and similar services within the Property traditionally provided by local governmental agencies;

(d) Taxes, insurance and utilities (including, without limitation, electricity, gas, water, sewer and telephone charges) which pertain to the Common Property;

(e) The services of any person or firm (including the Declarant and any affiliates of the Declarant) to manage the Association or any separate portion thereof, to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager of the Association. The Board is specifically authorized to hire and employ one or more managers, secretarial, clerical, staff and support employees. The Board is specifically authorized to engage personnel (such as ad valorem tax consultants and computer operators) and equipment (such as computers, software and electronic communication and transmission devices) for the administration of the collection of Assessments;

(f) Legal and accounting services;

(g) Architectural and design services; and

(h) Any other materials, supplies, furniture, labor, services, maintenance, repairs,

structural alterations, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of this Declaration or which in its opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of this Declaration.

The Board shall have the following additional rights, powers and duties;

(i) To execute all declarations of ownership for tax assessment purposes with regard to any of the Common Property owned by the Association;

(j) To enter into agreements or contracts with insurance companies, taxing authorities, the holders of first mortgage liens on the individual Lots and utility companies with respect to:

(i) any Taxes on the Common Property;

(ii) monthly escrow and impound payments by a mortgagee regarding the assessment, collection and disbursement process envisioned by Article V. herein;

(iii) utility installation, consumption and service matters; and

(iv) the escrow or impounding of monies sufficient to timely pay the Annual Assessment;

(k) To borrow money (including, without limitation, the borrowing of funds from the Declarant and/or its affiliates) for the purpose of carrying out the activities of the Association, including the acquisition, construction, improvement, equipping and maintenance of Common Property, and in aid thereof to encumber by deed of trust, mortgage or other security interest any or all of the Association's property including Common Property and revenues from assessments, user fees and other sources and provided, however, that during the period when the Declarant has the right to appoint members of the Board, the Association shall not grant or convey to anyone any mortgage, deed of trust or other security interest on or in Common Property without the written approval of Declarant.

(l) To enter into contracts, maintain one or more bank accounts and, generally, to have all the powers necessary or incidental to the operation and management of the Association;

(m) To protect or defend the Common Property from loss or damage by suit or otherwise, to sue or defend in any court on behalf of the Association and to provide adequate reserves for repairs and replacements;

(n) To make reasonable rules and regulations for the operation of the Common Property, charge reasonable expense reimbursements and/or deposits relating to the use, operation and maintenance of the Common Property, to amend any of the foregoing from time to time, and to enter into concession agreements regarding food, beverage, vending and other products and services within the Common Properties;

(o) To prepare an annual operating budget and to make available for review by each Owner at the Association offices within ninety (90) days after the end of each Fiscal Year an annual report;

(p) 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;

(q) To enforce the provisions of this Declaration and any rules made hereunder and to enjoin and seek damages from any Owner, Occupant or Member for violation of such provisions or rules. The Board is specifically authorized and empowered to establish (and to revise and amend from time to time) a monetary "fines" system which may include component steps such as warning citations, ticketing, dire process hearings and appeals and a flat rate or discretionary range or geometric progression of fine amounts, which, when pronounced, shall constitute a permitted individual Lot Owner assessment secured by the continuing lien herein established;

(r) Grant easements or rights of way over Common Property to any municipality or other governmental body, agency or authority, to any quasi-public agency or to any utility company or cable television system or to any owner of land contiguous to the property;

(s) Suspend, pursuant to Section 4.05, the voting rights of any Member and the right or enjoyment granted or permitted by Section 3.02;

(t) Enter into and enforce all applicable provisions of valid agreements of the Association relating to the Common Property or any part thereof for the purpose of providing management, maintenance, materials, services or other matters consistent with the purposes of the Association or these Declarations;

(u) Install, maintain, improve and replace any and all landscaping treatments or other Structures on the Common Property previously installed by the Declarant or installed by the Association to the extent that such landscaping or Structure is not otherwise maintained by the appropriate county and/or municipal entity having jurisdiction over the roads for Ellis County, Texas; and

(v) Install, maintain, improve and replace any and all fencing around the perimeter of the Property previously installed by the Declarant or installed by the Association.

The Association may: (i) borrow monies from the Declarant; (ii) lease equipment from the Declarant; (iii) contract with the Declarant concerning the provision of any personnel, labor, supplies, materials and services, provided such contract terms and conditions are: generally comparable (in terms of price, quality and timeliness) with those that might be otherwise obtained from unrelated third parties; and, as to professional management contracts, terminable by the Association at any time for any reason whatsoever and without penalty upon furnishing at least ninety (90) days advance notice thereof to Declarant. The Board shall not be required to solicit bids from unrelated third parties before entering into any contract with the Declarant and the reasonable judgment and resolution of the Board to enter into any such contract with the Declarant (absent fraud, gross negligence or willful misconduct) shall be final and conclusive and binding upon the Association and all of its Members.

4.05 Suspension of Membership Rights. The Board may suspend the voting rights of any Member and the right of enjoyment of the Common Property of any person who:

(a) shall be subject to the Right of Abatement by reason of having failed to take reasonable steps to remedy a violation or breach of either the Restrictions or the Design Standards within the deadlines set forth herein after having received notice of the same pursuant hereto;

(b) shall be delinquent in the payment of any Assessment levied by the Association; or

(c) shall be in violation of the rules and regulations of the Association relating to the use, operation and maintenance of Common Property.

Such suspension shall be for the balance of the period in which said Member or person shall remain in violation, breach or default, as aforesaid, except that in the case of a violation described in subsection (c) of this Section 4.05, the suspension may be for a period not to exceed sixty (60) days after the cure or termination of such violation. No such suspension shall prevent an Owner's ingress to or egress from his Lot.

4.06 Termination of Membership. Membership shall cease only when a person ceases to be an Owner.

4.07 Voting Procedures. The procedures for the election of Directors of the Association and the resolution of such other issues as may be brought before the membership of the Association shall be governed by this Declaration, the Texas Non-Profit Corporation Act and

other applicable law, the Articles of Incorporation of the Association, and the Bylaws of the Association, as each shall from time to time be in force and effect.

4.08 Control by Declarant.

(a) Notwithstanding any other language or provision to the contrary in this Declaration or in the Articles of Incorporation or the Bylaws of the Association, Declarant hereby retains the right to appoint and remove any members of the Board of the Association, any officer or officers of the Association and members of the Architectural Control Committee until fifteen (15) days after the date upon which the last of the Lots (including without limitation all Lots on any land hereafter added to the Development) has been conveyed by Declarant to an Owner.

(b) Upon the expiration of the period of Declarant's right to appoint and remove directors and officers of the Association pursuant to the provisions of this Section, such right shall automatically pass to the Owners pursuant to this Declaration, and the Articles of Incorporation and the Bylaws of the Association, and Declarant shall deliver the books, accounts, and records, if any, which Declarant has kept on behalf of the Association and any agreements or contracts executed by or on behalf of the Association during such period that Declarant has in its possession. The Association may exercise any other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

4.09 LIABILITY LIMITATIONS. THE DECLARANT, THE OWNERS, OCCUPANTS AND MEMBERS; THE DIRECTORS, OFFICERS, MANAGERS, PARTNERS, OWNERS, EMPLOYEES AND AGENTS OF THE ASSOCIATION; AND THE DIRECTORS, OFFICERS, MANAGERS, PARTNERS, OWNERS, EMPLOYEES AND AGENTS OF THE DECLARANT SHALL NOT BE PERSONALLY LIABLE FOR DEBTS CONTRACTED FOR OR OTHERWISE INCURRED BY THE ASSOCIATION OR FOR ANY TORTS COMMITTED BY OR ON BEHALF OF THE ASSOCIATION OR FOR A TORT OF ANOTHER OCCUPANT, WHETHER SUCH OTHER OCCUPANT WAS ACTING ON BEHALF OF THE ASSOCIATION OR OTHERWISE, EVEN IF ARISING FROM THE SOLE OR CONCURRENT NEGLIGENCE OR STRICT LIABILITY OF THE DECLARANT, THE ASSOCIATION, AND THEIR DIRECTORS, OFFICERS, MANAGERS, PARTNERS, OWNERS, AGENTS. THE DECLARANT, THE ASSOCIATION, AND THEIR DIRECTORS, OFFICERS, MANAGERS, PARTNERS, OWNERS, AND AGENTS EMPLOYEES SHALL NOT BE LIABLE FOR ANY ACTUAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES FOR FAILURE TO INSPECT ANY RESIDENCE OR OTHER STRUCTURE, IMPROVEMENTS OR PORTION THEREOF, OR FOR FAILURE TO REPAIR OR MAINTAIN THE SAME, EVEN IF ARISING FROM ANY OF THEIR SOLE OR CONCURRENT NEGLIGENCE OR STRICT LIABILITY.

4.10 Insurance, Security Arrangements.

(a) The Association shall have the right and option to purchase, carry and maintain in force insurance covering any or all portions of the Common Property, any improvements thereon or appurtenant thereto, for the interest of the Association and of all Members thereof, in such amounts and with such endorsements and coverage as shall be considered good sound insurance coverage for properties similar in construction, location, and use to the subject property. Such insurance may include, but need not be limited to:

(i) insurance against loss or damage by fire and hazards covered by a standard extended coverage endorsement in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs as determined annually by the insurance earner,

(ii) public liability and property damage insurance on a broad form basis;

(iii) fidelity bond for all officers and employees of the Association having control over the receipt or disbursement of funds; and

(iv) officers and directors liability insurance.

(b) As part of the Development, Declarant is constructing one or more entry gates and a wall. The Association will have the authority and the obligation, to provide security measures for the Development.

Neither Declarant nor the Association warrant or guarantee that (a) security is sufficient and adequate to diminish or eliminate the commission of crimes against persons or property; and (b) such acts will not be attempted or actually occur within the Property. Any security arrangements provided are not designed or intended to replace the conventional police and fire protection and paramedical services.

The Association will seek to carry public liability insurance generally covering bodily injury and property damage arising out of negligent acts by employees, Members or authorized representatives of the Association. **THE ASSOCIATION WILL NOT CARRY ANY INSURANCE PERTAINING TO, NOR DOES IT ASSUME ANY LIABILITY OR RESPONSIBILITY FOR THE REAL OR PERSONAL PROPERTY OF THE OWNERS AND OCCUPANTS (AND THEIR RESPECTIVE FAMILY MEMBERS AND GUESTS).**

(c) Each Owner expressly understands covenants and agrees with Declarant and the Association that:

(i) neither Declarant nor the Association has any responsibility or liability of any kind or character whatsoever regarding or pertaining to the real and personal property of each Owner;

(ii) each Owner shall, from time to time and at various times, consult with reputable insurance industry representatives of each Owner's own selection to select, purchase, obtain and maintain appropriate insurance providing the amount, type and kind of insurance deemed satisfactory to each Owner covering his or her real and personal property;

(iii) each Owner releases and holds Declarant and the Association harmless from any uninsured liability, claims, causes of action or damage of any kind or character whatsoever arising out of or related (directly or indirectly) to any and all aspects of security and private streets within the Property, including, without limitation:

(1) the interviewing, hiring, training, licensing, bonding and employment of security personnel (if any) and other personnel (if any);

(2) the instructions, directions and guidelines issued to or by the security personnel (if any) or

other personnel (if any), and

- (3) the duties, performances, actions, inactions or omissions of security personnel (if any) or other personnel (if any).

(d) each Owner will cooperate with Declarant and the Association in connection with the establishment, evolution and maintenance of reasonable controls on the pedestrian and vehicular traffic into and within the Property and abide by any and all rules and regulations of the Association, as adopted and promulgated from time to time, related to the entry upon and use of any private streets and other Common Property within the Property.

4.11 Use of Insurance and Condemnation Proceeds

(a) The Association shall be the exclusive representative of the Members in any proceedings, negotiations, settlements or agreements concerning insurance covering or condemnation of Common Property. The Association and the Members shall use the net casualty insurance or condemnation proceeds to repair and replace damage or destruction of Common Property covered by such insurance or condemnation. Any balance from the proceeds of insurance or condemnation paid to the Association remaining after satisfactory completion of repair and replacement shall be retained by the Association as part of a general reserve fund for repair and replacement of the Common Property.

(b) If the insurance or condemnation proceeds are insufficient to repair or replace any loss or damage to Common Property, the Association may levy a special assessment as provided for in Article V of this Declaration to cover the deficiency.

(c) If the Association owns any Lot(s) through foreclosure or otherwise, the Association shall be entitled as an Owner to all rights related to insurance coverage and condemnation or such Lot. The Association may, but is not obligated to, repair or replace any damage to a Lot owned by the Association; provided, however, the Association must exercise its discretion with regard thereto for the benefit of the Owners.

ARTICLE V

ASSESSMENTS

5.01 Covenants for Assessments and Creation of Lien and Personal Obligation. Each Owner of a Lot other than Declarant, jointly and severally, for himself, his heirs, distributees, legal representatives, successors and assigns, by acceptance of a deed for a Lot, whether or not the covenants contained herein shall be expressed in any such deed, hereby covenants and agrees as follows:

(a) to timely pay to the Association the Assessments levied by the Association pursuant to this Declaration against all Lots owned by him;

(b) to timely pay to the Association any Special Assessments levied by the Association pursuant to this Declaration against all Lots owned by him;

(c) that there is hereby created a continuing charge and lien upon all Lots owned by him against which all such Assessments are made to secure payment of (i) such Assessments and any interest thereon as provided in Section 5.07 hereof and costs of collection including reasonable

attorneys' fees: (ii) payment of the costs related to the exercise by the Association of the Right of Abatement under Article IX hereof; and (iii) any other amounts due from the Owner to the Association under these Declarations:

(d) that such continuing charge and lien on such Lot binds such Lot in the hands of the then Owner, and the Owner's heirs, devisees, legal representatives, successors and assigns. Such charge and lien is superior to any and all charges, liens or encumbrances which may hereafter in any manner arise or be imposed upon any such Lot whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, deed of trust or other instrument, except (i) such liens for taxes or other public charges as are by applicable law made superior, and (ii) all deeds of trust, mortgages, vendors liens and other liens to secure debt given to secure a loan title proceeds of which are used (1) to purchase such Lot or Lots (together with any and all Structures which may from time to time be placed or located thereon), or (2) to finance the construction, repair or alteration of Structures on such Lot, or (3) to finance the equity of an Owner in such Lot in accordance with the Texas Constitution Article XVI, Section 50(a)(6). A person or entity acquiring a lien or encumbrance on a Lot after this Declaration is recorded shall acknowledge, by the act of filing an instrument creating such lien, that such lien or encumbrance is inferior to the continuing lien for the charge and lien provided herein, whether or not such acknowledgment is specifically stated in the instrument creating the lien or encumbrance, except as provided by Subsections (i) and (ii) above. Notwithstanding the foregoing, however, subordination of the continuing charge and lien provided herein applies only to Assessments due and payable prior to the foreclosure sale of superior liens referenced above, and such foreclosure sale will not relieve future liability for Assessments thereafter due nor the continuing charge and lien securing payment thereof;

(e) that no sale or transfer at foreclosure or in lieu of foreclosure shall relieve any Lot from liability for any assessment thereafter assessed;

(f) that all Assessments (together with interest thereon as provided in Section 5.07 of this Declaration and costs of collection including reasonable attorneys' fees) levied against any Lot owned by him during the period that he is an Owner shall be (in addition to being a continuing charge and lien against such Lot as provided in Section 5.01(c) of this Declaration) a personal obligation which will survive any sale or transfer of the Lot owned by him, provided, however, that such personal obligation for delinquent Assessments shall not pass to an Owner's successor in title unless expressly assumed by such successor; and

(g) failure to pay any Assessment when due shall constitute a default of the Owner's obligations hereunder, and shall entitle the Association to exercise the remedies provided under the terms of this Declaration.

5.02 Purpose of Assessment. The assessments levied by the Association shall be used exclusively for providing for the common good and general welfare of the Owners and Occupants, as determined by the Association in its sole discretion, including, but not limited to (and not requiring), security, the acquisition, construction, improvement, maintenance and equipping of Common Property, maintenance of private driveways which are designated by Declarant to be maintenance obligations of the Association, the enforcement of the Restrictions contained in this Declaration, the enforcement of the Design Standards, the payment of operating costs and expenses of the Association and the payment of all principal and interest when due on all debts owed by the Association. Notwithstanding any other provision hereof Lots owned by Declarant shall not be charged with any Assessment.

5.03 Accumulation of Funds Permitted. The Association shall not be obliged to spend in any calendar year all the sums collected in such year by way of annual assessments or otherwise, and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to apply such surplus to the reduction of the amount of the Annual Assessments in any succeeding year, but may carry forward from year to year such surplus as the Board may deem to be desirable for the greater financial security of the Association and the effectuation of its purposes.

5.04 Annual Assessment.

(a) Each Lot shall be subject to an Annual Assessment (the "Annual Assessment") of Two Thousand Seven Hundred Fifty Dollars (\$2,750.00). In the event that the transfer of a Lot from Declarant, thereby causing such Lot to be subject to the Annual Assessment, falls on a day other than January 1, the Annual Assessment for such year shall be prorated so that such Owner pays an Annual Assessment proportional to the number of days remaining in the calendar year. The words "Assessment Year" as used herein shall mean the calendar year or prorated period thereof. The prorated Annual Assessment for the first year shall be paid by each Owner at the time of closing on the Lot purchase. The Annual Assessment, or applicable portion thereof, may, at the option of the Association or Declarant, be charged, and therefore be payable, on a quarterly basis.

(b) The Annual Assessment may be increased at any time and from time to time during each Assessment Year by the Association.

(c) In the event more than one (1) contiguous Lots are owned by the same individual with the intent to construct only one (1) Residence, assessments for each undeveloped and contiguous Lot(s) shall be one-half (1/2) of the rate assessed against the developed Lot. Should the adjoining lots subsequently be developed, the Owner shall pay the deferred assessments upon written request by the Association.

5.05 Special Assessments. In addition to the Annual Assessments authorized by this Article V, the Association may levy, in any Assessment Year and with such frequency as the Association shall deem necessary, special assessments ("Special Assessments") for each Lot (other than Lots owned by Declarant) for the purpose of paying, in whole or in part, any unanticipated operating expenses, as well as the cost of any acquisition, construction, reconstruction, repair or replacement of a capital improvement on the Common Property and any fixtures and personal property related thereto. Such Special Assessments may be levied by the Board in any Assessment Year without the approval of the Members, which Special Assessments in the aggregate do not exceed an amount equal to the Annual Assessment then in effect. Special Assessments exceeding said amount shall require the approval of three-fourths (3/4) of the Members who are present in person or by proxy at a meeting of Members duly held in accordance with the provisions of the Bylaws of the Association and this Declaration.

5.06 Assessment Procedure:

(a) The Board shall establish annual assessments for each Assessment Year at an amount not in excess of the maximum annual assessments as determined by the provisions of this Article V, and shall also establish the date during the Assessment Year on which the annual assessment shall be due and payable (such date is hereinafter referred to as the "Due Dates"). Until otherwise changed by the Association, the Due Dates shall be April 1st, July 1st, October 1st, and January

1st of each year. The Board shall also establish an annual budget which shall list the estimated operating expenses and shall contain an amount to be set aside each year into a reserve allowance to be used for future repair and replacement of the Common Property; provided, however, in no event shall the Board be required to provide for a reserve sufficient to cover all such future repair and replacement of the Common Property, it being intended that a portion of all of such costs will be covered by Special Assessment. The Board shall cause the Association to send to each Owner at least thirty (30) days in advance of the Due Date written notice setting forth the amount of the annual assessment and the Due Date. The annual assessment shall become due on the thirtieth (30th) day following such written notice or the Due Date whichever is later. The Board may establish reasonable payment procedures to allow or require payment of the annual assessment in installments during the Assessment Year. The Board shall also establish payment procedures for payment of any Special Assessments for capital improvements which may be levied in accordance with the provisions of this Article V.

(b) All Members of the Association shall be given neither written notice by the Board not less than thirty (30) nor more than sixty (60) days in advance of any meeting of the Members of the Association at which the Board shall propose taking action pursuant to Section 5.05 of this Article V. Such written notice shall specify under which Section or Sections the Board will propose action. At such meetings, the presence of Members or of proxies entitled to cast fifty percent (50%) or more of the total votes outstanding shall constitute a quorum. If the required quorum is not present at such meeting, a second meeting may be called by the Board subject to the same notice requirement, and the required quorum at such second meeting shall be thirty percent (30%) of the total votes outstanding. No such second meeting shall be held more than sixty (60) days following the first meeting. If the required quorum is not present at the second meeting, The Board may take such action without approval of the Members.

5.07 Effect of Non-payment of Assessments. Any Assessment which is not paid on or before the Due Date shall bear interest after the Due Date at the lower of (i) the highest legal rate of interest which can be charged or (ii) the rate of eighteen percent (18%) per annum or (iii) at such rate as the Board may from time to time establish; provided, however, that in no event shall the Board have the power to establish a rate of interest in violation of the laws of the State of Texas. In the event of default in the payment of any one or more installments of an Assessment, the Board may declare any remaining unpaid balance of the Assessment at once due and payable. All unpaid Assessments, together with any interest and costs of collection including reasonable attorneys' fees, shall be the personal obligation of such Owner, as well as a lien on the applicable Owner's Lot enforceable in accordance with the provisions of this Declaration.

5.08 Binding Effect of Declarations. Each Owner by acceptance of a deed for a Lot, whether or not it is expressed in such deed is deemed, as part of the consideration for such deed (i) to agree to pay and be personally liable for all Assessments applicable to the Lot on Lots owned by such Owner, and (ii) to agree to be bound by all of the other terms, conditions, obligations and agreements applicable to Owners in this Declaration and all amendments thereto.

5.09 Exempt Property. The following property otherwise subject to this Declaration shall be exempted from the Assessments, charges and liens created herein:

(a) All properties dedicated and accepted by the local public authority and devoted to public use;

(b) All Common Property;

(c) Any and all areas which may be reserved by the Declarant on the recorded plat(s) of the Property, and

(d) Lots owned by Declarant.

ARTICLE VI

DESIGN STANDARDS

The intent of the following Design Standards is to enhance and preserve the quality of the community while maintaining the natural beauty of Waters Edge. Structures should preserve the natural features of each Lot such as significant trees, views, and topography and be sited so as to minimize disruption of the site.

Accordingly, a house plan, site plan, landscape plan for the entire Lot, and any other documentation requested must be submitted for approval to the Architectural Control Committee. Additionally, any future changes or additions to the Lot after construction of the Residence is complete must also be approved. The Committee may determine that what was found acceptable in one situation may not be acceptable in another as the intent is to ensure each design is appropriate to the specific Lot and does not dominate or contrast sharply with the surroundings.

6.01 Design Standards.

(a) No Lot and no Residence or outbuilding located thereon shall ever be used for other than a single family residence or purposes incidental thereto.

No Garage or Outbuilding on any Lot shall be used as a Residence or living quarter, temporarily or otherwise, except by guests or domestic employees of the Lot Owner. No dwelling shall be occupied in any manner at any time prior to completion. The work, of constructing the dwelling shall be prosecuted diligently from the commencement thereof until completion. All construction must be completed within twelve (12) months after commencement thereof unless otherwise approved by the Committee.

Water and electric facilities are located on or at the edge of each of the Lots covered by this dedication; and the owner of any such Lot must tie onto these facilities unless written permission for different treatment is obtained from the undersigned.

(b) The following initial design standards and all other Restrictions and standards expressly set forth in these Declarations (together, the "Initial Design Standards") shall apply to the Development:

(i) Residences. All Residences shall be of a traditional nature in architectural style. The exterior surface of all residential dwellings shall be constructed of brick, brick veneer, stone or stone veneer, masonry, stucco (original or polymer) or any combination thereof approved by the Committee provided that one hundred (100%) percent of the first (1st) floor and eighty-five (85%) percent of

the overall exterior surface must be brick, brick veneer, stone, stone veneer, masonry or stucco (original or polymer). All exterior surfaces, especially any painted or stained wood surface, (including, without limitation, garage doors) must be maintained in good condition. Installation of all types of exterior items and surfaces such as address numbers or external ornamentation, lights, mail chutes, exterior paint or stain, shall be subject to the prior written approval of the Committee. The installation of solar panels on any roof or other portion of a residence which is visible from any street, alley or adjoining Lot is expressly prohibited. Precast concrete panels shall not be considered as masonry, and shall not be the predominant exterior wall material. All Lots during construction shall contain a 4x6 rendering and materials board containing samples of the exterior materials to be used in the construction of the Residence. Material board standards shall be determined by the Committee.

(ii) Roofs. All roofs shall be (1) constructed of slate, tile, standing-seam metal, or other three-dimensional material. No wood will be allowed, (2) the color of materials must be approved by the Committee, and (3) otherwise be in compliance in all respects with applicable City or Midlothian, Texas ordinances. The Committee may consider other superior roofing products on a case-by-case basis. The roof pitch must complement the architectural style of any structure and be approved by the Committee

(iii) Every Residence erected on any Lot shall front on the street on which it is located.

(iv) Garages. Each Residence shall include an enclosed garage that can accommodate a minimum of two (2) cars. Every garage shall be constructed of the same material as the Residence. All garage doors must be decorative in nature and have continuity with the architecture of the primary Residence. Standard, stamped steel doors are prohibited. Porte-cocheres must be approved in writing by the Committee. The location of all garages shall be subject to the approval of the Committee.

(v) Outbuildings. Outbuildings, including detached garages, shall be of design, construction and materials similar and comparable to that of the Residence. No outbuilding shall exceed the Residence in height, unless by written consent of the Board.

(vi) Fences. The design, location and materials of all fencing shall be pre-approved by the Committee. All side and rear fences shall not average more than six (6) feet in height without the Board's written approval. All fences and walls in front of a Residence shall be no taller than four (4) feet in height without the Board's written approval. The maximum height of entry/private gates shall be six feet- and three inches (6'3"). All fences and entry gates in front of a Residence must be set back a minimum of twenty (20) feet from the right of way. No spruce, chain-link, wire or wood fences shall be allowed. Unless otherwise agreed by the Committee, all fences and walls shall be constructed of rock, brick and/or wrought iron. No fence shall be constructed in violation of any applicable guidelines, ordinances, laws, rules, regulations, or the provisions of the subdivision plat establishing the Development. Fences built in flood plain of lots 9, 10 and 11 are to be approved by Committee.

(vii) Landscaping. Each Residence shall be fully landscaped within ninety (90) days after the date on which the main structure is ninety-five (95%) percent complete. A

landscaping plan for the entire Lot(s) upon which a Residence is constructed shall be submitted to and approved by the Committee before implementation of the plan. Landscaping expenses shall be minimally three percent (3%) of the cost to build the Residence. Each plan must incorporate a minimum of two (2) 5" caliper trees in the front yard of each Residence.

Grass, trees, shrubs and plants on Lot(s) are to be maintained by Owner in such fashion keep these alive.

Each Residence will have an up-lighting package on exterior fronts of house. Such lighting package must be approved by the ACC.

No existing trees may be removed without the approval of the Committee except those trees that are within ten (10) feet of the Residence building slab.

(viii) Driveways. Driveways shall be a minimum of twelve feet (12') wide and a maximum of sixteen feet (16') wide, except at the driveway apron to garage entrances or to provide for a turnaround at a garage and/or off-street parking. Each Lot must have either a concrete, stone, brick or other approved driveway with stamping, brick or stone accent two (2) feet wide on edges within fifty (50) feet of the main road (Waters Edge Drive), the design and materials of which must be pre-approved by the Committee. Driveways are to be bordered at the entrance with lighted columns with masonry of consistent quality with the masonry of the Residence. No cuts can be made into Waters Edge Drive.

(ix) Signs. No sign or signs shall be displayed to the public view on any Lot, except that: (1) any builder, during the applicable initial construction and sales period, may utilize one professional sign (of not more than sixteen (16) square feet in size) per Lot for advertising and sales purposes, provided that such sign must be approved by the Committee; (2) thereafter, a dignified "for sale" sign (of not more than nine (9) square feet in size) may be utilized by the Owner of the respective Lot; (3) development-related signs owned or erected by Declarant shall be permitted; (4) signs displaying the name of a security company shall be permitted, provided that such signs and (i) ground mounted, (ii) limited to two (2) in number (one in the front yard and one in the back yard); (iii) of a reasonable size; and (iv) subject to the prior written approval of the Association; and (5) materials board(s) erected by any builder during the period of construction only. No other signs will be permitted, except upon approval by the Committee. All signs must be constructed of metal or wood and be professionally designed and constructed.

(x) Pool Equipment. No pool may be erected, constructed or installed without the prior written consent of the Committee. Above-ground pools are expressly prohibited. All pool, spa and air-conditioning equipment shall be fenced and located in either (1) a side yard between the front and rear boundaries of the dwelling, or (2) in the rear yard adjacent to the dwelling; and shall not be visible from any residential street or public area or any Adjoining Lot. Solid noise absorbing covers for equipment may be required if the equipment is audible from adjacent properties.

(xi) Mail Boxes. All mail boxes shall stand permanently placed in the ground, and be of a design approved in writing by the Committee and shall comply with all applicable laws and ordinances.

(xii) Meters and Air-Conditioning Compressors. All utility meters, equipment, air conditioning compressors, evaporative coolers and similar items must be located in areas approved by the Committee and must be screened from view as required by the Committee.

(xiii) Retaining Walls. The maximum height of site retaining walls is four feet (4') unless incorporated into the house foundation (basements). Retaining walls shall be built to extend and/or blend with the existing topography. Retaining walls are not allowed to be located on property lines. All retaining walls are to be set back from property lines a minimum of five feet (5'). Where grade changes exceed four feet (4'), stepped-back or terraced wall structures with ample planting terraces (four feet (4') minimum width) are to be used. Walls are to be designed with a 2:12 batter if the overall wall height exceeds two feet (2'). Higher walls may be necessary due to topography and may be approved when such a solution would significantly reduce overall impacts to the site. The design, location and materials of all retaining walls must be pre-approved by the Committee. Lots 9, 10 and 11 retaining walls must be designed by an engineering firm approved by the Committee.

(xiv) Outdoor Fireplaces. All outdoor fireplaces must comply with the ordinances of the City of Midlothian, Texas. Their design, location and materials must be preapproved by the Committee.

(xv) Gutters. All gutters are to be decorative in nature and shown on the plans and specifications. Standard rolled and crimped gutter systems are not permitted on the front of the Residence but may be located at the rear of the Residence out of view.

(xvi) Windows. Standard, vinyl and aluminum windows are not allowed. Wood windows or other superior products such as vinyl-clad or aluminum-clad wood windows will be the standard. All window styles must be shown on the plans and approved by the Committee. Sky lights are permitted provided they are not visible from the street.

(xvii) Minimum Floor Area. No Residence shall be erected having an enclosed air-conditioned floor area of less than 3,500 square feet for all Lots except Lots 9, 10 and 11; and 5,000 square feet for Lots 9, 10 and 11. As used herein, "floor area" means the floor area of the Residence only. As used in determining square footage compliance, "Residence" does not include the floor area of outbuildings, guest quarters, garages and similar buildings attached to the main dwelling, nor does it include the floor area of porches, attached or unattached, enclosed or unenclosed, basements, attics, etc.

(xviii) Building Lines/Setbacks. The words "building line" as used herein mean the line designated as "building line" on the recorded plat of the Property or as otherwise indicated herein, or as changed in accordance with the provisions hereof.

Except as hereinafter set forth, no Residence, Outbuilding, Structure, improvement or obstruction of any character shall be erected, maintained or permitted to remain on any Lot nearer to an adjoining street or streets than the building line shown on the recorded plat of the Property.

The Declarant reserves the right to change in writing any building lines shown on the recorded plat of the Property, if any, or the set back or the side lines herein above set out for any Lot so long as it holds legal title to such Lot and likewise reserves the right to make such changes with the consent of the Owner of the Lot involved after it has parted with the title to such Lot.

(xix) Side Building Lines. Side boundary set back lines on all lots shall be a minimum of thirty (30') feet unless shown on the plat to be a greater amount.

(xx) Builder Approval/Escrow Deposits. All builders, including those that are also Lot owners, intending on constructing a Residence on any Lot must be approved by the Association prior to commencing construction on any Lot. The Association may require each builder to complete a Builder Qualification Application and Escrow Agreement and submit additional documents as may be reasonably required to ascertain the Builder's qualifications to build within the Development. The Association retains the sole authority to restrict construction on any Lot to qualified builders only.

(xxi) Grading and Drainage. Slopes shall not exceed 4:1 unless it can be determined that a steeper slope will not erode. All slopes are to be re-vegetated as soon as possible with planting appropriate to the site. Drainage design is to emphasize reduction of erosion and runoff and minimal disruption to adjacent property.

6.02 Inspection Rights. Any employee or agent of the Association may after reasonable notice, at any reasonable time or times, enter upon any Lot and Structure thereon for the purpose of ascertaining whether the installation, construction, alteration or maintenance of any Structure or the use of any Lot or Structure is in compliance with the provisions of this Declaration; and the Association and any such agent shall not be deemed to have committed a trespass or other wrongful act solely by reason of such entry or inspection, provided such inspection is carried out in accordance with the terms of this Section.

6.03 Violations. If any Structure shall be erected, placed, maintained or altered upon any Lot in violation of the provisions of this Declaration, the Board shall provide written notice to the Owner by certified mail, setting forth in reasonable detail the nature of the violation and the specific action or actions required to remedy the violation. If the Owner shall not have taken reasonable steps toward the required remedial action with thirty (30) days after the mailing of the aforesaid notice of violation, then the Association shall have the Right of Abatement as provided in Section 8.02 hereof, in addition to any and all other remedies available at law or in equity.

6.04 Disclaimer. NEITHER THE ASSOCIATION NOR THE OFFICERS, DIRECTORS, MANAGERS, MEMBERS, EMPLOYEES AND AGENTS OF THE ASSOCIATION, SHALL BE LIABLE IN DAMAGES OR OTHERWISE TO ANYONE SUBMITTING PLANS AND SPECIFICATIONS TO ANY OF THEM FOR AN APPROVAL OR CONSENT REQUIRED OR ALLOWED HEREUNDER, OR TO ANY OWNER OF PROPERTY AFFECTED BY THESE DECLARATIONS BY REASON OF MISTAKE IN JUDGMENT, NEGLIGENCE, OR DISAPPROVAL OR FAILURE TO APPROVE, OR CONSENT TO ANY SUCH PLANS OR SPECIFICATIONS. NO CONSENT OR APPROVAL OF PLANS AND SPECIFICATIONS AND NO PUBLICATION OF ANY STANDARDS, BULLETINS OR INFORMATION SHEETS SHALL BE CONSTRUED AS REPRESENTING OR IMPLYING THAT SUCH PLANS, SPECIFICATIONS, GUIDELINES, BULLETINS OR SHEETS WILL, IF FOLLOWED, RESULT IN PROPERLY DESIGNED IMPROVEMENTS AND/OR IMPROVEMENTS BUILT IN A GOOD AND WORKMANLIKE MANNER EVERY PERSON OR ENTITY WHO SUBMITS PLANS OR SPECIFICATIONS OR OTHERWISE REQUESTS A CONSENT, AND EVERY OWNER OF EACH AND EVERY LOT, AGREES THAT THE OWNER WILL NOT BRING ANY ACTION OR SUIT AGAINST THE ASSOCIATION OR THE OFFICERS, DIRECTORS, MANAGERS, MEMBERS, EMPLOYEES AND AGENTS OF THE ASSOCIATION, TO RECOVER ANY SUCH DAMAGES; HF. OR SHE HEREBY RELEASES, REMISES AND QUITCLAIMS ALL

CLAIMS, DEMANDS AND CAUSES OF ACTION ARISING OUT OF OR IN CONNECTION WITH ANY ACTION, JUDGMENT, NEGLIGENCE, MALFEASANCE OR NONFEASANCE OF THE ASSOCIATION OR THE OFFICERS, DIRECTORS, MANAGERS, MEMBERS, EMPLOYEES OR AGENTS OF ANY OF THE ASSOCIATION; AND HE OR SHE HEREBY WAIVES THE PROVISIONS OF ANY LAW WHICH PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS, DEMANDS AND CAUSES OF ACTION NOT KNOWN AT THE TIME THE RELEASE IS GIVEN.

ARTICLE VII

ARCHITECTURAL CONTROL

Architectural control shall be supervised by an Architectural Control Committee, hereinafter called the "Committee", composed of three (3) or more individuals selected and appointed by Declarant. The Committee shall use its best efforts to promote and ensure a high level of quality, harmony and conformity throughout the Property.

A majority of the Committee's members may act on the behalf of the entire Committee. In the event of the death or resignation of any member of the Committee, the Association shall have full authority to designate and appoint a successor subject to the approval of Declarant. No member of the Committee shall be entitled to any compensation for services performed hereunder and neither the Committee nor any of its members shall be liable to any Owner, for any claims, causes of action or damages of whatever kind (except where occasioned by gross negligence) arising out of service performed, actions taken, or inaction in connection with any undertaking, responsibility, or activity hereunder or request for same.

(a) No building, structure, fence, wall : improvement of any kind or nature shall be erected, placed or altered on any Lot until all plans and specifications and/or plot plan have been submitted to and approved in writing by the Committee as to:

(i) quality of workmanship and materials; adequacy of site dimensions: adequacy of structural design; proper facing of main elevation with respect to nearby streets;

(ii) conformity and harmony of the external design, color, type and appearance of exterior surfaces and landscaping;

(iii) location with respect to topography and finished grade elevation and effect of location and use on neighboring Lots and improvements situated thereon and any drainage arrangement;

(iv) the other standards set forth within this Declaration (and any amendments hereto) or as may be set forth within bulletins promulgated by the Committee, or matters in which the Committee has been vested with the authority to render a final interpretation and decision.

(b) Final plans and specifications shall be submitted in triplicate to the Committee for approval or disapproval. At such time as the plans and specifications meet the approval of the Committee, two complete set of plans and specification will be retained by the Committee and the other complete set of plans will be marked "Approved" and returned to the Owner or his

designated representative and, accompanied by a statement of complete approval or approval based on certain conditions and specifications. If found not to be in compliance with these Covenants and Restrictions, one set of such plans and specifications shall be returned marked "Disapproved", accompanied by a reasonable statement of items found not to comply with these Covenants and Restrictions. Any modification or change to the approved set of plans and specifications must again be submitted to the Committee for its inspection and approval. The approval or disapproval of the Committee, as required herein, shall be narrative and in writing. Provided however, that nothing in this paragraph shall affect in any way the method for seeking or granting variances, as described in the following paragraph, nor shall any failure of the Committee to act on a variance request within any particular period of time constitute the p/anting or approval of any such variance request.

(c) Upon submission of a written narrative request for same, the Committee may, from time to time, in its sole discretion, permit Owners to construct, erect, or install improvements which are in variance from the Covenants or Restrictions which are provided in this Declaration or which may be promulgated in the future. In any case, however, such variances shall be in basic conformity with and shall blend effectively with the general architectural style and design of the community. No member of the Committee shall be liable to any Owner or other person claiming by, through, or on behalf of any Owner, for any claims, causes of action, or damages arising out of the granting or denial of, or other action or failure to act upon, any variance request by any Owner or any person acting for or on behalf of any Owner. Each request for a variance submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a variance to any Owner shall not constitute a waiver of the Committee's right to strictly enforce these Covenants and Restrictions against any other Owner. Each such written request must identify and set forth in narrative detail the specific restriction or standard from which a variance is sought and describe in complete detail the exact nature of the variance sought. Any grant of a variance by the Committee must be in writing and must identify in narrative detail both the standard from which a variance is being sought and the specific variance being granted. Any variance granted by the Committee shall be considered a rule made under this Declaration.

(d) The Committee may from time to time publish and promulgate architectural standards bulletins which shall be fair, reasonable and uniformly applied and shall carry forward the spirit and intention of these Covenants and Restrictions. Such bulletins shall supplement these Covenants and Restrictions and are incorporated herein by reference. Although the Committee shall not have unbridled discretion with respect to taste, design and any absolute standards specified herein, the Committee shall be responsive to technological advances or general changes in architectural designs and related conditions in future years and use its best efforts to balance the equities between matters of taste and design (on the one hand) and use of private property (on the one hand).

(e) The Committee may, subject to the consent of Declarant, delegate some or all of its authority to a third-party architectural/design professional and agree to pay such professional a reasonable fee for its services on behalf of the Committee.

(f) The Committee shall have the authority to set reasonable fees to be paid by each Lot Owner upon submitting original and amended plans and specifications for review by the Committee. Until otherwise changed by the Committee, fees for the original submittal shall be \$.35 cents per square feet of floor area of the Residence (see Article VI.). Resubmittals, plans for additional improvements and/or changes to the plans and specifications shall be accompanied by an additional fee of Two Hundred Dollars (\$200.00) for each resubmittal/change request.

ARTICLE VIII

GENERAL COVENANTS AND RESTRICTIONS

8.01 Application. The covenants and restrictions contained in this Article VIII and elsewhere in these Declarations shall pertain and apply to all Lots and to all Structures erected or placed thereon.

8.02 Restrictions of Use. Lots may be used for single-family residences only and for no other purpose. No business of any kind shall be conducted on any Lot with the exception of the business of Declarant and its transferees in developing the Development. No garage sales shall be permitted within the Development.

8.03 Re-subdivision of the Property. No Lot may be split, divided, or sub divided for sale, resale, gift, transfer, or otherwise, except by Declarant. Notwithstanding the foregoing, nothing herein shall prevent Declarant or the owners of any Lots from combining two or more Lots into one Lot for construction of a single Residence thereon; provided, however, that such combined Lot may not be subdivided thereafter. If two (2) or more Lots are combined into one (1) Lot for construction of a single residence, such combined Lot shall be entitled to only one (1) vote under Section 4.03 hereof.

8.04 Construction Completion Time. Owner of a Lot will be required to begin construction within one (1) year of purchasing the Lot. Construction must be completed within twenty-four (24) months of purchasing the Lot.

In the event that a Residence is partially or totally damaged by fire or other causes, the Owner of such Residence must either rebuild the Residence or completely clear the Lot. In the event the Owner desires to rebuild, the construction or restoration of the damaged Residence, or portion thereof, must commence within one-hundred twenty (120) days after the occurrence causing the damage. No construction or restoration shall commence however, until plans and specifications have been submitted to the Committee (and are subsequently approved). In the event the Owner does not desire to rebuild, the Owner must clear away all remaining debris and restore the Lot to the condition in which it existed prior to the initial construction of the damaged Residence.

8.05 Trailer Houses, Movable Structures and Temporary Building's. No temporary building, trailer, trailer house, mobile home, garage or building under construction shall be used, temporarily or permanently, as a residence on any Lot, except Declarant can use Lot 17 for temporary housing and office. No contractor or builder shall erect on any Lot any temporary building or shed for use in connection with construction on such Lot or as a sales office, unless approved by the Board or Declarant. Declarant may erect and maintain a temporary structure for sales or construction purposes on Lots 17 and 7 (for equipment storage and construction) during interim lot sales.

8.06 Signs. The construction or maintenance of billboards, signs, poster boards, and/or advertising structures of any kind on any part of any Lot is prohibited except as provided in paragraph 6.01(b)(ix).

8.07 Setbacks. The Board may establish setback requirements for the location of such Structure that are more restrictive than those set forth in this Declaration or the plat of the property; provided, however, the Board or the Declarant, so long as Declarant owns any Lot, may grant in writing a variance to any such more restrictive setback requirement. All such setbacks

shall be established such that they do not violate the provisions of applicable ordinances, laws, rules, regulations and the provisions of the subdivision plat establishing the Development. No Structure shall be erected or placed on any Lot unless its location is consistent with such setbacks.

8.08 Maintenance. Each Owner shall, at all times, both prior to commencement of construction of a Residence and subsequent thereto, keep and maintain each Lot and Structure owned by him, as well as all landscaping located thereon, in good condition and repair, including, but not limited to (i) the repairing and painting (and other appropriate external care) of all Structures such that the Development is characterized by a uniformly high level of home maintenance consistent with the Association's standard of maintenance for the Common Property; (ii) the seeding, watering and mowing of all lawns; (iii) the pruning and trimming of all trees, hedges and shrubbery so that the same are not obstructive of a view by motorists or pedestrians of street traffic; and (iv) the removal of all trash and debris. Notwithstanding the foregoing, the maintenance required hereunder shall also extend from the boundary of a Lot to the curbing of the right-of-way bordering said Lot. If in the opinion of the Board, any Owner shall fail to perform the duties imposed by this Section, then the Board shall give written notice to the Owner to remedy the condition in question, setting forth in reasonable detail the nature of the condition and the specific action or actions needed to be taken to remedy such condition. If the Owner shall fail to take reasonable steps to remedy the condition within thirty (30) days after the mailing of said written notice by certified mail, then the Association shall have the Right of Abatement as provided in Section 9.02 hereof. Guidelines relating to the maintenance of Structures and landscaping may be established by the Board.

8.09 Commercial and Recreational Vehicles and Trailers. No commercial vehicle, house trailer, mobile home, motor home, recreational vehicle, camper, truck with camper top, boat or boat trailer or like equipment shall be permitted on any Lot as a permanent basis, but shall be allowed on a temporary basis not to exceed forty-eight (48) consecutive hours. Notwithstanding, the foregoing, any such vehicle or equipment may be stored on a Lot, provided such vehicle or equipment is kept in an enclosed space and is concealed from view by neighboring residences and streets. No street parking.

8.10 On-Street Parking. All vehicles shall be parked only upon the driveways and inside garages/auto courts of each Lot. No street parking except for temporary periods of time not to exceed four (4) hours shall be permitted. Limited on-street parking is permitted to provide for temporary overflow/guest parking. No vehicle of any size which normally transports inflammatory or explosive cargo may be kept in the Development at any time.

8.11 Non-Discrimination. No Owner or person authorized to act for an Owner shall refuse to sell or rent, after receiving a bona fide offer, or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny the purchase or rental of any Lot to any persons because of race, color, religion, sex, age or national origin. Anything in this Declaration to the contrary notwithstanding, this covenant shall run with the land and shall remain in effect without any limitation in time.

8.12 Offensive Activities: Pets. No noxious or offensive activity shall be conducted on any Lot nor shall anything be done thereon which is or may become an annoyance or nuisance within the Property or any portion thereof. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept; provided that they are not kept, bred or maintained for commercial purposes and further provided that all Owners shall comply with the applicable ordinances of the City of Midlothian, Texas.

8.13 Solid Waste/Weeds.

(a) No person shall dump rubbish, garbage, or any other form of solid waste on any Lot or on Common Property.

(b) Except during approved construction and as approved by the appropriate Governmental Authority, no person shall burn rubbish, garbage, or any other form of solid waste on any Lot or on Common Property.

(c) Except for building materials employed during the course of construction of any Structure, no lumber, metals, building materials or solid waste of any kind shall be kept, stored or allowed to accumulate on any Lot unless screened or otherwise handled in a manner set forth by the Association.

(d) If rubbish, garbage, or any other form of solid waste is to be disposed of by being collected on a regular and recurring basis, containers may be placed in the open after sunset on the day prior to the day that a pick-up is to be made, in order to provide access to persons making such pick-up. All other times such containers shall be screened or enclosed such that they are not visible from the front of the Residence. Guidelines relating to the type of containers permitted the manner of storage and the place of pick-up may be established by the Board.

If after ten (10) days prior written notice an Owner shall fail to (i) control weeds, grass and/or other unsightly growth; (ii) remove trash, rubble, building and construction debris; or (iii) exercise reasonable care or conduct to prevent or remedy an unclean, untidy or unsightly condition, the Declarant or the Board shall have the authority and right to go onto said Lot for the purpose of mowing and cleaning said Lot and shall have the authority and right to assess and collect from the Owner of such Lot a sum not to exceed five hundred dollars (\$500.00) for mowing or cleaning said Lot on each respective occasion of such mowing or cleaning. The assessments, together with interest (at the highest permitted lawful rate per annum) thereon and any costs of collection thereof shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment, together with interest thereon and costs of collection thereof, shall also be the continuing personal obligation of the Owner of such Lot at the time when the assessment occurred. The lien securing any such assessment shall be subordinate and inferior to the lien of any mortgage and any renewals or extensions thereof existing prior to the assessment date.

8.14 Antennas/Aerials/Ventilation Pipes. All television antennas and other antennas and aerials shall be located inside the attic or under the roof so as to be completely hidden from view. Satellite dishes shall be permitted only if they are not visible from the street. No towers shall be permitted. Ventilation pipes, where possible, shall be located at the rear of the structure.

8.15 Oil Tanks. No tank of oil or inflammable fluid may be constructed or maintained on any Lot above the surface thereof. No oil drilling, oil development operations, oil refining, gas exploration, drilling and operations or quarrying shall be permitted on any residential Lot in the Development.

8.16 Tennis Courts/Recreation Equipment. Tennis courts are not expressly prohibited by the Committee, but shall only be allowed on certain Lots. The determination by the Committee to allow a tennis court on a Lot shall be based on factors such as Lot size, the desired placement of the tennis court and the visibility of the tennis court from any adjoining Lot. Any Owner desiring

to construct a tennis court on a Lot must submit plans and specifications in writing to the Committee as provided in Article VII hereof. Basketball goals, backboards and nets shall only be permitted if they are not directly visible from any street. Recreational and playground equipment shall be placed or installed only upon the rear of a Lot. No above-ground pools shall be allowed.

8.17 Motorized Vehicles. No motorized or gas-powered vehicles or machinery may be operated on property designated as Common Property without the permission of the Board.

8.18 Other Restrictions. The Declarant may include restrictions other than those set out in this document in any contract or deed to any lots or plots without otherwise modifying the general plan above outlined.

The restrictions herein set out shall be deemed to be referred to, adopted and made a part of each and every contract and deed executed by and on behalf of the Declarant, any Owner or any other person or entity conveying all or any of the Property, as though incorporated in full therein; and each such contract and/or deed shall be conclusively held to have been so executed, delivered and accepted upon the express conditions herein stated.

All of the restrictions, covenants, reservations, liens and charges appearing in these Declarations, as well as those appearing in any contract, deed, or other conveyance to or covering any part of the Property, shall be construed together, but if any one of the same shall be held to be invalid, or for any reason is not enforceable, none of the other shall be affected or impaired thereby, but shall remain in full force and effect.

ARTICLE IX

EASEMENTS, ZONING AND RESTRICTIONS

9.01 Zoning and Private Restrictions. None of the covenants, restrictions or easements created or imposed by this Declaration shall be construed as permitting any action prohibited by the recorded subdivision plat of the Development, applicable zoning laws, or by the laws, rules or regulations of any governmental body that are applicable to the Development. In the event of any conflict between such laws, rules or regulations and the covenants, restrictions and easements created or imposed by this Declaration, the most restrictive provision shall govern and control.

9.02 Easements.

(a) Easement for Perimeter Fencing. The Declarant (so long as the Declarant owns a Lot) and the Association shall have an easement and full rights of access, ingress, egress and use over the Property (including any and all lots in the Development) to construct, maintain and replace (but shall not be required to so construct) a fence around the perimeter of the Property.

(b) Easement for Common Property Construction and Maintenance. The Declarant (so long as the Declarant owns a Lot) and the Association shall have an easement and full rights of access, ingress, egress and use over a five feet (5') wide strip on each Lot extending along the boundary of all Common Property to facilitate the construction, maintenance and replacement of any improvement on the Common Property; provided, however, the Association must repair any damage to a Lot caused by the construction, maintenance or replacement of any improvement on the Common Property.

(c) Utility Easements. The recorded plat of the Property shows utility easements over the

Lots and the Common Property. All such utility easement areas are hereby reserved for the benefit of any and all bona fide public utility service companies, cable companies and telephone companies who shall have the right of access, ingress, egress and use of the areas for the installation and maintenance of utility facilities to serve the Development. Additionally, the Declarant (so long as the Declarant owns a Lot) and the Association shall have full rights of access, ingress, egress and use of such utility easement areas for the installation, operation, maintenance, repair or removal of any utility or obstruction that may be placed on such easement.

(d) Police Power Easement. With respect to the common properties and streets, easements and right-of-ways within the Property, all governmental agencies and authorities shall have full rights of ingress, egress, and access for personnel and emergency vehicles for maintenance, police and fire protection, drainage and other lawful police powers designed to promote the health, safety and general welfare of the residents within the Development.

(e) Surface Water Run-off Payment. The Retention Pond Property shall be burdened with such easements as may be granted in accordance with Section 3.07.

(f) Slope easements. All Lots within the Development containing slope easements (as shown by plat) are further burdened with the following restrictions:

(i) No improvements of any kind shall be constructed or maintained within the perimeter of the slope easement, the intent being to maintain all of the area within the easement in its natural state,

(ii) No tree removal, trimming or clearing of brush or other natural vegetation shall be allowed except where necessary to prevent wildfires or reduce the incidence of infestation of snakes, rodents or other disease born animals, rodents, etc.

(iii) Any Owner wishing to use the easement area in violation of the above may apply to the Board for a variance subject to the policies for same herein provided.

ARTICLE X

ENFORCEMENT

10.01 Right of Enforcement. This Declaration and the Restrictions contained herein shall inure to the benefit of and shall be enforceable by (i) the Declarant so long as it is an Owner, (ii) the Association, and (iii) each Owner, his legal representatives, heirs, successors and assigns.

10.02 Right of Abatement.

(a) Except where different notice provisions are provided herein, in the event of a violation or breach of any Restriction contained in this Declaration, the Association shall give written notice by certified mail to the Owner setting forth in reasonable detail the nature of such violation or breach and the specific action or actions needed to be taken to remedy such violation or breach. If the Owner shall fail to take reasonable steps to remedy such violation or breach within thirty (30) days after the mailing of said written notice, then the Association shall have the right of abatement ("Right of Abatement") set forth below in addition to any and all other remedies available at law or in equity.

(b) The Right of Abatement, as used in this Section and elsewhere in these Declarations,

means the right of the Association to enter at all reasonable times upon any Lot or Structure, as to which a violation, breach or other condition to be remedied exists, and to take the actions specified in the notice (referenced above) to the Owner to abate, extinguish, remove or repair or otherwise cure such violation, breach or other condition which may exist thereon contrary to the provisions hereof, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and such actions, provided such entry and such actions are carried out in accordance with the provisions of this Section. The costs of the Association related to the exercise of the Right of Abatement (including the costs of collection, including reasonable attorneys' fees), together with interest thereon at the lower of the highest rate permitted by Law or eighteen percent (18%), shall be a binding personal obligation of the Owner of the Lot subject to the Right of Abatement, enforceable in law. and the lien granted under Article V hereof on such Owner's Lot, enforceable pursuant to the provisions of Section 10.04 hereof shall secure such costs.

10.03 Specific Performance. Nothing contained in this Declaration shall be deemed to affect or limit the rights of the Declarant, the Association or any Owner to enforce the Restrictions by appropriate judicial proceedings or to recover damages or any other relief available at law or in equity. However, h is hereby declared that it may be impossible to measure accurately in money the damages which will accrue to a beneficiary hereof; its transferees, successors or assigns, by reason of a violation of, or failure to perform any of the obligations provided by, this Declaration; and, therefore, any beneficiary hereof shall be entitled to relief by way of injunction or specific performance as well as any other relief available at law or in equity, to enforce the provisions hereof.

10.04 Collection of Assessments and Enforcement of Lien.

(a) If any assessment, interest, cost or other charge is not paid as required by this Declaration, the Association may (i) bring an action at law against the Owner personally obligated to pay the same, (ii) bring an action to foreclose any lien created by this Declaration against the Lot or Lots subject to the lien (which shall include the right, but not the obligation to file a notice of lien against said Lot in the deed records of Ellis County), for purpose of collecting such assessment, cost or charge, plus any interest thereon and costs of collection, including reasonable attorneys' fees. These rights and remedies are in addition to all other remedies available at law or in equity.

(b) As an additional remedy, but in no way as a limitation on the remedies, if any Assessment, interest, cost or other charge is not paid as required by this Declaration, each Owner hereby grants to the Association and its assigns the following irrevocable power of attorney and power of sale: to sell, by non-judicial foreclosure, the said Lot or Lots subject to the lien at auction, at the usual place for conducting the sales at the courthouse in Ellis County, Texas to the highest bidder for cash, after providing to the Owner all notices and performing all acts required by Section 51.002 of the Texas Property Code, all other notices being hereby waived by each Owner and the Association or any person on behalf of the Association, or its assigns, may bid and purchase at such sale and thereupon execute and deliver to the purchaser or purchasers at such sale a conveyance of said property in fee simple, which conveyance shall contain recitals to the happenings of the default upon which the execution of the power of sale herein granted depends; and each Owner hereby constitutes and appoints the Association and its assigns, the agent and attorney in fact of each Owner to make such recitals, and hereby covenants and agrees that the recitals so to be made by the Association, or its assigns, shall be binding and conclusive upon the Owner whose property is the subject matter of such sale; and the heirs, executors, administrators and assigns of such Owner, and the Association or its assigns shall collect the proceeds of such sale, and after reserving therefrom the entire amount of Assessment, interest, cost or other charge

due, together with all costs and expenses of sale and reasonable attorneys' fees, shall pay any excess to such Owner, or to the heirs or assigns of such Owner as provided by law. The power and agency hereby granted are coupled with an interest and are irrevocable by death, incapacity, or otherwise and are granted as cumulative to the remedies for collection of said indebtedness provided by law.

(c) WAIVER. EACH OWNER, BY ACCEPTANCE OF A DEED CONVEYING A LOT SUBJECT TO THIS DECLARATION, TO THE FULLEST EXTENT PERMITTED BY LAW WAIVES ANY RIGHT WHICH THE OWNER MAY HAVE UNDER THE CONSTITUTION OR THE LAWS OF THE STATE OF TEXAS. (EXCEPTING SECTION 51.002 OF THE TEXAS PROPERTY CODE) OR THE CONSTITUTION OR THE LAWS OF THE UNITED STATES OF AMERICA TO NOTICE OR TO A JUDICIAL HEARING PRIOR TO THE EXERCISE OF ANY RIGHT OR REMEDY PROVIDED BY THIS DECLARATION, AND EACH OWNER WAIVES THE OWNER'S RIGHTS, IF ANY, TO SET ASIDE OR INVALIDATE ANY SALE DULY CONSUMMATED IN ACCORDANCE WITH THE PROVISIONS OF THIS DECLARATION ON THE GROUND (IF SUCH BE THE CASE) THAT THE SALE WAS CONSUMMATED WITHOUT A PRIOR JUDICIAL HEARING ALL WAIVERS BY EACH OWNER IN THIS PARAGRAPH HAVE BEEN MADE VOLUNTARILY, INTELLIGENTLY AND KNOWINGLY, AFTER THE OWNER HAS FIRST BEEN ALLOWED THE OPPORTUNITY TO CONSULT LEGAL COUNSEL WITH RESPECT TO THE OWNER'S POSSIBLE RIGHTS.

10.05 No Waiver. The failure of the Declarant, the Association, or the Owner of any Lot, his or its respective legal representatives, heirs, successors and assigns, to enforce any Restrictions herein contained shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to any violation or breach occurring prior or subsequent thereto.

ARTICLE XI

DURATION AND AMENDMENT

11.01 Duration. This Declaration and the Restrictions contained herein shall run with and bind the Property for a period of twenty (20) years from and after the date when this Declaration is filed for record in the county records of Ellis County, Texas, after which time this Declaration and the Restrictions shall be automatically renewed for successive periods of ten (10) years; provided, however, that after the end of the said twenty (20) year period and during any ten (10) year renewal period (but only during such renewal period), this Declaration and the Restrictions contained herein may be terminated by an instrument executed by the proper Association officers and recorded in the deed records of Ellis County, Texas, or in such other place of recording as may be appropriate at the time of the execution of such instrument, pursuant to a resolution approving such termination which is approved by a two-thirds (2/3) vote of those Class A Members of the Association who are present in person or by proxy and voting at a meeting of Members duly held in accordance with the provisions of the Bylaws of the Association.

11.02 Amendments by Declarant. During any period which Declarant retains the right to appoint and remove any directors and officers of the Association, Declarant may amend this Declaration by an instrument in writing filed and recorded in the deed records of Ellis County, Texas, without the approval of any Member or mortgagee; provided, however, that (i) in the event that such amendment materially alters or changes any Owner's right to the use and enjoyment of such Owner's Lot as set forth in this Declaration or if such amendment adversely affects the title

to any Lot, such amendment shall be valid only upon the written consent thereto by a majority in number of the then existing Members affected thereby, and (ii) in the event that such amendment would materially and adversely affect the lien status, security and interest of any mortgagee, such amendment shall be valid only upon the written consent thereto by the mortgagee so affected. Any amendment made pursuant to this Section 11.02 shall be certified by Declarant as having been duly approved by Declarant, and such Members and mortgagees if required, and shall be effective only upon recordation or at such later date as shall be specified in the amendment itself. Each Owner, by acceptance of a deed or other conveyance to a Lot, agrees to be bound by such amendments as are permitted by this Section 11.02 and further agrees that, if requested to do so by Declarant, but without implying a requirement to obtain any consent, such Owner will consent to the amendment of this Declaration or any other instruments relating to the Development (i) if such amendment is necessary to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule or regulation or any judicial determination which shall be in conflict therewith, (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Lots subject to this Declaration, (iii) if such amendment is required by an institutional or governmental lender, purchaser or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on any Lot subject to this Declaration, (iv) if any such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots subject to this Declaration, or (v) if such amendment is necessary to correct a scrivener's error in the drafting of this Declaration.

11.03 Amendments by Association. Amendments to this Declaration, other than those authorized by Section 11.02 hereof, shall be proposed and adopted in the following manner:

(a) Notice of the subject matter or the proposed amendment shall be included in the notice of the meeting of the Association at which such proposed amendment is to be considered and shall be delivered to each member of the Association.

(b) At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board or by Members of the Association. Such amendment must be approved by Members holding at least seventy-five (75%) percent of the total votes in the Association; provided, however, (i) that any amendment that materially and adversely affects the lien status, security and interest of any mortgagee must be approved by such mortgagee and (ii) during any period in which Declarant has the right to appoint and remove officers and directors of the Association, such amendment must be approved by Declarant.

(c) The agreement of the required percentage of the Owners and, where required, the Declarant and any mortgagee, to any amendment of this Declaration, shall be evidenced by their execution of such amendment, or in the alternative, and provided that Declarant does not then have the right to approve such amendment, the sworn statement of the President and any Vice President or the Secretary of the Association attached to or incorporated in the amendment executed by the Association, which sworn statement shall state unequivocally that the Agreement of the required parties was lawfully obtained. Any such amendment of this Declaration shall become effective only when recorded or at such later date as may be specified in the Amendment itself.

ARTICLE XII

MISCELLANEOUS

12.1 No Reverter. No restriction herein is intended to be, or shall be construed as a condition subsequent or as creating a possibility of a reverter.

12.2 Severability. A determination by a court that any provision hereof is invalid for any reason shall not affect the validity of any other provision hereof.

12.3 Headings. The headings of the Articles and sections hereof are for convenience only and shall not affect the meaning of interpretation of the contents of this Declaration.

12.4 Gender. Throughout this Declaration, where appropriate, the masculine gender shall be deemed to include the feminine and neuter genders, and the singular shall include the plural, and vice versa.

12.5 Notices. All amendments, notices, requests, objections, waivers, rejections, agreements, approvals, disclosure or consent of any kind made pursuant to this Declaration, whether made by the Declarant, the Association, the Owner, or any other person, shall be in writing. All such writings shall be sufficient only if deposited in the United States Mail, certified or registered, return receipt requested, with sufficient postage, and sent to the following addresses:

(a) Declarant:

MICAM Development, LLC

1761 N. Walnut Grove Road Midlothian, TX 76065

Attention: Max Thompson

(b) Owner: Each Owner's address as registered with the Association in accordance with the bylaws.

Any written communication with this Section 12.05 shall be deemed received on the third (3rd) day following the day such written notice is deposited in the United States Mail in accordance with this Section.

12.06 NO LIABILITY. DECLARANT HAS, USING BEST EFFORTS AND ALL DUE DILIGENCE, PREPARED AND RECORDED THIS DECLARATION SO THAT EACH AND EVERY OWNER SHALL HAVE THE RIGHT AND THE POWER TO ENFORCE THE TERMS AND PROVISIONS OF THIS DECLARATION AGAINST EVERY OTHER OWNER. HOWEVER, IN THE EVENT THAT THIS DECLARATION IS, FOR ANY REASON WHATSOEVER, UNENFORCEABLE BY AN OWNER (OR ANY OTHER PERSON) IN A COURT OF LAW OR OTHERWISE, DECLARANT SHALL HAVE NO LIABILITY OF ANY KIND AS A RESULT OF SUCH UNENFORCEABILITY, AND EACH AND EVERY OWNER, BY ACCEPTANCE OF A DEED CONVEYING A LOT, ACKNOWLEDGES THAT DECLARANT SHALL HAVE NO SUCH LIABILITY.

ARTICLE XIII

MORTGAGE PROVISIONS

Notwithstanding any other provisions of these Declarations or the Bylaws or Articles of Incorporation of the Association, the Declarant (so long as the Declarant retains the right to appoint and remove the directors and officers of the Association) and the Association, in each of their sole discretion, have the right (but not the obligation) to amend these Declarations without the vote of the Members to the extent necessary or prudent to meet the minimum requirements of any holder of an Institutional Mortgage to enable the Owners or prospective Owners to take part in any lending transaction to finance or refinance the acquisition of a Lot or construction of a Structure. The term "Institutional Mortgage" means and refers to any bona-fide mortgage, lien or security interest held by a bank, trust company, insurance company, savings and loan association or other recognized lending institution, or by an institutional or governmental purchaser of mortgage loans in the secondary market, such as the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or their successors, or guaranteed or subsidized by the FHA and/or VA.

[signature page follows]

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed

as provided in the acknowledgment set forth hereinafter but to be effective as of April 16, 2015.

MICAM Development, LLC

by: _____

Max Thompson, President MICAM Development, LLC

THE STATE OF TEXAS

COUNTY OF ELLIS

This instrument was acknowledged before me on the 16th day of April, 2015, by Max Thompson, President of MICAM Development, LLC.

Notary Public in and for the State of Texas

This instrument was acknowledged before me on the 16th day of April, 2015, by Max Thompson, President of MICAM Development, LLC.

Notary Public in and for the State of Texas