DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

for

HILLSTEAD

After Recording Return To:
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
for
HILLSTEAD

THE STATE OF TEXAS §
§
COUNTY OF COLLIN §

THIS DECLARATION is made on the date hereafter set forth by Hillstead Land LLC, a Texas limited liability company ("**Declarant**").

WHEREAS, Declarant is the owner of the real property in Collin County, Texas platted as Hillstead Subdivision Phase 1, a subdivision of 69.92 acres, and also being out of the William T. Howard Survey, Abstract 370, according to the map or plat thereof, filed on the 30th day of May, 2024 under Plat Book: 2024, Pages 513 – 514 (the "**Phase 1 Plat**") in the Plat Records of Collin County, Texas (the "**Property**");

WHEREAS, Declarant desires to establish and preserve a general and uniform plan for the improvement, development, sale and use of the Property (and any other real property that may be annexed and subjected to the provisions of this Declaration) for the benefit of the present and future owners of lots therein;

NOW, THEREFORE, Declarant hereby declares that the Property will be held, transferred, sold, conveyed, occupied and enjoyed subject to the covenants, conditions, restrictions, easements, liens and charges set forth in this Declaration, as such Declaration may hereafter be amended and supplemented.

ARTICLE I.
DEFINITIONS

As used in this Declaration, the terms set forth below have the following meanings:

A. ANNUAL MAINTENANCE CHARGE - The annual assessment made and levied by the Association against each Owner and the Owner's Lot in accordance with the provisions of this Declaration.

B. ARCHITECTURAL REVIEW COMMITTEE - The Architectural Review Committee established and empowered in accordance with Article III.

C. ASSOCIATION - Hillstead Homeowners Association, Inc., a Texas non-profit corporation, its successors and assigns.

D. BOARD or BOARD OF DIRECTORS - The Board of Directors of the Association.

E. BUILDER - A person or entity other than Declarant who either purchases a Lot within the Community for the purpose of constructing a Residential Dwelling thereon or is engaged by the Owner of a Lot within the Community for the purpose of constructing a Residential Dwelling on the Owner's Lot. Declarant, during the Development Period, and, thereafter, the Architectural Review Committee, has the authority to approve or disapprove a Builder prior to the commencement of construction on the basis of the experience and reputation of the Builder and the ability of the Builder to obtain (and maintain throughout the entire construction period) all insurance required to be maintained by the Builder. The intent of the requirement that a Builder be approved by Declarant or the Architectural Review Committee prior to the

commencement of construction is to attempt to ensure that the Builder has sufficient experience and financial responsibility to complete the work in accordance with the approved Plans and in a timely manner. **THE APPROVAL OF A BUILDER IS NOT TO BE CONSTRUED IN ANY RESPECT AS A REPRESENTATION OR WARRANTY BY THE ARCHITECTURAL REVIEW COMMITTEE, DECLARANT, THE ASSOCIATION, OR ANY OF THEIR REPRESENTATIVES, TO ANY PERSON OR ENTITY THAT THE BUILDER HAS ANY PARTICULAR LEVEL OF KNOWLEDGE OR EXPERTISE OR THAT ANY RESIDENTIAL DWELLING CONSTRUCTED BY THE BUILDER WILL BE A PARTICULAR QUALITY. ALTHOUGH ALL OWNERS ARE REQUIRED TO COMPLY WITH THE PROVISIONS OF THIS DECLARATION RELATING TO ARCHITECTURAL REVIEW, IT IS THE RESPONSIBILITY OF EACH PERSON OR ENTITY THAT EITHER PURCHASES A LOT AND RESIDENTIAL DWELLING FROM A BUILDER OR ENGAGES A BUILDER TO CONSTRUCT A RESIDENTIAL DWELLING OR OTHER IMPROVEMENT ON THE OWNER'S LOT TO DETERMINE THE QUALITY OF THAT BUILDER'S WORKMANSHIP AND THE SUITABILITY OF THE BUILDER TO CONSTRUCT A RESIDENTIAL DWELLING OR OTHER IMPROVEMENT OF THE TYPE AND DESIGN CONSTRUCTED OR TO BE CONSTRUCTED ON THE LOT.**

F. BYLAWS - The Bylaws of the Association.

G. CERTIFICATE OF FORMATION - The Certificate of Formation of the Association, as amended.

H. COMMON AREA - Any real property and improvements thereon owned or maintained by the Association for the common use and benefit of the Owners, including Lots identified on a Plat as non-residential Lots. Common Areas shown on the Plat may be restricted for particular uses as set forth in the Plat.

I. COMMUNITY - The Property described above and all real property hereafter annexed and subjected to the provisions of this Declaration and the jurisdiction of the Association, commonly known as "Hillstead", together with all Improvements now or hereafter situated thereon and all rights and appurtenances thereto.

J. DECLARANT – Hillstead Land LLC, a Texas limited liability company, its successors and assigns that have been designated as such by Declarant pursuant to a written instrument duly executed by Declarant and recorded in the Official Public Records of Collin County, Texas.

K. DESIGN GUIDELINES - Guidelines established by Declarant for the purpose of outlining the minimum acceptable standards for a Residential Dwelling and related Improvements on a Lot. During the Development Period or as long as Declarant has architectural control authority over new Residential Dwelling construction, whichever is longer, Declarant has the authority to revise the Design Guidelines from time to time as deemed appropriate; provided that, any revisions to the Design Guidelines may only be applied prospectively, not retroactively. Thereafter, the Architectural Review Committee has the authority to adopt and revise the Design Guidelines. In the event of a conflict between the Design Guidelines and the Declaration, the Declaration will control. However, the two (2) documents are to be read together in an effort to avoid conflicts and harmonize all provisions.

L. DEVELOPMENT PERIOD - The period during which Declarant reserves the right and authority to facilitate the development, construction and marketing of the Community and to direct the size, shape, and composition of the Community. The Development Period will exist until December 31, 2050 or as long as Declarant owns a portion of the Property subject to the provisions of this Declaration, whichever

period is longer, unless Declarant terminates the Development Period on an earlier date by an instrument duly executed by Declarant and recorded in the Official Public Records of Collin County, Texas.

M. IMPROVEMENT - Any Residential Dwelling, building, structure, fixture, or fence, any transportable structure placed on a Lot, whether or not affixed to the land, and any addition to, or modification of an existing Residential Dwelling, building, structure, fixture or fence on a Lot.

N. LOT or LOTS - Each of the residential Lots shown on a Plat for any part of the Property.

O. MAINTENANCE FUND – Any accumulation of the Annual Maintenance Charges collected by the Association in accordance with the provisions of this Declaration and interest, penalties, assessments and other sums and revenues collected by the Association pursuant to the provisions of this Declaration.

P. MEMBER - Each Owner who is a Member of the Association as provided in Article IV.

Q. MORTGAGE - A security interest, mortgage, deed of trust, or lien instrument granted by an Owner to secure the payment of a loan made to such Owner, duly recorded in the Official Public Records of Collin County, Texas, and creating a lien or security interest encumbering a Lot and some or all Improvements thereon.

R. OWNER or OWNERS - A person or persons, firm, corporation or other entity or any combination thereof that is the record owner of fee simple title to a Lot, including contract sellers, but excluding those having an interest merely as a security for the performance of an obligation.

S. PLANS - The construction plans and specifications (including a related site plan) of any Residential Dwelling or other Improvement of any kind proposed to be erected, placed, constructed, maintained or altered on a Lot.

T. PLAT or PLATS – The recorded plat or plats for any part of the Property recorded in the Plat Records of Collin County, Texas; the recorded plat for any other real property annexed and made a part of the Community; and any amending plat, replat or partial replat of any such plat.

U. PROPERTY – As of the date of this Declaration, the Property is more particularly described on the Phase 1 Plat. Other real property may hereafter be annexed and subjected to the provisions of this Declaration pursuant to Article VIII, Section 8.3.

V. RESIDENTIAL DWELLING - The single family residence and appurtenances constructed on a Lot.

W. RULES AND REGULATIONS - Rules and regulations adopted from time to time by the Board concerning the management and administration of the Community for the use, benefit and enjoyment of the Owners, including Rules and Regulations governing the use of any Common Area.

X. UTILITY COMPANY or UTILITY COMPANIES - Any public entity, utility district, governmental entity (including without limitation, districts created under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution) or one or more private entities that regulate, provide or maintain utilities and drainage.

ARTICLE II.
PROVISIONS RELATING TO USE, PERMITTED IMPROVEMENTS AND ARCHITECTURAL DESIGN

SECTION 2.1. USE RESTRICTIONS.

A. GENERAL. Lots in the Community will be held, transferred, sold, conveyed, used and occupied subject to the covenants, conditions, restrictions, easements, charges, and liens set forth in this Declaration.

B. SINGLE FAMILY RESIDENTIAL USE; LEASING. Each Lot and the Residential Dwelling on such Lot within the Property may only be used for single family residential use. The term "single family residential use", as used in this Declaration, refers not only to the architectural design of the Residential Dwelling, but also to the permitted number of inhabitants, which is limited to a single family, as set forth below. Furthermore, "single family residential use" means the use of and improvement to a Lot with no more than one building designed and used for living, sleeping, cooking, and eating therein. As used in this Declaration, the term "single family residential use" specifically prohibits, without limitation, the use of a Lot for an apartment, accessory dwelling unit, garage apartment or any other apartment or for any multi-family use, vacation rental by Owner, boarding house, "Airbnb" or similar short term rental use, bed and breakfast, any business or activity requiring a Federal Firearms License, or for any business, professional, or other commercial activity. In no case may a Lot contain more than one Residential Dwelling. No building, improvement, outbuilding, or portion thereof may be constructed for income property or such that occupants would occupy less than the entire Lot.

No Residential Dwelling may be occupied by more than one single family. By way of illustration, the following is an example of an approved single family:

RESIDENT 1 AND RESIDENT 2 RESIDE IN DWELLING.
Additional approved residents are:

a) children of either or both residents;
b) no more than a total of 2 parents or family members of the residents;
c) 1 unrelated person; and
d) 1 household employee.

Leasing a Lot for single family residential use will not be considered a prohibited "business" use as set forth in Section B, below, provided that the Owner (and any other Owner(s) with whom such Owner is affiliated) does not collectively lease or offer for lease more than two Lots within the Property at any time. For purposes of this provision and by way of illustration and not limitation, "affiliated" means Owners who are: (i) reflected on the deed for the Lot, (ii) reflected on a deed of trust related to the Lot, (iii) related by blood or marriage within the second degree of relationship, (iv) shareholders, partners, or members of an entity that owns a Lot, or (v) associated with each other for other business purposes. The Board has the sole and absolute discretion to determine who is affiliated with an Owner. This provision does not preclude the Association or an institutional lender from leasing one or more Lots upon taking title following foreclosure of its security interest in the Lots or upon acceptance of a deed in lieu of foreclosure.

The Occupants of a leased Residential Dwelling must lease the entire land and improvements comprising the Lot. No fraction or portion of any Lot may be leased or rented or offered for lease or rent. "Leasing", for purposes of this Declaration, is defined as occupancy of a Residential Dwelling and the Lot on which the Residential Dwelling is located for single family residential use by any person other than the Owner, for which the Owner receives any consideration or benefit, including a fee, service, gratuity, or emolument. Provided, however, "leasing", for purposes of this Declaration, does not include leases such

as, by way of illustration and not limitation, "VRBO", boarding house rentals, backyard rentals, swimming pool rentals, "Swimply", "Airbnb", "Vacasa", party venue rentals, bed and breakfasts, or other short-term rental uses, and such uses are strictly prohibited and are considered to be a prohibited business use.

All leases must be in writing and will contain such terms as the Board may prescribe from time to time. All leases will provide that they may be terminated in the event of a violation of the Declaration or the dedicatory instruments by an occupant or occupant's family, and the Board, in its sole discretion, may require termination by the Owner and eviction of the occupant in such event. Rental or lease of the Lot will not relieve the Owner from compliance with this Declaration or the dedicatory instruments. No Lot may be leased for a term of less than 6 full consecutive calendar months to the same lessee, nor may any lease be for less than the entire Lot; provided, however, the Board may adopt rules that require a longer minimum lease term than that set forth in this Declaration, and any such term will control over the minimum term set forth in this Declaration and will not be considered a conflict with this Declaration. Single family residential use does not include a lease to tenants temporarily (less than 6 months) or a lease in which the tenants do not intend to make the Lot their primary residence. An Owner who leases his or her Lot assigns to the lessee for the period of the lease all the Owner's rights to use the Common Areas and amenities located thereon.

The provisions in this Section 2.1.B regarding leasing do not prohibit Declarant from developing a portion of the Property for build-to-rent purposes, and Declarant is expressly authorized to develop the Property as it deems appropriate.

It is not the intent of this provision to exclude from a Lot any individual who is authorized to so remain by any state or federal law. If it is found that this provision is in violation of any law, then this provision must be interpreted to be as restrictive as possible to preserve as much of the original provision as allowed by law.

C. NON-PERMITTED USES.

1. No trade or business may be conducted in or from any Residential Dwelling or Lot, except such use within a Residential Dwelling where (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Residential Dwelling; (b) the business activity conforms to all governmental requirements and other dedicatory instruments applicable to the Property; (c) the business activity does not involve visitation to the Residential Dwelling or Lot by clients, customers, suppliers, or other business invitees or door-to-door solicitation of occupants of the Property; and (d) the business activity is consistent with the residential character and use of the Property, does not constitute a nuisance or a hazardous or offensive use, and does not threaten the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board. The uses set out in this Section 1 (a) through (d) are referred to singularly or collectively as an "***Incidental Business Use***". At no time may an Incidental Business Use cause increased parking or traffic within the Property. Any increased parking or traffic within the Property as a result of an Incidental Business Use will be deemed to be a deed restriction violation. By way of illustration and not limitation, a day-care facility, home day-care facility, church, nursery, pre-school, beauty parlor, barber shop, spa service, "VRBO", boarding house, "Airbnb", "Vacasa", backyard rental, swimming pool rental, "Swimply", party venue rental, pet boarding service, bed and breakfast, or any business or activity requiring a Federal Firearms License are expressly prohibited and are not considered to be an Incidental Business Use.

2. The terms "business" and "trade", as used in this provision, are construed to have their ordinary, generally accepted meanings and include any occupation, work, or activity

undertaken on an ongoing basis that involves the manufacture or provision of goods or services for or to persons other than the Occupant's family, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does not generate a profit; or (iii) a license is required therefor. This Section does not apply to any activity conducted by Declarant, or by a Builder with the approval of Declarant, with respect to its development and sale of the Property. Garage sales, attic sales, moving sales, and yard sales (or any similar vending of merchandise) conducted on any Lot separate from an Association-directed community wide garage sale will be considered business activity and are therefore prohibited. Owners are advised that gated entries, if any, may be set to their open positions during any such community wide garage sale at the discretion of the Board. The Association may, but is not required to, adopt rules and regulations regarding such community wide garage sales. Notwithstanding anything contained in this Declaration to the contrary, estate sales are expressly prohibited.

3. No livestock, domestic or wild animals, or plants or crops may be raised on any Lot, or any portion of the Property for the purpose of breeding or selling same, whether for profit or not. Exchange of such animals, plants, or produce for anything of value to the seller will constitute a sale of merchandise and is therefore prohibited under this provision.

D. PASSENGER VEHICLES. No Owner or occupant of a Lot, including all persons who reside with such Owner or occupant of the Lot, may park, keep or store a vehicle on the Lot which is visible from a street in the Community or any neighboring Lot other than a passenger vehicle or pick-up truck. No more than two (2) passenger vehicles may be parked on a driveway at any time. For purposes of this Declaration, the term "**passenger vehicle**" is limited to (a) a vehicle which displays a passenger vehicle license plate issued by the State of Texas or which, if displaying a license plate issued by another state, would be eligible to obtain a passenger vehicle license plate from the State of Texas, and (b) a sport utility vehicle used as a family vehicle (whether or not the sport utility vehicle displays a passenger or truck vehicle license plate); the term "**pick-up truck**" is limited to a one (1) ton capacity pick-up truck which has not been adapted or modified for commercial use and does not display any business or commercial related sign, logo or symbol. No passenger vehicle or pick-up truck may be parked on any unpaved portion of a Lot.

No passenger vehicle or pick-up truck owned or used by the Owners or occupants of a Lot or a guest of an Owner or occupant of a Lot may be parked overnight on a street in the Community. **EACH OWNER OR OCCUPANT OF A LOT ACKNOWLEDGES BY ACCEPTING A DEED TO THE OWNER'S LOT OR TAKING OCCUPANCY OF THE LOT THAT A VEHICLE PARKED ON A STREET WITHIN THE COMMUNITY IS RESTRICTED FOR THE PURPOSES OF PRESERVING THE APPEARANCE OF THE COMMUNITY AND PREVENTING SIGHT AND VEHICLE OBSTRUCTIONS AND AGREES THAT THIS RESTRICTION ON PARKING ON STREETS IS FOR THE BENEFIT OF ALL OWNERS AND OCCUPANTS OF LOTS IN THE COMMUNITY.**

No passenger vehicle or pick-up truck owned or used by the Owners or occupants of a Lot or a guest of an Owner or occupant of a Lot may be parked in such a manner as to block any portion of a sidewalk in the Community. No inoperable vehicle of any kind may be parked, kept or stored (a) on a Lot if visible from a street in the Community or any neighboring Lot or (b) on a street. As used herein, a vehicle is deemed to be inoperable if it does not display all required current permits and licenses, it is on a jack or does not have fully inflated tires, it is covered by a tarp, or it is not otherwise capable of being legally operated on a public street or right of way.

E. OTHER VEHICLES. No pick-up truck in excess of one (1) ton capacity, mobile home trailer, utility trailer, recreational vehicle, boat, golf cart, off-highway vehicle, all-terrain vehicle, or the like

may be parked, kept or stored (a) on a Lot if visible from a street in the Community or a neighboring Lot or (b) on a street. A pick-up truck in excess of one (1) ton capacity, mobile home trailer, utility trailer, recreational vehicle, all-terrain vehicle, or boat may be parked in the garage on a Lot; however, if parked in the garage, there must be adequate space in the garage and on the driveway for all passenger vehicles used or kept by the Owner or occupant of the Lot and the garage door must be able to close. A boat, trailer or other vehicle which extends outside the garage, thereby not allowing the garage door to be closed, is not permitted.

F. **VEHICLE REPAIRS.** No passenger vehicle, pick-up truck, mobile home trailer, utility trailer, recreational vehicle, boat or other vehicle of any kind may be constructed, reconstructed, or repaired (a) on a Lot within the Community if visible from a street in the Community or any neighboring Lot or (b) on a street. No vehicle repair work performed in a garage may be offensive to persons of ordinary sensitivities by reason of noise or odor.

G. **NUISANCES.** No rubbish or debris of any kind may be placed or permitted to accumulate on or adjacent to a Lot and no odors are permitted to arise therefrom, so as to render the Lot or any portion thereof unsanitary, unsightly, offensive or detrimental to any other Lot or to its occupants. No nuisance is permitted to exist on a Lot. For the purpose of this Section 2.1.G., a nuisance is deemed to be any activity or condition (including the discharge of fireworks) on a Lot or within the Community which is reasonably considered to be an annoyance to surrounding residents of ordinary sensibilities or which might reduce the desirability of the Lot on which the activity or condition exists or a surrounding Lot. The Board of Directors is authorized to determine whether an activity or condition on a Lot constitutes a nuisance or is offensive and its reasonable, good faith determination will be conclusive and binding on all parties.

H. **TRASH; TRASH CONTAINERS.** No Lot may be used for dumping or storage of trash. No garbage or trash, or garbage or trash container, may be maintained on a Lot if visible from a street in the Community or a neighboring Lot except during a period to make the trash available for collection and then only the shortest time reasonably necessary to effect such collection. Garbage and trash made available for collection must be placed in covered containers provided by the City of Lavon, Texas, if so provided, or, if applicable, as provided in a private trash disposal contract entered into by the Association or a utility district. Trash containers must be closed when not in use and must be removed from public view within twenty-four (24) hours from the day of collection.

I. **CLOTHES DRYING.** No outside clothesline or other outside facilities for drying or airing clothes may be erected, placed or maintained on a Lot. No clothes may be aired or dried outside if visible from a street in the Community or a neighboring Lot.

J. **RIGHT TO INSPECT.** During reasonable hours, Declarant, any member of the Architectural Review Committee, any member of the Board, or any authorized representative of any of them, have the right to enter upon and inspect a Lot, and the exterior of the Improvements thereon, for the purpose of ascertaining whether or not the provisions of this Declaration and the Design Guidelines have been or are being complied with, and such persons will not be deemed guilty of trespass by reason of such entry. Provided that, except in the case of a bona fide emergency, the right of inspection may not be exercised unless the Owner or occupant of the Lot has been provided not less than twenty-four (24) hours notice of the intent to inspect the Lot.

K. **ANIMALS.** No animals (including, without limitation, sheep, goats, horses, cattle, swine, poultry, snakes, and livestock) may be raised, bred, or kept on any portion of the Property, except that dogs, cats, or other common household pets, not to exceed a total of four (4) pets are permitted in or on a Lot. For purposes of this Section 2.1.K., all types of pigs, including without limitation, Vietnamese pot-bellied pigs, are deemed not to be generally recognized house or yard pets and are prohibited. The Association has

the right and power, but not the obligation, to control, relocate, and manage wildlife (including, without limitation, deer, skunks, hogs, opossums, snakes, rodents, and other pests) in Common Areas. Owners are prohibited from feeding wildlife. No exotic animal or breed of animal that is commonly recognized to be inherently aggressive or vicious toward other animals and/or humans is permitted in the Community. **ALL TYPES OF TERRIERS THAT ARE COMMONLY RECOGNIZED AS BEING "PIT BULLS", DOBERMAN PINSCHERS AND ROTTWEILERS ARE BREEDS OF DOGS THAT ARE INHERENTLY AGGRESSIVE OR VICIOUS AND, THEREFORE, ARE PROHIBITED IN THE COMMUNITY.** No unleashed dog is permitted on a street or Common Area in the Community except in designated areas (such as a dog park). Each dog must be kept either in the Residential Dwelling or other Improvement on the Lot or in a yard fully enclosed by a fence. An "invisible" fence that controls dogs through underground electrical wiring is an acceptable method of maintaining a dog in the yard of a Lot but only if the invisible fence effectively confines the dog(s) of the Owner or occupant of the Lot within the yard of the Lot. One instance in which a dog leaves a Lot despite the existence of an invisible fence constitutes a determination that the invisible fence does not effectively confine the dog, in which event the invisible fence is deemed to no longer be an acceptable method of confining the dog. All pet waste must be immediately removed from a Lot, Common Area, recreational area, street, curb, or sidewalk in the Community, as applicable, and properly disposed. The Association may impose fines against any Owner, lessee, or other occupant of a Lot who fails to immediately remove and dispose of waste from the Owner, lessee, or occupant's pet as provided herein, which fines may be substantial. No generally recognized house or yard pet is allowed to make an unreasonable amount of noise or to become a nuisance (as defined in Section 2.1.G., above). No structure for the care, housing or confinement of a generally recognized house or yard pet may be maintained on a Lot if visible from a street or Common Area in the Community or any neighboring Lot at ground level without the prior written consent of the Architectural Review Committee. The Board has the authority to determine, in its sole and absolute discretion, whether, for the purposes of this Section 2.1.K., a particular animal is a generally recognized house or yard pet (with the exception of all types of pigs which are prohibited), an exotic animal, an inherently aggressive or vicious animal (with the exception of the breeds that are prohibited per this Section), or a nuisance, or whether the aggregate number of generally recognized house or yard pets on a Lot is reasonable, and its reasonable, good faith determination will be conclusive and binding on all parties.

L. **DISEASES AND INSECTS.** No Owner or occupant of a Lot may permit any thing or condition to exist on the Lot which may induce, breed or harbor infectious plant diseases or noxious insects, including, without limitation, a swimming pool or hot tub that is not properly maintained.

M. **RESTRICTION ON FURTHER SUBDIVISION.** No Lot as shown on the Plat may be further subdivided, and no portion less than the entirety of a Lot as shown on the original Plat may be conveyed by an Owner.

N. **CONSOLIDATION OF LOTS.** Unless approved in writing by Declarant during the Development Period or, thereafter, the Architectural Review Committee, the consolidation of adjoining Lots into one (1) building site is prohibited. This Section 2.1.N. is not to be construed to prohibit an "**Adjacent Lot**" in accordance with the provisions of Section 2.1.Q. If adjoining Lots are consolidated, as approved by Declarant or the Architectural Review Committee, the consolidated Lots will continue to be considered as separate Lots for purposes of assessments and voting rights unless replatted as a single Lot, in which event the consolidated Lots will be a single Lot for purposes of assessments and voting rights.

O. **SIGNS.** No sign may be erected or maintained on a Lot if visible from a street in the Community or a neighboring Lot, except:

1. Street signs and such other signs as required by law;

2. During the Development Period, but only with the written approval of Declarant, one (1) Builder identification sign on a Lot then owned by the Builder of a size and design approved by Declarant;

3. Ground mounted political signs as permitted by law, including two (2) signs that may not exceed six (6) square feet in size advertising a political candidate or ballot item for an election or vote not displayed earlier than the 90th day before the date of the election or vote, and not displayed later than ten (10) days after the election date; and

4. Home security signs and school spirit signs, but only if expressly authorized by the Design Guidelines and then only in strict compliance with the Design Guidelines.

Provided that, during the Development Period, Declarant is authorized to allow signs to be erected on Lots as Declarant deems appropriate. Unless approved by Declarant in writing, "For Sale" and "For Lease" signs are prohibited in a section of the Community for which development is not substantially complete. As used herein, a section of the Community means the land area within a recorded Plat. In addition, for purposes hereof, the development of a section of the Community is not deemed to be substantially complete until the construction of a Residential Dwelling on each Lot in the section has been completed. No sign is permitted on Common Area with the exception of a sign placed on Common Area by Declarant during the Development Period and, thereafter, the Association. Declarant, during the Development Period and, thereafter, the Association, is authorized to go upon a Lot and remove a sign displayed on the Lot in violation of this Section 2.1.N. and dispose of the sign without liability in trespass or otherwise.

P. **TREE REMOVAL.** No tree (other than a dead tree) with a caliper of three (3) inches or more that is not within the area seven and one-half (7½) feet from the foundation of the Residential Dwelling and garage constructed or to be constructed on a Lot may be removed from a Lot without the prior written approval of the Architectural Review Committee. A dead tree must be removed from a Lot within thirty (30) days of the date the Architectural Review Committee determines the tree is no longer growing. Owners shall, at their own expense, replace any removed tree on a Lot with one (1) or more comparable trees of such size and number and in approved location(s) as determined by the Architectural Review Committee.

Q. **ADJACENT LOT.** Section 209.015 of the Texas Property Code allows an "**Adjacent Lot**", as defined therein, to be used for a residential purpose notwithstanding a provision in a dedicatory instrument that would otherwise prohibit such a use of an Adjacent Lot. However, Section 209.015 of the Texas Property Code further provides that an Owner must obtain the approval of the Architectural Review Committee prior to placing or constructing an Improvement on an Adjacent Lot. Accordingly, Plans for Improvements proposed to be erected or placed on an Adjacent Lot must be submitted to and approved by the Architectural Review Committee prior to erecting or placing such Improvements on the Adjacent Lot. Reasonable restrictions relating to the size, location, shielding, and aesthetics of Improvements proposed to be placed or constructed on an Adjacent Lot may be set forth in the Design Guidelines. The Lot next to the Adjacent Lot (the "**Main Lot**") must have a completed Residential Dwelling thereon, the two (2) Lots must be owned by the same person or entity, and the Adjacent Lot must be used by the Owner of the Main Lot for a "**residential purpose**", as defined in Section 209.015 of the Texas Property Code. If the Adjacent Lot and the Main Lot are not sold and conveyed together, the Adjacent Lot is then required to be restored to its original condition per Section 209.015 of the Texas Property Code.

R. **COMMON AREA.** The use of the Common Area must be in strict accordance with Rules and Regulations governing the Common Area adopted and published by the Board of Directors and duly recorded in the Official Public Records of Collin County, Texas, which Rules and Regulations will have

the same force and effect as if stated in the Declaration. Each Owner or other person who uses the Common Area does so at his/her own risk.

S. **EXEMPTIONS.** No provision in this Declaration will be construed to prevent Declarant, or its duly authorized agents, from erecting or maintaining structures or signs on Lots or Common Area necessary or convenient to the development, construction, marketing, sale, operation or other disposition of property within the Community. Further, no provision in this Declaration will be construed to prevent Declarant from granting permission to a Builder to erect or maintain structures or signs on Lots necessary or convenient to the construction and sale of Residential Dwellings within the Community. "**Structures**" include, without limitation, temporary construction trailers, office trailers, and sales trailers. In addition, Declarant reserves the right and authority during the Development Period or as long as Declarant has architectural control authority over new Residential Dwelling construction, whichever is longer, to use the Residential Dwelling on a Lot it owns or to allow a Builder to use the Residential Dwelling on a Lot the Builder owns as a model home and/or sales office. During the Development Period, a bank or other lender providing financing to Declarant in connection with the development of the Community or the construction of Improvements thereon may erect signs on Lots owned by Declarant and/or the Common Area to identify such lender and the fact that it is supplying such financing.

T. **STORAGE OF PERSONAL PROPERTY.** No personal property, including, by way of example and not in limitation, lawn equipment, toys, lawn furniture and bar-b-cue grills, may be kept or stored on a Lot in view from a street adjacent to the Lot. Furniture is allowed on the front porch of the Residential Dwelling on a Lot so long as there is not an excessive number of pieces and the type and color of the furniture is compatible with the design and color scheme of the Residential Dwelling, all as determined by the Architectural Review Committee in its sole judgment.

SECTION 2.2. DECORATION, ALTERATION, MAINTENANCE, AND REPAIR

A. **DECORATION AND ALTERATION.** Subject to the provisions of this Declaration and the Design Guidelines, each Owner has the right to modify, alter, repair, decorate, redecorate or improve the Residential Dwelling and other Improvements on such Owner's Lot, provided that each modification, alteration, decoration, redecoration or improvement complies with this Declaration and the Design Guidelines and each exterior modification, alteration, decoration, redecoration or improvement has been approved in writing by the Architectural Review Committee prior to construction. Notwithstanding the foregoing, the Architectural Review Committee is authorized to require an Owner to remove or eliminate any exterior modification, alteration, decoration, redecoration or improvement on the Owner's Lot or the Residential Dwelling or other Improvement on the Lot if, (a) the item does not comply with this Declaration or the recorded Design Guidelines, (b) the item was not approved in writing by the Architectural Review Committee prior to construction and will not be approved by the Architectural Review Committee as built, (c) the item was not constructed in accordance with the Plans approved by the Architectural Review Committee, or (d) in the Architectural Review Committee's sole judgment, the item detracts from the visual attractiveness of the Community.

B. **MAINTENANCE AND REPAIR.** No Residential Dwelling or Improvement on a Lot, including a retaining wall as addressed in Section 2.5.C. of this Declaration, is permitted to fall into disrepair, and each such Residential Dwelling or other Improvement must at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner of the Lot at such Owner's sole cost and expense. The Board of Directors has the exclusive authority to determine whether an Owner is maintaining his/her Lot in a reasonable manner and the Board of Director's reasonable, good faith determination will be conclusive and binding on all parties. In the event the Owner of a Lot fails to keep the exterior of the Residential Dwelling or other Improvement on the Lot in good condition and repair, and such failure continues after ten (10) days written notice from the Association, or such longer period, if

required by law, the Association may at its option, without liability to the Owner or occupant of the Lot in trespass or otherwise, enter upon the Lot and repair and/or paint the exterior of the Residential Dwelling or other Improvement on the Lot and otherwise cause the Residential Dwelling or other Improvement on the Lot to be placed in good condition and repair, and to do every other thing necessary to secure compliance with this Declaration. All costs incurred by the Association for such work may be charged to the Owner of the Lot. The Owner agrees by the purchase of such Lot to pay all costs, plus twenty-five percent (25%) of such costs for overhead and supervision, immediately upon receipt of the corresponding statement. Payment of such costs is secured by the lien created in Article V and may be collected in the same manner as an Annual Maintenance Charge may be collected per Article V. Interest thereon at the rate of twelve percent (12%) per annum, or the maximum, non-usurious rate, whichever is less, will begin to accrue on such sum on the 31st day after a written invoice is delivered to the Owner.

C. **LOT MAINTENANCE.** The Owner or occupant of a Lot must at all times maintain the grass, shrubs, trees and landscape beds on the Lot in a sanitary, healthful and attractive manner. Property maintenance includes periodic mowing, weeding, trimming and pruning, as applicable, as well as irrigation. In no event may an Owner use the Owner's Lot for storage of materials and equipment (except for normal residential requirements or incident to construction of Improvements thereon as herein permitted) or permit the accumulation of garbage, trash or rubbish of any kind thereon. An Owner may not burn anything on the Owner's Lot or in a street within the Community; provided that, this provision will not be construed to prohibit cooking on an outdoor pit. The Owner or occupant of a Lot at the intersection of streets, where the rear yard or portion of the Lot is visible to public view, must screen yard equipment, wood piles and storage piles that are incident to the normal residential requirements from public view. The Board of Directors has the exclusive authority to determine whether an Owner is maintaining the Owner's Lot in a reasonable manner and in accordance with the standards of the Community and the Board of Director's determination will be conclusive and binding on all parties. In the event the Owner or occupant of a Lot fails to maintain the Lot in a reasonable manner as required by this Declaration and such failure continues after ten (10) days written notice from the Association, or such longer period, if required by law, the Association may, at its option, without liability to the Owner or occupant in trespass or otherwise, enter upon the Lot and cause the Lot to be mowed, edged and cleaned, cause the landscaping beds to be weeded and cleaned, cause shrubs and trees to be trimmed or pruned, cause dead or diseased shrubs or trees to be removed, and to do every other thing necessary to secure compliance with this Declaration. All costs incurred by the Association for such work may be charged to the Owner of such Lot. The Owner agrees by the purchase or occupancy of such Lot to pay such costs, plus twenty-five percent (25%) of such costs for overhead and supervision, immediately upon receipt of the corresponding statement. Payment of such costs is secured by the lien created in Article V and may be collected in the same manner as an Annual Maintenance Charge may be collected per Article V. Interest thereon at the rate of twelve percent (12%) per annum or the maximum, non-usurious rate, whichever is less, will begin to accrue on such sum on the 31st day after a written invoice is delivered to the Owner.

SECTION 2.3. CONSTRUCTION OF RESIDENTIAL DWELLINGS AND OTHER IMPROVEMENTS; EXTERIOR ELEMENTS.

A. **COMPLIANCE WITH DESIGN GUIDELINES.** All Owners and Builders are required to strictly comply with all provisions of the Design Guidelines in effect as of the date of recording this Declaration or as such Design Guidelines may hereafter be adopted and/or amended. The Design Guidelines may address, without limitation, acceptable and unacceptable exterior building materials, construction procedures, hours during which construction work is permitted, parking of construction vehicles, and the like.

B. **TYPES OF BUILDINGS.** No building may be erected, altered, placed or permitted to remain on a Lot other than (i) one detached, single family dwelling not to exceed the height limitations set

forth in Section 2.4.B., together with an attached or detached garage for not less than two (2) nor more than three (3) vehicles and (ii) one (1) permitted accessory building, all of which are subject to the prior written approval of the Architectural Review Committee. A two (2) story garage with living area on the second level is permitted, but only with the prior written approval of the Architectural Review Committee and only if the Residential Dwelling on the Lot has two (2) stories.

C. STORAGE. Without the prior written consent of the Architectural Review Committee, no building materials of any kind may be placed or stored on a Lot more than fifteen (15) days before the construction of a Residential Dwelling or other Improvement is commenced. All materials permitted to be placed on a Lot must be placed within the property lines of the Lot. After the commencement of construction of a Residential Dwelling or other Improvement on a Lot, the work thereon must be prosecuted diligently, to the end that the Residential Dwelling or Improvement does not remain in a partly finished condition any longer than reasonably necessary for completion. Substantial completion of a Residential Dwelling on a Lot must be achieved within two hundred seventy (270) days of the date of commencement of construction of the Residential Dwelling, unless a longer period is approved in writing by the Architectural Review Committee; substantial completion of any other Improvement must be achieved within the period stipulated by the Architectural Review Committee in its approval of the Plans, or, if no period is stipulated, within one hundred eighty (180) days of the date of commencement of construction of the Improvement. For purposes hereof, construction of a Residential Dwelling or other Improvement is deemed to commence on the date that any equipment or building material relating to such construction is moved onto the Lot. Also for purposes hereof, a Residential Dwelling is deemed to be substantially completed on the date an occupancy permit is issued by any governmental authority having jurisdiction or, if no occupancy permit is required, the date the Residential Dwelling is ready to be occupied; any other Improvement is deemed to be substantially completed on the date the Improvement is capable of being used for its intended purpose. Upon the completion of the construction, all unused materials must be promptly removed from the Lot.

D. TEMPORARY STRUCTURES. No building, structure or other Improvement of a temporary character, trailer (with or without wheels and whether or not attached to a foundation), mobile home (with or without wheels and whether or not attached to a foundation), modular or prefabricated home, tent, or other building [other than the permanent Residential Dwelling, an attached or detached garage, one (1) accessory building approved in writing by the Architectural Review Committee and one (1) play structure approved in writing by the Architectural Review Committee] may be placed on a Lot, either temporarily or permanently. No residence house, garage or other structure, other than an approved accessory building or play structure, may be moved onto a Lot from another location. Notwithstanding the foregoing, Declarant reserves the exclusive right to erect, place and maintain, and to permit Builders to erect, place and maintain, such facilities in and upon the Property as in its sole discretion may be necessary or convenient during the period of and in connection with the sale of Lots, construction and sale of Residential Dwellings, and construction of other Improvements in the Community. No permitted accessory building may exceed the height of the fence on the Lot, measured from the ground to the highest point of the accessory building, or have a ground floor area that exceeds one hundred (100) square feet. An accessory building must be located in the rear yard of the Lot and within the applicable building setbacks. Provided that, Declarant, during the Development Period, and, thereafter, the Architectural Review Committee, is authorized to require an accessory building on a Lot to be located farther from the rear or a side property line of the Lot than an applicable building setback to minimize the visibility of the accessory building, when deemed appropriate by Declarant or the Architectural Review Committee, as the case may be, in its sole discretion.

E. CARPORTS/GARAGES. A carport on a Lot is prohibited. A porte cochere may be permitted on a Lot if included in the original Plans for the Residential Dwelling and approved in writing by the Architectural Review Committee. A porte cochere must extend from, and be an integral part of, the Residential Dwelling or garage from the standpoints of both appearance and construction. Garages must

be provided for all Residential Dwellings and in no case may a porte cochere act as or be substituted for a garage. Requirements for garages and garage doors are set forth in the Design Guidelines. No garage may be placed or maintained on an easement. A garage door must be in a closed (down) position at all times except for vehicle ingress and egress. Each garage on a Lot is required to be used for housing vehicles used or kept by the Owners and occupants of the Lot; a garage may not be used as living area, as a workshop, or for storage.

F. **AIR CONDITIONERS.** No window, roof or wall type air conditioner that is visible from a street in the Community or a neighboring Lot at ground level may be used, placed or maintained on or in a Residential Dwelling, garage or other Improvement on a Lot. An air-conditioning unit or evaporative cooler may not be located in the front yard of a Lot.

G. **ANTENNAS.** Satellite dish antennas which are forty (40) inches or smaller in diameter and antennas designed to receive television broadcast signals may be installed, provided they are installed in the least obtrusive location that allows reception of an acceptable quality signal. All other antennas are prohibited, unless expressly authorized in the recorded Design Guidelines and then only in strict accordance with such recorded Design Guidelines. As used herein, "**least obtrusive location**" means a location that is not readily visible from the street in front of the Lot or, in the case of a corner Lot, the side street. The provisions of this Section 2.3.G. are intended to be consistent with the Telecommunications Act of 1996 (the "**Act**") and FCC regulations promulgated under the Act, as the same currently exist or may hereafter be amended; the provisions of this Section 2.3.G. will be construed to be as restrictive as possible without violating the provisions of the Act or applicable FCC regulations.

H. **EXTERIOR FINISH.** All exterior materials used on a Residential Dwelling or other Improvement must be in accordance with the Design Guidelines and approved in writing by the Architectural Review Committee prior to the commencement of construction. All brick, stonework, stucco material and mortar must be approved by the Architectural Review Committee as to type, size, color and application. The Architectural Review Committee may, but is not required to, maintain a brick and stone pallet of approved selections for proposed Improvements. Any concrete, concrete block or cinder block utilized in the construction of a Residential Dwelling or for retaining walls and foundations must be finished in the same materials utilized for the remainder of the Residential Dwelling. Metal flashing, valleys, vents, chimney flues, and gutters installed on a Residential Dwelling must blend or be painted to blend with the color of the exterior materials to which they are adhered or attached. Brick or stone on the exterior of a Residential Dwelling may not be painted without the prior written approval of the Architectural Review Committee.

I. **EXTERIOR LIGHTING AND SECURITY CAMERAS.** All exterior lighting on a Lot must be in accordance with the Design Guidelines and be approved in writing by the Architectural Review Committee as to type, location and illumination. No exterior lighting may be directed toward another Lot or illuminate beyond the boundaries of the Lot on which the lighting fixture is located.

The installation of a security or surveillance camera on the exterior of a Residential Dwelling or other Improvement on a Lot requires the prior written approval of the Architectural Review Committee. The viewing area of a security or surveillance camera must be limited to the Lot on which the security or surveillance camera is located; a viewing area that includes any portion of an adjacent (side or rear) Lot is prohibited.

J. **MAILBOXES.** Cluster mailboxes will be used in the Community; therefore, an individual mailbox on a Lot is prohibited. The Association is obligated to maintain all cluster mailboxes within the Community.

K. ROOFING. The pitch of a roof and all roofing materials on a Residential Dwelling or other Improvement on a Lot must be in accordance with the Design Guidelines and approved in writing by the Architectural Review Committee prior to the commencement of construction. Metal roofing is permitted only as an accent as provided in the Design Guidelines and approved in writing by the Architectural Review Committee, not as a predominant roofing material. All plumbing or heating vents, stacks and other projections from the roof of a Residential Dwelling must, to the extent possible, be located on the rear roof of the Residential Dwelling and must blend or be painted to blend with the color of the roofing material.

L. WINDOW TREATMENTS AND DOORS. Only double-pane vinyl windows or higher quality windows may be installed in Residential Dwellings. Reflective glass is not permitted on the exterior of a Residential Dwelling or other Improvement on a Lot. No foil or other reflective material may be installed on or in any window or used for a sunscreen, blind, shade or other purpose except as approved in writing by the Architectural Review Committee. Screen doors may not be used on the front or side of a Residential Dwelling. No aluminum or metal doors with glass fronts (e.g., storm doors) are allowed on the front of a Residential Dwelling.

M. UTILITY METERS AND HVAC EQUIPMENT. All electrical, gas, telephone and cable television meters must be located, to the extent possible, at the side or rear of each Residential Dwelling, out of view. All exterior heating, ventilating and air-conditioning compressor units and equipment must be located at the rear of the Residential Dwelling or at the side of the Lot screened from view in a manner approved by the Architectural Review Committee.

N. PLAY STRUCTURES. One (1) free-standing play structure is permitted on a Lot with the prior written approval of the Architectural Review Committee; provided that, in no event may a permitted play structure exceed eight (8) feet in height, measured from the ground to the highest point of the play structure, and in no event may a platform of a play structure extend above the ground by more than five (5) feet. The canopy on a play structure, if any, must be a solid color approved in writing by the Architectural Review Committee; a multi-colored canopy is prohibited. A play structure on a Lot must be located farther from the rear or side property line than the applicable building setback to minimize noise and visibility of the structure, such location to be determined in the Architectural Review Committee's sole discretion. Provided that, Declarant, during the Development Period, and, thereafter, the Architectural Review Committee, is authorized to require a play structure on a Lot to be located farther from the rear or side property line than the applicable building setback to minimize noise and the visibility of the play structure, as deemed appropriate by Declarant or the Architectural Review Committee, as applicable, in its sole discretion. A free standing play structure is not deemed to be an accessory building for purposes of this Declaration. Play structures are not permitted to be installed within five (5) feet of any fence on a Lot.

O. LANDSCAPING.

1. The landscaping Plan for each Lot must be submitted to the Architectural Review Committee for approval pursuant to the provisions of Article III at the same time that Plans for the Residential Dwelling to be constructed on the Lot are submitted to the Architectural Review Committee. A major portion of a landscape Plan must include native or hearty adapted plants to ensure the success of the landscaping. The Design Guidelines may include a list of approved plants. A Builder may submit to the Architectural Review Committee a typical landscaping Plan to be utilized for all Lots on which such Builder constructs a Residential Dwelling; if the Architectural Review Committee approves a typical landscaping Plan for a Builder, an individual landscaping Plan for each Lot for which the Builder thereafter submits Plans is not required.

2. All landscaping for a Lot must be completed in accordance with the landscaping Plan approved by the Architectural Review Committee no later than thirty (30) days following the date of substantial completion of the Residential Dwelling on the Lot.

3. No hedge or shrubbery planting may obstruct or interfere with traffic sight-lines for streets within the Community. The determination of whether any such obstruction exists may be made by the Architectural Review Committee and its reasonable, good faith determination will be conclusive and binding on all parties.

4. The installation of drought-resistant landscaping and water-conserving natural turf requires the prior written approval of the Architectural Review Committee. The proposed installation of drought-resistant landscaping and water-conserving natural turf will be reviewed by the Architectural Review Committee to ensure, to the extent practicable, maximum aesthetic compatibility with other landscaping in the Community. Full green lawns (turf) are, as a general rule, required in the front yard space and the space along the side of the Residential Dwelling on a Lot not enclosed by a fence. Artificial turf is not permitted in the front yard area or along the side of the Residential Dwelling on a Lot not enclosed by a fence. Drought-resistant landscaping and water-conserving natural turf are subject to the same requirements as other landscaping and must be maintained at all times to ensure an attractive appearance. Plants must be trimmed, beds must be kept weed-free, and borders must be edged. Leaves and other debris must be removed on a regular basis so as to maintain a neat and attractive appearance. Perennials which die during winter must be cut back to remove visible dead materials; this includes most ornamental grasses and other flowering perennials, which go dormant to the ground in winter.

5. No vegetable, herb or similar gardens or plants may be planted or maintained in the front or side yards of a Lot, or in the rear yard of a Lot if visible from a street in the Community or Common Area adjacent to the Lot, unless otherwise approved in writing by the Architectural Review Committee.

6. No Owner may allow the grass on the Owner's Lot to grow to a height in excess of three (3) inches, measured from the surface of the ground.

P. SEASONAL DECORATIONS. Seasonal or holiday decorations that are temporary may be displayed on a Lot or Residential Dwelling or other Improvement on a Lot only for thirty (30) days prior to the date of the holiday to which the decorations relate and thirty (30) days after the date of the holiday to which the decorations relate. Only temporary seasonal or holiday decorations are permitted. Holiday decorations may not cause a nuisance to surrounding residents by reason of scope, noise, excessive illumination or the like. The Board of Directors of the Association has the authority to determine whether holiday decorations are a nuisance and its reasonable good faith determination will be conclusive and binding on all parties. Any holiday decorations determined by the Board to be a nuisance must be modified or removed as directed by the Board.

Q. SWIMMING POOLS AND OTHER AMENITY STRUCTURES. A swimming pool, outdoor hot tub, reflecting pond, sauna, whirlpool, lap pool or other water amenity to be constructed or installed on a Lot must be in accordance with Design Guidelines and be approved in writing by the Architectural Review Committee. A fountain in the front yard of a Lot is prohibited. A permanent, above-ground swimming pool on a Lot is prohibited.

R. DRIVEWAYS AND SIDEWALKS. All driveways and sidewalks to be constructed on a Lot must be in accordance with the Design Guidelines and be approved in writing by the Architectural

Review Committee. All driveways and sidewalks on a Lot which are visible from a street in the Community must be constructed of concrete and paved with concrete, natural stone or unit masonry. Asphalt paving or white portland cement is prohibited. All driveways and sidewalks which are visible from a street in the Community must be paved; chert, gravel and loose stone driveways and sidewalks are prohibited. No driveway or sidewalk may be painted or stained without the prior written approval of the Architectural Review Committee.

Driveways may not exceed twenty (20) feet in width except as required for garage or porte cochere access or as otherwise approved in writing by the Architectural Review Committee. No driveway may have a width less than ten (10) feet. The expansion joints for a driveway must be spaced no greater than sixteen (16) feet apart.

All driveways and sidewalks on a Lot must be properly maintained and repaired by the Owner of the Lot, including, without limitation, the removal of grass and/or weeds from expansion joints and the removal of oil stains. The street sidewalk in front of a Lot and, in the case of a corner Lot, the street sidewalk along the side street, must be maintained by the Owner of the Lot, even if located within the right-of-way. The Board of Directors is authorized to determine whether a driveway or sidewalk on a Lot is being properly maintained in accordance with the standards of the Community and its reasonable, good faith determination will be conclusive and binding on all parties.

S. EXTERIOR COLORS. The color(s) of paint and color impregnation proposed to be used on the exterior of the Residential Dwelling or other Improvement on a Lot must be approved in writing by the Architectural Review Committee prior to application. The Owner of a Lot is required to submit to the Architectural Review Committee a request for approval of the proposed paint color(s), together with paint samples. The Architectural Review Committee is authorized to disapprove a proposed paint color if the color is not compatible with colors commonly used on the exteriors of Residential Dwellings and Improvements in the Community, or if two (2) or more colors proposed to be used on a Residential Dwelling or other Improvement on a Lot are not compatible with each other. The Architectural Review Committee is also authorized to disapprove a proposed paint color if the color is the same or substantially similar to the color of the paint used on the Residential Dwelling on a Lot in close proximity to the Lot for which the paint is proposed. Exterior colors are generally limited to earthtone colors. Iridescent colors or tones considered to be brilliant are prohibited. Exterior colors may be further addressed in the Design Guidelines. The reasonable, good faith decision of the Architectural Review Committee as to the compatibility of proposed paint color(s) with exterior building materials or other paint color(s) and whether a proposed paint color is brilliant will be conclusive and binding on all parties.

T. BASKETBALL GOALS; SPORT COURT. A portable basketball goal on a Lot or at any other location within the Community (including, without limitation, a street or on Common Area) is prohibited. A roof or wall mounted basketball goal on a Lot is prohibited. One (1) pole-mounted basketball goal may be installed on a Lot only with the prior written approval of the Architectural Review Committee and only if it is located no nearer to the street curb than the front plane of the Residential Dwelling. Basketball goals may only be installed on the right side of the driveway when facing the Residential Dwelling from the street fronting the Lot. The pole for an approved basketball goal must be metal or fiberglass and painted a dark earthtone color approved in writing by the Architectural Review Committee. The backboard for an approved basketball goal must be clear and transparent. The basketball goal, including the pole, the backboard and the net, must at all times be properly maintained; otherwise, the Architectural Review Committee may compel the Owner to remove the basketball goal.

Playscapes and sport courts on a Lot require the prior written approval of the Architectural Review Committee. The primary considerations relating to the approval or disapproval of a proposed playscape or sport court are the visual effect of the playscape or sport court and the potential impact of the playscape or

sport court and the use thereof on the occupants of adjacent Lots. The Architectural Review Committee is vested with the authority to disapprove a playscape or sport court solely on either its visual effect or its potential impact on the occupants of adjacent Lots.

U. SOLAR ENERGY DEVICES. Section 202.010 of the Texas Property Code provides that a property owners' association may not enforce a provision in a dedicatory instrument that prohibits or restricts a property owner from installing a solar energy device except as otherwise provided therein. As used in Section 202.010 of the Texas Property Code, "solar energy device" has the meaning assigned by Section 171.107 of the Tax Code, which defines the term as "a system or series of mechanisms designed primarily to provide heating or cooling or to produce electrical or mechanical power by collecting and transferring solar-generated energy". The term includes a mechanical or chemical device that has the ability to store solar-generated energy for use in heating or cooling or in the production of power.

The following provisions are applicable to solar energy devices in the Community:

1. **ARC Approval.** The installation of a solar energy device requires the prior written approval of the Architectural Review Committee. Provided that, the Architectural Review Committee may not withhold approval if these provisions are met or exceeded, unless the Architectural Review Committee determines in writing that placement of the device as proposed constitutes a condition that substantially interferes with the use and enjoyment of a Lot by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities. The written approval of the proposed placement of the device by all Owners of Lots adjoining the Lot in question constitutes prima facie evidence that substantial interference does not exist.

2. **Location**. A solar energy device is not permitted anywhere on a Lot except on the roof of the Residential Dwelling or other permitted structure on the Lot or in a fenced yard or patio within the Lot.

3. **Devices Mounted on a Roof**. A solar energy device mounted on the roof of the Residential Dwelling or other permitted structure on a Lot:

   a. may not extend higher than or beyond the roofline;

   b. must conform to the slope of the roof and have a top edge that is parallel to the roofline;

   c. must have frames, support brackets and/or visible piping or wiring that are silver, bronze or black tone, as commonly available in the marketplace; and

   d. must be located on the roof as designated by the Architectural Review Committee unless an alternate location increases the estimated annual energy production of the device by more than ten percent (10%) above the energy production of the device if located in the area designated by the Architectural Review Committee. For determining estimated annual energy production, the parties are required to use a publicly available modeling tool provided by the National Renewable Energy Laboratory.

4. **Visibility**. A solar energy device located in a fenced yard or patio may not be taller than or extend above the fence enclosing the yard or patio.

5. **Warranties**. A solar energy device may not be installed on a Lot in a manner that voids material warranties.

6. **Limitations**. A solar energy device is not permitted on a Lot if, as adjudicated by a court, it threatens the public health or safety or violates a law.

V. RAIN BARRELS AND RAIN HARVESTING SYSTEMS. Section 202.007 of the Texas Property Code provides that a property owners' association may not enforce a provision in a dedicatory instrument that prohibits or restricts a property owner from installing rain barrels or a rain harvesting system on the property owner's Lot. However, Section 202.007 of the Texas Property Code further provides that a property owners' association is not required to permit a rain barrel or rainwater harvesting system to be installed on a lot in particular circumstances or restricted from regulating rain barrels and rain harvesting devices in specified manners.

The following provisions are applicable to rain barrels and rain harvesting systems in the Community:

1. **ARC Approval**. To confirm that a proposed rain barrel or rain harvesting device is in compliance with this Section 2.3.V., Owners are encouraged to apply to the Architectural Review Committee for prior approval. The Association may require an Owner to remove a rain barrel or rain harvesting device that does not comply with requirements of this Section 2.3.V.

2. **Location**. A rain barrel or rain harvesting system is not permitted on a Lot between the front of the Residential Dwelling on the Lot and an adjacent street.

3. **Color and Display**. A rain barrel or rain harvesting system is not permitted:

   a. unless the color of the rain barrel or rain harvesting system is consistent with the color scheme of the Residential Dwelling on the Owner's Lot; or

   b. if the rain barrel or rain harvesting system displays any language or other content that is not typically displayed by the rain barrel or rain harvesting system as it is manufactured.

4. **Regulations if Visible**. If a rain barrel or rain harvesting system is located on the side of the Residential Dwelling on the Lot or at any other location on the Lot that is visible at ground level from a street, another Lot, or a Common Area, the rain barrel or rain harvesting system must comply with the following regulations:

   a. Rain Barrel:

      (i) Size: A maximum height of forty-two (42) inches and a maximum capacity of fifty (50) gallons.

      (ii) Type: A rain barrel that has the appearance of an authentic barrel and is either entirely round or has a flat back to fit flush against a wall. A rain barrel must have a manufactured top or cap to prevent or deter the breeding of mosquitoes.

      (iii) Materials: Wood, metal, polyethylene or plastic resin designed to look like an authentic barrel in brown or other earthtone color.

(iv) Screening: The rain barrel must be screened with evergreen landscaping to minimize its visibility at ground level from a street, another Lot, and Common Area, unless otherwise approved in writing by the Architectural Review Committee.

(v) Downspout: The downspout which provides water to the rain barrel must be the same color and material as the gutters on the Residential Dwelling. Further, the downspout must be vertical and attached to the wall against which the rain barrel is located.

b. Rain Harvesting System: A rain harvesting system must collect and store the water underground. The portion of a rain harvesting system that is above-ground must appear to be a landscape or water feature. The above-ground portion of the rain harvesting system may not extend above the surface of the ground by more than thirty-six (36) inches. The above-ground portion of the rain harvesting system must be screened with evergreen landscaping to minimize visibility at ground level from a street, another Lot, and Common Area, unless otherwise approved in writing by the Architectural Review Committee.

Provided that, the regulations in this paragraph 4 are applicable only to the extent that they do not prohibit the economic installation of the rain barrel or rain harvesting system on the Lot and there is a reasonably sufficient area on the Lot in which to install the rain barrel or rain harvesting system.

SECTION 2.4 SIZE AND LOCATION OF RESIDENTIAL DWELLINGS.

A. MINIMUM ALLOWABLE AREA OF INTERIOR LIVING SPACE. The minimum allowable area of interior living space in a Residential Dwelling on a Lot and the minimum allowable area of interior living space in the ground floor of a Residential Dwelling on a Lot are set forth in the Design Guidelines. For purposes of this Declaration and the Design Guidelines, the term "**interior living space**" excludes steps, porches, exterior balconies and garages.

B. MAXIMUM ALLOWABLE HEIGHT OF BUILDING. No Residential Dwelling on a Lot may exceed a reasonable height required for two (2) stories of living space (above finished grade) plus a pitched roof. No Residential Dwelling may have more than two (2) stories of living space above finished grade, except in a case where a third (3rd) story of living space is contained within the volume defined by the roof plans of the Residential Dwelling; provided that, in no event may the height of a Residential Dwelling on a Lot exceed thirty-six (36) feet above finished grade. **Declarant makes no representations or warranties concerning the preservation of any view from a Lot in the Community.** A chimney may not extend above the roof in which it is located by more than two (2) feet unless an applicable code or governmental regulation requires a chimney to extend above the roof by a greater distance.

C. LOCATION OF IMPROVEMENTS - SETBACKS. Unless set forth on the applicable Plat, a Residential Dwelling and all Improvements on a Lot, other than approved landscaping and approved fencing on side and rear property lines, must be located on a Lot in accordance with setbacks set forth in the Design Guidelines; provided that, in no event is an Improvement permitted to encroach upon a public utility easement. Notwithstanding the preceding sentence, the Architectural Review Committee may grant a variance from an applicable setback in the manner provided in Article III, Section 3.11., when, in its sole discretion, a variance is deemed necessary or appropriate.

SECTION 2.5. FENCES.

A. FENCES ON LOTS. No fence may be constructed on a Lot without the prior written approval of the Architectural Review Committee. Specific requirements for fences on Lots are set forth in the Design Guidelines. A wire or chain link fence on a Lot is prohibited.

B. FENCES ERECTED BY DECLARANT. Declarant may, but is not obligated to, construct perimeter fencing around the Community or along selected perimeters of the Community. For the purpose of constructing perimeter fencing, if so elected by Declarant, Declarant is authorized to construct whatever type and design of fence along each perimeter of the Community that it deems most suitable and appropriate for the Community. If the perimeter fencing is located on or adjacent to the property line of Lots, each Lot on which perimeter fencing is located and each Lot adjacent to perimeter fencing is subject to an easement for the maintenance, repair, and replacement of the perimeter fence as provided in Section 2.6.G. No Owner may attach any item to a perimeter fence, modify the perimeter fence in any manner, or in any manner impair or impede the Association's right to maintain, repair, or replace a perimeter fence. An Owner is responsible for any damage to a perimeter fence which is caused by such Owner or the Owner's family members, guests, agents, or invitees.

C. RETAINING WALLS ERECTED BY DECLARANT. Declarant may construct retaining walls at various locations throughout the Community. A retaining wall along a property line separating two (2) Lots will be located within the Lot with the higher elevation since the retaining wall will primarily serve that Lot. Thus, it is the responsibility of the Owner of the Lot in which the retaining wall is located to maintain, repair and replace the retaining wall. Declarant reserves for the Owner of each Lot in which there is a retaining wall, an easement upon and across the adjacent Lot for the purpose of accessing such Lot to perform necessary maintenance and repair work as provided in Section 2.6.H. of this Declaration. As provided in Section 2.2.B. of this Declaration, if the Owner of a Lot does not initiate maintenance or repair work on a retaining wall reasonably determined by the Association to be necessary, the Association may, after notice, go onto the Lot and perform the necessary maintenance or repair work and charge the costs incurred to the Owner. Payment of such costs will be secured by the lien on such Lot established in Section 5.2 of this Declaration. If a retaining wall is located along the property line separating a Lot and Common Area, it is the responsibility of the Association to maintain and repair the retaining wall. In the case of a retaining wall along the property line separating a Lot and Common Area, each Lot is subject to an easement for the maintenance, repair, and replacement of the retaining wall as provided in Section 2.6.H. No Owner may attach any item to a retaining wall, modify the retaining wall in any manner, or in any manner impair or impede an Owner's and the Association's right to maintain, repair, or replace a retaining wall. An Owner is responsible for any damage to a retaining wall which is caused by such Owner or the Owner's family members, guests, agents, or invitees.

SECTION 2.6. RESERVATIONS AND EASEMENTS.

A. UTILITY EASEMENTS. Declarant reserves the utility easements, roads and rights-of-way shown on the Plat for the construction, addition, maintenance and operation of all necessary utility systems including systems of electric light and power supply, telephone service, cable television service, gas supply, water supply and sewer service, including systems for utilization of services resulting from advances in science and technology. There is hereby created an easement upon, across, over and under all of the Community for ingress and egress for the purpose of installing, replacing, repairing and maintaining all utilities. By virtue of this easement, it is expressly permissible for the Utility Companies and other entities supplying services to install and maintain pipes, wires, conduits, service lines, or other utility facilities or appurtenances thereto, under the land within the utility easements now or from time to time existing and from service lines situated within such easements to the point of service on or in any

structure. Notwithstanding anything contained in this paragraph, no utilities or appurtenances thereto may be installed or relocated on the Community until approved by Declarant or the Board.

B. ADDITIONAL EASEMENTS. Declarant reserves the right to impose further restrictions and dedicate additional easements and roadway rights of way by instrument recorded in the Official Public Records of Collin County, Texas or by express provisions in conveyances, with respect to Lots that have not been sold by Declarant.

C. CHANGES TO EASEMENTS. Declarant reserves the right to make changes in and additions to all easements for the purpose of aiding in the most efficient and economic installation of utility systems.

D. MINERAL RIGHTS. It is expressly agreed and understood that the title conveyed by Declarant to a Lot or other parcel of land in the Community by contract, deed or other conveyance will not in any event be held or construed to include the title to any oil, gas, coal, lignite, uranium, iron ore, or any other minerals, water (surface or underground), gas, sewer, storm sewer, electric light, electric power, telegraph or telephone lines, poles or conduits or any utility or appurtenances constructed by or under authority of Declarant or its agents or Utility Companies through, along or upon said easements or any part thereof to serve said Lot or other parcel of land or any other portions of the Community. Declarant hereby expressly reserves the right to maintain, repair, sell or lease such lines, utilities, drainage facilities and appurtenances to any public service corporation, any governmental agency, or to any other party. Further, Declarant reserves the authority to represent all Owners of Lots and other property within the Community with respect to the use of the surface area within the Community for the exploration and production of minerals.

E. DRAINAGE. No Owner of a Lot is permitted to construct Improvements on the Owner's Lot or to grade the Lot or permit the Lot to remain in or be placed in such condition that causes rain water on the Lot to drain onto another Lot or Common Area. It is the intent of this provision to preserve natural drainage. Declarant may, but is not required to, install drainage inlets or underground drains within the utility easement on one or more Lots. If so, no Owner may in any manner obstruct or interfere with such drainage system. If drains are not installed by Declarant, an underground drainage system may be required on a Lot by the Architectural Review Committee to assure proper drainage on the Lot.

F. ELECTRIC DISTRIBUTION SYSTEM. An electric distribution system will be installed in the Community, which service area embraces all of the Lots which are platted in the Community. The electrical distribution system will consist of underground primary and secondary circuits, pad mounted or other types of transformers, junction boxes, and such other appurtenances as necessary to make underground service available. The Owner of each Lot containing a single dwelling unit must, at his or its own cost, furnish, install, own and maintain (all in accordance with the requirements of local governing authorities and the National Electrical Code) the underground service cable and appurtenances from the Residential Dwelling or other Improvement on the Owner's Lot to the electric company's primary service line. The electric company furnishing service must make the necessary connections at said point of attachment. Declarant has granted or will have granted either by designation on the Plat or by separate instrument, necessary easements to the electric company providing for the installation, maintenance and operation of its electric distribution system and has also granted or will grant to the various Owners reciprocal easements providing for access to the area occupied by and centered on the service wires of the various Owners to permit installation, repair and maintenance of each Owner's owned, and installed service wires. In addition, the Owner of each Lot containing a single dwelling unit must, at his or its own cost, furnish, install, own and maintain a meter loop (in accordance with the then current Standards and Specifications of the electric company furnishing service) for the location and installation of the meter of such electric company for each dwelling unit involved. For so long as service is maintained, the electric

service to each dwelling unit therein must be uniform in character and exclusively of the type known as single phase, 120/240 volt, three wire, 60 cycle, alternating current.

The electric company has installed the electric distribution system at no cost to Declarant (except for certain conduits, where applicable) upon Declarant's representation that the Community is being developed for residential dwelling units, consisting solely of homes, all of which are designed to be permanently located where originally constructed which are built for sale or rent.

The provisions of the two preceding paragraphs also apply to any future residential development in the Community.

G. EASEMENT FOR PERIMETER FENCING. Although Declarant has no obligation to construct perimeter fencing, Declarant hereby reserves for itself and the Association a perpetual easement upon and across a portion of each Lot in the Community for the purpose of constructing, maintaining, repairing, reconstructing, and replacing perimeter fencing for the Community. The easement area is, in all instances, five (5) feet in width and extends along the entire width of the perimeter property line of a Lot (i.e., the property line of a Lot that is adjacent to Common Area or land outside the Community). By virtue of these easements, it is permissible for Declarant, the Association, and their respective agents, employees, and contractors, to go upon that portion of each Lot subject to the easement for the purposes of constructing, maintaining, repairing, reconstructing, and replacing a perimeter fence.

H. EASEMENT FOR RETAINING WALL. As provided in Section 2.5.C. of this Declaration, Declarant reserves for the Owner of a Lot in which there is a retaining wall along the property line separating two (2) Lots an easement upon and across the adjacent Lot for the purpose of accessing such Lot to maintain, repair or replace the retaining wall. In each such instance, the easement is five (5) feet in width and extends along the entirety of the property line along which the retaining wall is located. With respect to a retaining wall along the property line separating a Lot and Common Area. Declarant hereby reserves for itself and the Association a perpetual easement upon and across a portion of each such Lot for the purpose of constructing, maintaining, repairing, and replacing the retaining wall. The easement area is, in such instances, five (5) feet in width and extends along the entire width of the property line separating the Lot and the Common Area. By virtue of these easements, it is permissible for Declarant, the Association, and Owners, as applicable, and their respective agents, employees, and contractors, to go upon that portion of each Lot subject to the easement for the purposes of constructing, maintaining, repairing, and replacing a retaining wall. Notwithstanding the foregoing, in the event of an emergency or major failure of a retaining wall such that substantial repair or replacement of the retaining wall is necessary, Declarant and the Association have the right to utilize an additional 5 feet in width extending along the entire easement area as an expanded easement area for the purpose of aiding in the construction, maintenance, repair, and replacement of a retaining wall. Declarant and the Board, as applicable, have the sole discretion to determine whether an emergency or major failure of a retaining wall has occurred and necessitates an expanded easement area described in this Section.

I. NOTICE REGARDING VARIOUS EASEMENTS. Owners are hereby advised there may exist electrical easements ("**Electrical Easements**"), water district pipeline easements ("**Water District Pipeline Easements**"), and waterline easements ("**Waterline Easements**") along, within or outside the boundaries of the Community. Owners hereby agree to hold harmless Declarant and the Association, and their respective successors and assigns, and release them from any liability for the existence, placement, and/or maintenance of any Electrical Easements, Water District Pipeline Easements, or Waterline Easements and agree to indemnify such parties from any damages they may sustain. Owners hereby acknowledge that the Association, its directors, officers, managers, agents, or employees, Declarant and any successor Declarant have made no representations or warranties nor has any Owner, occupant,

tenant, guest or invitee relied upon any representations or warranties, expressed or implied, relative to said Electrical Easements, Water District Pipeline Easements, and Waterline Easements.

J. EASEMENTS FOR GREEN BELT, POND MAINTENANCE, FLOOD WATER AND OTHER LANDSCAPE RESERVES. Declarant and the Association reserve for themselves and their successors, assigns and designees the non-exclusive right and easement, but not the obligation, to enter upon the green belts, landscape reserves, dry-bottom storm water detention basin, bio-filtration drainage swales, and all storm water collection facilities (if any) located within the Community (a) to construct, maintain and repair any wall, hardedge, or other structure and (b) to remove trash and other debris and fulfill their maintenance responsibilities as provided in this Declaration. Declarant's rights and easements hereunder will be transferred to the Association at such time as Declarant ceases to own any portion of the Community subject to the Declaration, or such earlier time as Declarant may decide, in its sole discretion, and transfer such rights by a written instrument. Declarant, the Association, and their designees have an access easement over and across any portion of the Community abutting or containing any portion of any of the green belts, landscape reserves or other storm water collection facilities to the extent reasonably necessary to exercise their rights and responsibilities under this Declaration.

There is further reserved for the Declarant, the Association and/or their designees an easement for the over spray of herbicides, fungicides, pesticides, fertilizers, and water over portions of the Community located adjacent to any landscape/open space reserves, green belts, detention basin, or other drainage swales.

K. RESERVES. Owners of Lots within the Community are notified that there exist reserves within the Community which may be restricted to landscape, open space, drainage and detention, and utility purposes. Although reserve areas may be labeled as "lots" on the applicable plat, for purposes of the dedicatory instruments governing Hillstead, the reserve areas are not considered "Lots" as defined in this Declaration. Further, reserve areas may constitute Common Areas. Nonresidential lots may include an "X" in their identifying number on the applicable plat. Some or all of the reserves may be conveyed to the Association. Owners of Lots within the Community hereby agree to hold harmless Declarant, the Association, and their respective agents, successors and assigns and release them from any liability for the placement of, construction, design, operation, and maintenance of the reserves, and agree to indemnify the parties released for any incidental noise, lighting, odors, parking, and/or traffic which may occur in the normal operation of the reserves.

Owners whose Lots are adjacent to or abut a reserve may not allow any drainage pipes or conduits, grass clippings, dead plants or grass, trash, fertilizers, chemicals, petroleum products, environmental hazards or any other foreign matters to infiltrate or penetrate the reserve. An Owner who permits or causes such infiltration or penetration hereby agrees to indemnify and hold harmless the Association for all costs of clean up, repair and remediation necessary to restore the reserve to its condition immediately prior to said infiltration or penetration. Each Owner hereby acknowledges that the Association, its directors, officers, managers, agents, or employees, Declarant or any representative of Declarant have made no representations or warranties, nor has such Owner or any tenant, guest or invitee of such Owner relied upon any representations or warranties, expressed or implied, relative to the reserves.

ARTICLE III.
ARCHITECTURAL APPROVAL

SECTION 3.1. ARCHITECTURAL REVIEW COMMITTEE. The Architectural Review Committee will consist of three (3) members, all of whom will be appointed by Declarant, except as otherwise set forth herein. Declarant has the continuing right to appoint all three (3) members until the earlier of (a) the date that the Development Period terminates, or (b) the date Declarant elects to discontinue

such right of appointment by written notice to the Board. Thereafter, the Board has the right to appoint all members. During the Development Period, members of the Architectural Review Committee are not required to be Members of the Association. Upon termination of the Development Period, all members of the Architectural Review Committee are required to be Members of the Association. Members of the Architectural Review Committee appointed by Declarant may be removed at any time and will serve until resignation or removal by Declarant. Members of the Architectural Review Committee appointed by the Board may be removed at any time by the Board, and will serve for such term as may be designated by the Board or until resignation or removal by the Board. Notwithstanding any provision in this Declaration to the contrary, if, upon the termination of the Development Period, there are Lots on which a Residential Dwelling has not been constructed, the authority to approve or disapprove plans for a Residential Dwelling to be constructed on any such Lot will remain vested in Declarant.

SECTION 3.2. APPROVAL OF IMPROVEMENTS REQUIRED. In order to preserve the architectural and aesthetic appearance and the natural setting and beauty of the Community, to establish and preserve a harmonious design for the Community and to protect and promote the value of the Lots and the Residential Dwellings and Improvements thereon, no Improvement of any kind may be commenced, erected, installed, placed, moved onto, altered, replaced, relocated, permitted to remain on or maintained on a Lot by the Owner, other than Declarant, which affect the exterior appearance of the Lot or the Residential Dwelling or other Improvement on the Lot, unless Plans therefor have been submitted to and approved in writing by the Architectural Review Committee in accordance with the provisions of this Article III. Without limiting the foregoing, the construction and installation of a Residential Dwelling, sidewalk, driveway, deck, patio, landscaping, swimming pool, play structure, wall, fence, exterior lighting, garage, or any other Improvement may not be undertaken, nor may any exterior addition to or change or alteration be made (including, without limitation, painting or staining of any exterior surface) to any Residential Dwelling or other Improvement, unless the Plans for the same have been submitted to and approved in writing by the Architectural Review Committee in accordance with the provisions of this Article III.

The Architectural Review Committee is hereby authorized and empowered to approve or disapprove all Plans and the construction of all Residential Dwellings and other Improvements on a Lot other than a Lot owned by Declarant. The Owner must submit to the Architectural Review Committee Plans and other information relating to the proposed Improvements, including material samples, as reasonably required by the Architectural Review Committee. A form to be completed and submitted by an Owner to the Architectural Review Committee may be attached to the Design Guidelines.

The Architectural Review Committee will, in its sole discretion, determine whether the Plans and other data submitted by any Owner for approval are acceptable. The Architectural Review Committee may establish and change from time to time, if deemed appropriate, a non-refundable fee sufficient to cover the expense of reviewing Plans and related data and to compensate any consulting architects, landscape architects, designers, engineers, inspectors and/or attorneys retained to review such Plans and to monitor and otherwise enforce the provisions hereof (the "**Review Fee**"). The Review Fee may vary in amount depending upon the type of Improvement made the subject of the Plans. A schedule of Review Fees may be set forth in the Design Guidelines.

The Architectural Review Committee has the authority to disapprove Plans on any ground which is consistent with the objectives and purposes of this Declaration and the Design Guidelines, including purely aesthetic considerations; failure to comply with any of the provisions of this Declaration or the Design Guidelines; failure to provide requested information; objection to exterior design, appearance or materials; objection on the ground of incompatibility of any such proposed Improvement with the general plan of development for the Community; objection to the location of any proposed Improvements on any such Lot or Residential Dwelling; objection to the landscaping plan for such Lot; objection to the color

scheme, finish, proportions, style of architecture, height, bulk or appropriateness of any Improvement; or any other matter which, in the sole judgment of the Architectural Review Committee, would render the proposed Improvement inharmonious with the general plan of development for the Community. The Architectural Review Committee has the authority to approve Plans with conditions or stipulations by which the Owner of such Lot is obligated to comply and must be incorporated into the Plans for the Residential Dwelling or other Improvement. Approval of Plans by the Architectural Review Committee for the Residential Dwelling or other Improvement to be constructed on a Lot will not be deemed an approval or otherwise obligate the Architectural Review Committee to approve similar Plans for a Residential Dwelling or other Improvement to be constructed on another Lot.

Any revisions, modifications or changes in or deviation from Plans previously approved by the Architectural Review Committee must be approved in writing by the Architectural Review Committee in the same manner specified above.

If construction of the Residential Dwelling or other Improvement has not substantially commenced (e.g., by clearing and grading, pouring of footing and otherwise commencing framing and other related construction work) within one hundred twenty (120) days of the date of approval by the Architectural Review Committee of the Plans for such Residential Dwelling or other Improvement (or such longer period if agreed to in writing by the Architectural Review Committee), then no construction may be commenced (or continued) on the Lot and the Owner of the Lot must resubmit all Plans for the Residential Dwelling or other Improvement to the Architectural Review Committee for written approval in the same manner specified above.

The duties of the Architectural Review Committee may be assigned to an architect or other third party professional as deemed appropriate by the Board of Directors. The assignment may include all duties of the Architectural Review Committee or only selected duties of the Architectural Review Committee. For example, the Board of Directors may choose to assign only the duties relating to the review and approval or disapproval of Plans relating to Residential Dwellings to be constructed on Lots. In the event of such an assignment, the architect or other third party professional may be compensated in the manner the Board of Directors determines to be appropriate which may include the direct payment of the applicable Review Fee to the architect or other third party professional by the Owner submitting Plans for approval or disapproval.

SECTION 3.3. WATER AND SEWER FEES. Notwithstanding the approval of Plans for a Residential Dwelling to be constructed on a Lot in accordance with Section 3.2, no construction may commence on the Lot until the Owner of such Lot has paid (or reimbursed Hillstead Land LLC for payment thereof, if applicable) the applicable fees for the water and sewer services to be provided to the Lot (including, without limitation, the then applicable meter fees and standard rates and charges for water) and obtained all necessary building permits. Payment of the fees for water and sewer services to a Lot must be made by the Owner of such Lot prior to or at the time of obtaining a building permit for such Lot. No water services will be provided to a Lot unless and until the applicable fees for such services have been paid to Bear Creek SUD or, if paid by Hillstead Land LLC, reimbursed to Hillstead Land LLC, as applicable, and no sewer services will be provided to a Lot unless and until Hillstead Land LLC has received a payment with respect to such Lot for the connection of sewer service to such Lot.

SECTION 3.4. ADDRESS OF COMMITTEE. The address of the Architectural Review Committee will be at the principal office of the Association as set forth in its recorded Management Certificate unless a notice of an alternate address for the Architectural Review Committee is recorded in the Official Public Records of Collin County, Texas.

SECTION 3.5. DESIGN GUIDELINES. If the Design Guidelines impose requirements that are more stringent than the provisions of this Declaration, without directly conflicting with the provisions of

the Declaration, the provisions of the Design Guidelines will control, it being the intent of the Declarant to allow the Design Guidelines to supplement the Declaration on matters generally relating to architectural control and the discretionary authority vested in the Architectural Review Committee. However, if a provision in the Design Guidelines conflicts with a provision in the Declaration, the provision in the Declaration will control. The Declaration and the Design Guidelines will be reviewed in an effort to harmonize their provisions and avoid conflicts.

SECTION 3.6. FAILURE OF COMMITTEE TO ACT ON PLANS. Any request for approval of a proposed Improvement on a Lot will be deemed disapproved by the Architectural Review Committee, unless approval is transmitted to the Owner by the Architectural Review Committee within thirty (30) days of the date of actual receipt by the Architectural Review Committee of the request. A written request for additional information or materials will also be deemed to be a disapproval of a request, whether or not so stated in the written request.

SECTION 3.7. PROSECUTION OF WORK AFTER APPROVAL. After approval of a proposed Improvement on a Lot, the proposed Improvement must be prosecuted diligently and continuously and completed within the time frame approved by the Architectural Review Committee and in strict conformity with the description of the proposed Improvement in the Plans submitted to and approved in writing by the Architectural Review Committee. Builders must comply with the construction procedures set forth in the Design Guidelines. In addition, each Builder is responsible for assuring that all employees, suppliers and subcontractors of that Builder are familiar and comply with this Declaration and the Design Guidelines. Additional requirements relating to construction are set forth in the Design Guidelines.

SECTION 3.8. INSPECTION OF WORK. The Architectural Review Committee or its duly authorized representative has the right to inspect an Improvement on a Lot before or after completion, provided that the right of inspection will terminate sixty (60) days after the Architectural Review Committee knows or should reasonably know that the Improvement has been substantially completed.

SECTION 3.9. DEEMED COMPLIANCE OF CONSTRUCTION. If, for any reason other than the Owner's act or neglect, the Architectural Review Committee fails to notify the Owner of any noncompliance within ninety (90) days of the date the Architectural Review Committee knows or should reasonably know that the Improvement has been substantially completed, the Improvement on the Lot will be deemed to be in compliance with the approved Plans; provided, however, that no such deemed compliance will permit an Owner to construct or maintain an Improvement on a Lot that violates any provision of this Declaration or the recorded Design Guidelines, the Architectural Review Committee at all times retaining the right to object to any Improvement on a Lot that violates this Declaration or the recorded Design Guidelines.

SECTION 3.10. NO IMPLIED WAIVER OR ESTOPPEL. No action or failure to act by the Architectural Review Committee or by Declarant will constitute a waiver or estoppel with respect to future action by the Architectural Review Committee or Declarant, with respect to any Improvement on a Lot. Specifically, the approval by the Architectural Review Committee or Declarant of an Improvement on a Lot will not be deemed a waiver of any right or an estoppel against withholding approval or consent for a similar Improvement on another Lot or any similar proposals, Plans, specifications, or other materials submitted with respect to any other Improvement on a Lot.

SECTION 3.11. POWER TO GRANT VARIANCES. Declarant, during the Development Period, and thereafter, the Architectural Review Committee, may authorize variances from compliance with any of the provisions of Article II of this Declaration (except for the provisions relating to single family residential construction and use) or the Design Guidelines, including restrictions relating to placement of structures, the time for completion of construction of Improvements on a Lot or similar restrictions, when

circumstances such as topography, natural obstructions, hardship, aesthetic, environmental, or other relevant considerations may require. A variance will be granted only if there is a legitimate reason to grant a variance; a variance will not be granted merely for the convenience of an Owner. A variance must be evidenced in writing and will become effective when, during the Development Period, signed on behalf of Declarant, and thereafter, signed by at least a majority of the members of the Architectural Review Committee. If a variance is granted, no violation of the provisions of this Declaration or the Design Guidelines will be deemed to have occurred with respect to the matter for which the variance was granted; provided, however, a variance will not operate to waive any of the provisions of this Declaration or the Design Guidelines for any purpose except as to the particular Lot and the particular provision in this Declaration or the Design Guidelines made the subject of the variance, nor will the granting of any variance affect the jurisdiction of Declarant or the Architectural Review Committee other than with respect to the subject matter of the variance, nor will the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Lot.

SECTION 3.12. COMPENSATION OF ARCHITECTURAL REVIEW COMMITTEE MEMBERS. The members of the Architectural Review Committee are not entitled to be compensated for their services, but are entitled to reimbursement for reasonable expenses incurred by them in the performance of their duties as the Board from time to time may authorize or approve. Provided that, if the duties of the Architectural Review Committee are assigned, in whole or in part, to an architect or other third party professional, the architect or other third party professional may be compensated for his/her services.

SECTION 3.13. ESTOPPEL CERTIFICATES. The Board of Directors, upon the reasonable request of any interested party and after confirming any necessary facts with the Architectural Review Committee, may furnish a certificate with respect to the approval or disapproval of an Improvement on a Lot or with respect to whether an Improvement on a Lot was made in compliance with the provisions of this Declaration and the Design Guidelines. Any person, without actual notice of any falsity or inaccuracy of such a certificate, is entitled to rely on such a certificate with respect to all matters set forth therein.

SECTION 3.14. NONLIABILITY FOR ARCHITECTURAL REVIEW ACTION. None of the members of the Architectural Review Committee, the Association, any member of the Board of Directors, or Declarant is liable for any loss, damage, or injury arising out of or in any way connected with the performance of the duties relating to architectural control, except to the extent caused by the willful misconduct or bad faith of the party to be held liable. In reviewing a matter, neither the Architectural Review Committee nor Declarant inspects, guarantees or warrants the workmanship of the Improvement, including its design, construction, safety, whether structural or otherwise, conformance with building codes, or other governmental laws or regulations, including, without limitation, applicable regulations or requirements of the City of Lavon, Texas, or whether the Improvement is suitable or fit for its intended purpose. Furthermore, none of the members of the Architectural Review Committee, any member of the Board of Directors, or Declarant are personally liable for debts contracted for or otherwise incurred by the Association or for any torts committed by or on behalf of the Association, or for a tort of another of such individuals, whether such other individuals were acting on behalf of the Association, the Architectural Review Committee, the Board of Directors, or otherwise. Finally, neither Declarant, the Association, the Board, the Architectural Review Committee, nor their officers, agents, members, or employees will be liable for any incidental or consequential damages for failure to inspect any Improvement or portion thereof, or for failure to repair or maintain the same.

SECTION 3.15. CONSTRUCTION PERIOD EXCEPTION. During the course of actual construction of any approved Improvement on a Lot, and provided construction is proceeding with due diligence, the Architectural Review Committee may temporarily suspend the provisions of Article II as to the Lot upon which the construction is taking place to the extent necessary to permit such construction; provided, however, that during the course of construction, nothing may be done that will result in a violation

of any of the provisions of this Declaration upon completion of construction or that will constitute a nuisance or unreasonable interference with the use and enjoyment of other property within the Community.

SECTION 3.16. SUBSURFACE CONDITIONS. The approval of Plans by the Architectural Review Committee or Declarant for a Residential Dwelling or other Improvement on a Lot will not be construed in any respect as a representation or warranty by the Architectural Review Committee or Declarant to the Owner submitting such Plans or to any of the successors or assigns of such Owner or to the Owner's Builder that the surface or subsurface conditions of the Lot are suitable for the construction of the Improvement described in the Plans. It is the sole responsibility of each Owner and the Owner's Builder to determine the suitability and adequacy of the surface and subsurface conditions of any Lot for the construction of any contemplated Improvement thereon.

SECTION 3.17. LANDSCAPING. No landscaping, grading, excavation or fill work of any nature may be implemented or installed by an Owner on the Owner's Lot unless and until landscaping Plans have been submitted to and approved in writing by the Architectural Review Committee in accordance with the provisions of this Article III.

ARTICLE IV
MANAGEMENT AND OPERATION OF COMMUNITY

SECTION 4.1. MANAGEMENT BY ASSOCIATION. The affairs of the Community will be administered by the Association. The Association has the right, power and authority to provide for the management, administration, and operation of the Community as provided in this Declaration and the Certificate of Formation, Bylaws, and Rules and Regulations. The business and affairs of the Association will be managed by its Board of Directors. Declarant will determine the number of Directors and appoint, dismiss and reappoint all of the members of the Board during the Development Period, other than Board members elected by Owners other than Declarant as provided in the Bylaws of the Association. The Board may engage the Declarant or any entity, whether or not affiliated with Declarant, to perform the day to day functions of the Association and to provide for the management, administration and operation of the Community. The Association, acting through the Board, is authorized to enter into contracts and agreements concerning the Community as the Board deems reasonably necessary or appropriate, in the Board's sole discretion, to manage and operate the Community in accordance with this Declaration, including without limitation, agreements relating to maintenance, trash pick-up, repair, administration, patrol services, traffic, operation of recreational facilities, or other matters affecting the Community.

SECTION 4.2. MEMBERSHIP IN ASSOCIATION. The Association has mandatory membership. Each Owner of a Lot, whether one or more persons or entities, will, upon and by virtue of becoming such Owner, automatically become and remain a Member of the Association until his ownership ceases for any reason, at which time membership in the Association will automatically cease. Membership in the Association is appurtenant to ownership of a Lot, will automatically follow the ownership of each Lot, and may not be separated from ownership of a Lot.

SECTION 4.3. VOTING OF MEMBERS. Subject to any limitations set forth in this Declaration, each Member other than Declarant is a Class A Member entitled to one (1) vote per Lot owned on each matter submitted to a vote of the Members. Declarant is a Class B Member and has, so long as Class B membership exists, ten (10) votes for each Lot owned by Declarant. No Member is entitled to vote at any meeting of the Association until the Owner has presented evidence of ownership of a Lot in the Community to the Secretary of the Association. In the event that ownership interests in a Lot are owned by more than one Class A Member of the Association, the Class A Members who co-own the Lot may exercise their right to vote in such manner as they, may among themselves, determine, but in no event may more than one (1) vote be cast for each Lot. Such Class A Members may appoint one of them as the Class A

Member who is entitled to exercise the vote of that Lot at any meeting of the Association. Such designation must be made in writing to the Board of Directors and will be revocable at any time by actual written notice to the Board. The Board is entitled to rely on any such designation until written notice revoking such designation is received by the Board. In the event that a Lot is owned by more than one Class A Member of the Association, and no single Class A Member is designated to vote on behalf of the Class A Members having an ownership interest in such Lot, then the Class A Member exercising the vote for the Lot is deemed to be designated to vote on behalf of the Class A Members having an ownership interest in the Lot. All Members of the Association may attend meetings of the Association and all Members may exercise their votes at a meeting in accordance with the provisions of the Bylaws. Occupants of Lots who are not Members of the Association may attend meetings of the Association and serve on committees (except the Architectural Review Committee, after the Development Period ceases to exist). Fractional votes and split votes are not permitted. The decision of the Board of Directors as to the number of votes which any Member is entitled to cast, based upon the number of Lots owned by him, will be conclusive and binding on all parties.

Class B membership in the Association will cease and be converted to Class A membership upon the termination of the Development Period, or on any earlier date selected by Declarant and evidenced by a written notice recorded in the Official Public Records of Collin County, Texas.

SECTION 4.4. MEETINGS OF THE MEMBERS. Annual and special meetings of the Members of the Association will be held at such place and time and on such dates as specified or provided in the Bylaws.

SECTION 4.5. PROFESSIONAL MANAGEMENT. The Board has the authority to retain, hire, employ or contract with such professional management companies or personnel as the Board deems appropriate to perform the day to day functions of the Association and to provide for the administration and operation of the Community as provided for in this Declaration and the Bylaws.

SECTION 4.6. BOARD ACTIONS IN GOOD FAITH. Any action, inaction or omission by the Board made or taken in good faith will not subject the Board or any individual member of the Board to any liability to the Association, its Members or any other party.

SECTION 4.7. STANDARD OF CONDUCT. The Board of Directors, the officers of the Association, and the Association have the duty to represent the interests of the Owners in a fair and just manner. Any act or thing done by any Director, officer or committee member taken in furtherance of the purposes of the Association, and accomplished in conformity with the Declaration, Certificate of Formation, Bylaws, Design Guidelines, and the laws of the State of Texas, will be reviewed under the standard of the Business Judgment Rule as established by the common law of Texas, and such act or thing will not be a breach of duty on the part of the Director, officer or committee member if taken or done within the exercise of their discretion and judgment. The Business Judgment Rule means that a court may not substitute its judgment for that of the Director, officer or committee member. A court may not re-examine the decisions made by a Director, officer or committee member by determining the reasonableness of the decision as long as the decision is made in good faith and in what the Director, officer, or committee member believed to be in the best interest of the Association.

SECTION 4.8. IMPLIED RIGHTS; BOARD AUTHORITY. The Association may exercise any right or privilege given to it expressly by the provisions of this Declaration, the Design Guidelines, the Certificate of Formation or the Bylaws, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. All rights and powers of the Association may be exercised by the Board of Directors without a vote of the membership except where any provision in this Declaration, the Design

Guidelines, the Certificate of Formation, the Bylaws or applicable law specifically requires a vote of the membership.

The Board may institute, defend, settle or intervene on behalf of the Association in litigation, administrative proceedings, binding or non-binding arbitration or mediation in matters pertaining to (a) Common Areas or other areas in which the Association has or assumes responsibility pursuant to the provisions of this Declaration, (b) enforcement of this Declaration, the Rules and Regulations or the Design Guidelines or (c) any other civil claim or action. However, no provision in this Declaration, the Design Guidelines, the Certificate of Formation or the Bylaws will be construed to create any independent legal duty to institute litigation on behalf of or in the name of the Association.

ARTICLE V.
ANNUAL MAINTENANCE CHARGE AND MAINTENANCE FUND

SECTION 5.1. MAINTENANCE FUND. All Annual Maintenance Charges collected by the Association and all interest, penalties, assessments and other sums and revenues collected by the Association (excluding reserves maintained in a separate reserve account) constitute the Maintenance Fund. The Maintenance Fund will be held, managed, invested and expended by the Board, in its sole discretion, for the benefit of the Community and the Owners of Lots. The Board may, by way of illustration and not by way of limitation, expend the Maintenance Fund for the administration, management, and operation of the Community; for the maintenance, repair and improvement of the Common Area; for the maintenance of any easements granted to the Association; for the enforcement of the provisions of this Declaration by action at law or in equity, or otherwise, and the payment of court costs as well as reasonable and necessary legal fees; and for all other purposes that are, in the discretion of the Board, desirable to enhance the character and desirability of the Community and the Lots. The Board and its individual members will not be liable to any person as a result of actions taken by the Board with respect to the Maintenance Fund, except for willful neglect or intentional wrongdoings.

SECTION 5.2. COVENANTS FOR ANNUAL MAINTENANCE CHARGES AND ASSESSMENTS. Subject to Article V, Section 5.7., below, each and every Lot in the Community is hereby severally subjected to and impressed with an Annual Maintenance Charge in an amount to be determined annually by the Board, which Annual Maintenance Charge will run with the land. Each Owner of a Lot, by accepting a deed to the Lot, whether or not it is so expressed in such deed, is hereby conclusively deemed to covenant and agree, as a covenant running with the land, to pay to the Association, its successors or assigns, each and all of the Annual Maintenance Charges levied against his Lot and/or assessed against him by virtue of his ownership thereof, as the same become due and payable, without demand. The Annual Maintenance Charge herein provided for is a charge and a continuing lien upon each Lot, together with all Improvements thereon, as hereinafter more particularly provided. Each Annual Maintenance Charge, together with late charges, interest, costs, and reasonable attorney's fees, is also the personal obligation of the person who was the Owner of the Lot at the time the obligation to pay such Annual Maintenance Charge accrued, but no Owner is personally liable for the payment of any Annual Maintenance Charge made or becoming due and payable after his ownership ceases. No Owner is exempt or excused from paying an Annual Maintenance Charge by waiver of the use or enjoyment of the Common Areas, or any part thereof, or by abandonment of his Lot or his interest therein.

SECTION 5.3. BASIS AND ANNUAL MAINTENANCE CHARGE. Until February 1 of the year immediately following the conveyance of the first Lot from Declarant to an Owner or Builder, the initial Annual Maintenance Charge will be $950.00 per Lot. From and after January 1 of the year immediately following the conveyance of the first Lot from Declarant to an Owner or Builder, the Annual Maintenance Charge may be adjusted (increased or decreased) effective February 1 of each year as deemed necessary by the Board of Directors to pay the anticipated operating costs of the Association, including

contributions, if any, to a reserve fund. The amount of the Annual Maintenance Charge for a particular year will be determined by the Board of Directors based upon the budget for that year adopted by the Board of Directors. Except as provided in Section 5.7., the Annual Maintenance Charge levied against each Lot must be uniform.

SECTION 5.4. DATE OF COMMENCEMENT AND DETERMINATION OF ANNUAL MAINTENANCE CHARGE. The Annual Maintenance Charge then in effect will commence on a Lot as of the date the Plat in which the Lot is located is recorded. Provided that, the Annual Maintenance Charge due on a Lot as of the date the Plat in which the Lot is located is recorded will be prorated according to the number of days remaining in the calendar year. On or before the 31st day of December in each year, the Board of Directors of the Association must fix the amount of the Annual Maintenance Charge to be levied against each Lot in the next calendar year based upon the budget adopted by the Board for that calendar year. The Annual Maintenance Charge is due on February 1st of each year. Written notice of the figure at which the Board of Directors of the Association has set the Annual Maintenance Charge for Lots must be sent to every Lot Owner. Provided that, the failure to fix the amount of the Annual Maintenance Charge or to send written notice thereof to all Owners will not affect the authority of the Association to levy Annual Maintenance Charges or to increase Annual Maintenance Charges as provided in this Declaration. The Association is not required to send a copy of the applicable budget to all Owners with written notice of the amount of the Annual Maintenance Charge; however, the budget must be made available for review upon proper request in accordance with the Association's open records or documents production policy.

SECTION 5.5. SPECIAL ASSESSMENTS. If the Board at any time, or from time to time, determines that the Annual Maintenance Charges assessed for any period are insufficient to provide for the continued operation of the Community or any other purposes contemplated by the provisions of this Declaration, the Board may propose a Special Assessment ("**Special Assessment**") in an amount deemed necessary to provide for such continued maintenance and operation of the Community. No Special Assessment will be effective until it is approved either (a) in writing by not less than a majority of the Members without a meeting, or (b) by the vote of not less than two-thirds (2/3) of the Members present and voting, in person or by proxy, at meeting of the Members called for that purpose at which a quorum is present. A Special Assessment approved by the Members will be payable in the manner determined by the Board and the payment thereof will be secured by the lien created in Section 5.6. and may be enforced in the manner herein specified for the payment of the Annual Maintenance Charges. The amount of any Special Assessment levied against Lots must be uniform.

SECTION 5.6. ENFORCEMENT OF ANNUAL MAINTENANCE CHARGE/ SUBORDINATION OF LIEN. The Annual Maintenance Charge assessed against each Lot is due and payable, in advance, on the date of the sale of such Lot by Declarant for that portion of the calendar year remaining, and on the 1st day of each February thereafter. Any Annual Maintenance Charge which is not paid and received by the Association by the 28th day of each February thereafter will be deemed delinquent, and, without notice, will bear interest at the rate of twelve percent (12%) per annum or the maximum, non-usurious rate, whichever is less, from the date originally due until paid. Further, the Board of Directors of the Association is authorized to impose a monthly late charge on any delinquent Annual Maintenance Charge, Special Assessment, Capital Assessment. The monthly late charge, if imposed, will be in addition to, not in lieu of, interest. To secure the payment of the Annual Maintenance Charge, Special Assessments and Capital Assessments levied hereunder and any other sums due hereunder (including, without limitation, interest, late fees, costs, attorney's fees or delinquency charges), there is hereby created and fixed a separate and valid and subsisting lien upon and against each Lot and all Improvements thereon for the benefit of the Association, and superior title to each Lot is hereby reserved in and to the Association. The lien described in this Section 5.6. and the superior title herein reserved is deemed subordinate to any Mortgage for the purchase of a Lot and any renewal, extension, rearrangements or refinancing thereof. Notice of the lien referred to in this Section 5.6. may, but is not required to, be given by recording an affidavit, duly executed,

and acknowledged by an authorized representative of the Association, setting forth the name of the Owner or Owners of the affected Lot according to the records of the Association, and the legal description of such Lot in the Official Public Records of Collin County, Texas. The affidavit may, but is not required to, set forth the amount owed as of the date of execution. Each Owner, by acceptance of a deed to his Lot, hereby expressly recognizes the existence of such lien as being prior to his ownership of such Lot and hereby vests in the Association the right and power to bring all actions against such Owner or Owners personally for the collection of such unpaid Annual Maintenance Charge, Special Assessment, Capital Assessment and other sums due hereunder as a debt, and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including both judicial and non-judicial foreclosure; in addition to and in connection therewith, by acceptance of the deed to a Lot, each Owner expressly grants, bargains, sells and conveys to the President of the Association from time to time serving as trustee (and to any substitute or successor trustee as hereinafter provided for) such Owner's Lot, and all rights appurtenant thereto, in trust, for the purpose of securing Annual Maintenance Charges, Special Assessments, Capital Assessments and other sums due hereunder remaining unpaid hereunder by such Owner from time to time and grants to such trustee a power of sale. The trustee herein designated may be changed any time and from time to time by execution of an instrument in writing signed by the President or Vice President of the Association and filed in the Official Public Records of Collin County, Texas. At any foreclosure, the Association is entitled to bid up to the amount of the sum secured by its lien, together with costs and attorney's fees, and to apply as a cash credit against its bid all sums due to the Association covered by the lien foreclosed. From and after any such foreclosure, the occupants of the Lot are required to pay a reasonable rent for the use of the Lot and such occupancy will constitute a tenancy-at-sufferance. The purchaser at such foreclosure sale is entitled to the appointment of a receiver to collect rents and to sue for recovery of possession of the Lot by forcible detainer without further notice, except as may otherwise be provided by law. The collection of Annual Maintenance Charges, Special Assessments, Capital Assessments, and other sums due hereunder may also be enforced by suit for a money judgment and in the event of such suit, the expense incurred in collecting such delinquent amounts, including interest, late charges, costs and attorney's fees, will be chargeable to and be a personal obligation of the defaulting Owner.

SECTION 5.7. PAYMENT OF ASSESSMENTS BY DECLARANT AND BUILDERS. Lots owned by Declarant are exempt from Annual Maintenance Charges and Special Assessments levied by the Association during the Development Period. Provided that, during the Development Period, Declarant will pay any deficiency in the operating budget, less sums deposited in any reserve account established by the Association or otherwise set aside for reserves. A Builder is required to pay the full amount of Annual Maintenance Charges and Special Assessments on each Lot owned by the Builder.

SECTION 5.8. CAPITAL ASSESSMENT. Upon the conveyance of a Lot after the substantial completion of a Residential Dwelling thereon, the purchaser of the Lot is required to pay to the Association a sum equal to the amount of the Annual Maintenance Charge in effect as of the date of closing; upon each subsequent conveyance of the Lot, the purchaser of the Lot is required to pay to the Association a sum equal to one-half (1/2) the amount of the Annual Maintenance Charge in effect as of the date of closing. The sum payable to the Association upon the conveyance of a Lot as provided in this Section 5.8. is referred to herein as the "**Capital Assessment**". The Capital Assessment is due and payable on the date the deed conveying the Lot to the purchaser is recorded or, if a contract for deed or similar instrument, the date the contract for deed is executed. Payment of the Capital Assessment is in default if the Capital Assessment is not paid on or before the due date for such payment. A Capital Assessment in default will bear interest at the rate of twelve percent (12%) per annum or the maximum, non-usurious rate, whichever is less, from the due date until paid and will incur late charges at the same rate applicable to the Annual Maintenance Charge. No Capital Assessment paid by an Owner will be refunded to the Owner by the Association. The Association may enforce payment of the Capital Assessment in the same manner which the Association may enforce payment of Annual Maintenance Charges and Special Assessments pursuant

to this Article V. Capital Assessments may be used by the Association for any purposes for which Annual Maintenance Charges may be used.

SECTION 5.9. NOTICE OF SUMS OWING. Upon the written request of an Owner, the Association may provide to such Owner a written statement setting out the then current total of all Annual Maintenance Charges, Special Assessments, Capital Assessments, and other sums, if any, owed by such Owner with respect to the Owner's Lot. In addition to the Owner, the written statement from the Association may also be addressed to and be for the benefit of a prospective lender or purchaser of the Lot, as same may be identified by the Owner to the Association in the written request for such information. The Association is entitled to charge the Owner a reasonable fee for the issuance of such a statement.

SECTION 5.10. FORECLOSURE OF MORTGAGE. In the event of a foreclosure of a Mortgage on a Lot that is superior to the lien created by this Declaration for the benefit of the Association, the purchaser at the foreclosure sale is not responsible for Annual Maintenance Charges, Special Assessments, Capital Assessments or other sums, if any, which accrued and were payable to the Association by the prior Owner of the Lot, but said purchaser and its successors is responsible for Annual Maintenance Charges, Special Assessments, Capital Assessments and other sums, if any, which become due and owing to the Association on that Lot after the date of foreclosure.

SECTION 5.11. ADMINISTRATIVE FEES AND RESALE CERTIFICATES. The Board of Directors of the Association may establish and change from time to time, if deemed appropriate, a fee sufficient to cover the expense associated with providing information in connection with the sale of a Lot in the Community and changing the ownership records of the Association ("**Administrative Fee**"); provided that, no Administrative Fee will be due and payable upon the conveyance of a Lot by Declarant to a Builder. An Administrative Fee will be paid to the Association or the managing agent of the Association, if agreed upon by the Association, upon each transfer of title to a Lot. The Administrative Fee must be paid by the purchaser of the Lot, unless otherwise agreed by the seller and purchaser of the Lot. The Association is also authorized to establish and change from time to time, if deemed appropriate, a fee sufficient to cover the expense associated with providing a Resale Certificate in connection with the sale of a Lot. The fee for a Resale Certificate will be paid to the Association or the managing agent of the Association, if agreed to by the Association. The fee for a Resale Certificate is in addition to, not in lieu of, the Administrative Fee.

ARTICLE VI.
INSURANCE; SECURITY

SECTION 6.1. GENERAL PROVISIONS. The Board is authorized to determine whether or not to obtain insurance for the Association and, if insurance is obtained, the types and amounts thereof. In the event that insurance is obtained, the premiums for such insurance will be an expense of the Association paid out of the Maintenance Fund. Provided that, the Association must at all times maintain directors' and officers' liability insurance.

SECTION 6.2. INDIVIDUAL INSURANCE. Each Owner, tenant or other person occupying a Residential Dwelling is responsible for insuring his/her Lot and Residential Dwelling, its contents and furnishings. Each Owner, tenant or other person occupying a Residential Dwelling is also responsible for insuring against the liability of such Owner, tenant or occupant at his own cost and expense.

SECTION 6.3. INDEMNITY OF ASSOCIATION. Each Owner is responsible for any costs incurred as a result of such Owner's negligence or misuse or the negligence or misuse of his family, tenants, guests, invitees, agents, employees, or any resident or occupant of his Residential Dwelling, and, by

acceptance of a deed to a Lot, does hereby indemnify the Association, its officers, directors and agents, and all other Owners against any such costs.

SECTION 6.4. SECURITY. DECLARANT, THE ASSOCIATION, THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AGENTS, AND ATTORNEYS, ("**ASSOCIATION RELATED PARTIES**") WILL NOT IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY WITHIN THE COMMUNITY. THE ASSOCIATION RELATED PARTIES ARE NOT LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR THE INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. OWNERS, LESSEE AND OCCUPANTS OF ALL LOTS, ON BEHALF OF THEMSELVES, AND THEIR GUESTS AND INVITEES, ACKNOWLEDGE THAT THE ASSOCIATION RELATED PARTIES DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVISES, OR OTHER SECURITY SYSTEMS (IF ANY ARE PRESENT) WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE, NOR THAT FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVISES OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. OWNERS, LESSEES, AND OCCUPANTS OF LOTS ON BEHALF OF THEMSELVES, AND THEIR GUESTS AND INVITEES, ACKNOWLEDGE AND UNDERSTAND THAT THE ASSOCIATION RELATED PARTIES ARE NOT AN INSURER AND THAT EACH OWNER, LESSEE AND OCCUPANT OF ANY LOT AND ON BEHALF OF THEMSELVES AND THEIR GUESTS AND INVITEES ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO RESIDENTIAL DWELLINGS AND TO THE CONTENTS OF THEIR RESIDENTIAL DWELLING AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION RELATED PARTIES HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER OR LESSEE ON BEHALF OF THEMSELVES AND THEIR GUESTS OR INVITEES RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVISES OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE COMMUNITY.

ARTICLE VII.
FIRE OR CASUALTY: REBUILDING

SECTION 7.1. REBUILDING. In the event of a fire or other casualty causing damage or destruction to the Residential Dwelling or other Improvement on a Lot, the Owner of such damaged or destroyed Residential Dwelling or other Improvement must within ninety (90) days after such fire or casualty contract to repair or reconstruct the damaged portion of the Residential Dwelling or other Improvement and cause such Residential Dwelling or other Improvement to be fully repaired or reconstructed in accordance with the original Plans therefor, or in accordance with new Plans presented to and approved by the Architectural Review Committee, and must promptly commence repairing or reconstructing such Residential Dwelling or other Improvement, to the end that the Residential Dwelling or other Improvement does not remain in a partly finished condition any longer than reasonably necessary for completion thereof. Alternatively, such damaged or destroyed Residential Dwelling or other Improvement must be razed and the Lot restored as nearly as possible to its original condition within ninety (90) days of its damage or destruction. In the event that the repair and reconstruction of the Residential Dwelling or other Improvement has not been commenced within ninety (90) days after such fire or casualty

and the damaged or destroyed Residential Dwelling or other Improvement has not been razed and the Lot restored to its original condition, the Association and/or any contractor engaged by the Association is authorized, but not obligated, upon ten (10) days written notice to the Owner at the Owner's last known mailing address according to the records of the Association, to enter upon the Lot, raze the Residential Dwelling or other Improvement and restore the Lot as nearly as possible to its original condition. Any costs incurred by the Association to raze the Residential Dwelling or other Improvement and to restore the Lot to its original condition, plus fifty percent (50%) of such costs for overhead and supervision and interest thereon (from the date an invoice is submitted to Owner) at the rate of twelve percent (12%) per annum, or the maximum, non-usurious rate, whichever is less, will be charged to the Owner, added to the Owner's assessment account, secured by the lien and collected in the manner provided in Article V.

ARTICLE VIII.
AMENDMENT, DURATION, ANNEXATION AND MERGER

SECTION 8.1. AMENDMENT. During the Development Period, Declarant has the authority to unilaterally amend this Declaration without the joinder or consent of any other party, so long as such amendment does not adversely affect the title to any Lot, unless the Owner consents to the amendment in writing. After the expiration of the Development Period, Declarant has the authority to amend this Declaration, without the joinder or consent of any other party, for the purpose of clarifying or resolving any ambiguities or conflicts herein, correcting any inadvertent misstatements, errors, or omissions, or modifying a provision to comply with a change in applicable law; provided, however, any such amendment must be consistent with and in furtherance of the general plan and scheme of development for the Community. In addition, the provisions of this Declaration may be amended at any time by an instrument in writing signed by the Secretary of the Association certifying that Owners representing not less than sixty-seven percent (67%) of the total votes allocated to Owners in the Association approved such amendment, setting forth the amendments and duly recorded in the Official Public Records of Collin County, Texas; provided that, during the Development Period, an amendment of this Declaration must also be approved in writing by Declarant as evidenced by the execution of the amendment document by Declarant. Provided further that, without the joinder of Declarant, no amendment may diminish the rights or increase the liability of Declarant under this Declaration. In the event that there are multiple Owners of a Lot, the written approval of an amendment to this Declaration may be reflected by the signature of a single co-Owner. Any legal challenge to the validity of an amendment to this Declaration must be initiated by filing a suit not later than one (1) year after the date the amendment document is recorded in the Official Public Records of Collin County, Texas.

SECTION 8.2. DURATION. The provisions of this Declaration will remain in full force and effect until January 1, 2044, and be extended automatically for successive ten (10) year periods each; provided, however, that the provisions of this Declaration may be terminated on January 1, 2044, or on the commencement of any successive ten year period by filing for record in the Official Public Records of Collin County, Texas, an instrument in writing signed by Owners representing not less than seventy-five percent (75%) of the Lots.

SECTION 8.3. ANNEXATION. During the Development Period, additional land may be annexed and subjected to the provisions of this Declaration by Declarant, without the consent of the Members. Further, additional land may be annexed and subjected to the provisions of this Declaration with the consent of not less than two-thirds (2/3) of the Members of the Association present and voting, in person or by proxy, at a meeting of the Members called for that purpose at which a quorum is present. Provided that, during the Development Period, the annexation of additional land also requires the written consent of Declarant. The annexation of additional land will be effective upon filing of record an annexation instrument in the Official Public Records of Collin County, Texas.

SECTION 8.4. DEANNEXATION OF LAND. During the Development Period, land made subject to this Declaration may be deannexed by an instrument signed by Declarant and the Owner(s) of the land to be deannexed and recorded in the Official Public Records of Collin County, Texas. Thereafter, land made subject to this Declaration may be deannexed by an instrument signed by Owners representing not less than two-thirds (2/3) of the Lots and filed of record in the Official Public Records of Collin County, Texas; provided that, during the Development Period, the de-annexation of land also requires the written consent of Declarant.

SECTION 8.5. MERGER. Upon a merger or consolidation of the Association with another association, the Association's properties, rights, and obligations may be transferred to another surviving or consolidated association or, alternatively, the properties, rights, and obligations of another association may be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association will administer the covenants and restrictions applicable to the properties of the merging or consolidating associations as one scheme. No such merger or consolidation will affect any revocation, change or addition to the provisions of this Declaration.

ARTICLE IX.
MISCELLANEOUS

SECTION 9.1. SEVERABILITY. In the event of the invalidity or partial invalidity or partial unenforceability of any provision in this Declaration, the remainder of the Declaration will remain in full force and effect.

SECTION 9.2. NUMBER AND GENDER. Pronouns, whenever used herein, and of whatever gender, include natural persons and corporations, entities and associations of every kind and character, and the singular includes the plural, and vice versa, whenever and as often as may be appropriate.

SECTION 9.3. ARTICLES AND SECTIONS. Article and section headings in this Declaration are for convenience of reference and will not affect the construction or interpretation of this Declaration. Unless the context otherwise requires, references herein to articles and sections are to articles and sections of this Declaration.

SECTION 9.4. DELAY IN ENFORCEMENT. No delay in enforcing the provisions of this Declaration with respect to any breach or violation thereof will impair, damage or waive the right of any party entitled to enforce the same to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time.

SECTION 9.5. ENFORCEABILITY. The provisions of this Declaration will run with the Community and be binding upon and inure to the benefit of and be enforceable by Declarant, the Association, each Owner and occupant of a Lot in the Community, or any portion thereof, and their respective heirs, legal representatives, successors and assigns. Provided that, only the Association is authorized to enforce the lien established in Section 5.6. If notice and an opportunity to be heard are given as provided by law, the Association is authorized to impose reasonable fines for violations of the provisions of this Declaration, the Design Guidelines and the Rules and Regulations adopted by the Association and to collect reimbursement of actual attorney's fees and other reasonable costs incurred by it relating to violations of the provisions of such documents. Such fines, fees and costs will be added to the Owner's assessment account, secured by the lien and collected in the manner provided in Article V.

SECTION 9.6. REMEDIES. In the event any one or more persons, firms, corporations or other entities violate or attempt to violate any of the provisions of this Declaration, the Design Guidelines or the Rules and Regulations, Declarant, the Association, each Owner or occupant of a Lot within the Community,

or any portion thereof, may institute and prosecute any proceeding at law or in equity to abate, preempt or enjoin any such violation or attempted violation or to recover monetary damages caused by such violation or attempted violation.

SECTION 9.7. INTERPRETATION. The provisions of this Declaration are to be liberally construed to give full effect to their intent and purposes. If this Declaration or any word, clause, sentence, paragraph, or other part thereof is susceptible to more than one conflicting interpretation, then the interpretation which is most nearly in accordance with the general purposes and objectives of this Declaration and the general plan of development established by this Declaration will govern.

[Signature pages follow.]

IN WITNESS WHEREOF, the undersigned, being Declarant herein, has executed this Declaration on this the 10 day of July, 2024, to become effective upon recording in the Official Public Records of Collin County, Texas.

HILLSTEAD LAND LLC,
a Texas limited liability company

By: Rylan Yowell
Print Name: Rylan Yowell
Its: Vice President

THE STATE OF TEXAS §
§
COUNTY OF Dallas §

Before me, the undersigned authority, on this day personally appeared Rylan Yowell, Vice President of Hillstead Land LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed and in capacity herein stated, and as the act and deed of said entity.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 10 day of July, 2024.

JENNIFER TAYLOR
Notary Public, State of Texas
Comm. Expires 05-05-2027
Notary ID 134344592

Notary Public in and for the State of Texas

JOINDER OF LIENHOLDER

Trez Capital Funding II, LLC, a Delaware limited liability company, being the sole beneficiary of a purchase money mortgage lien (as set forth in the Declaration) and other liens, assignments, and security interests encumbering all or a portion of the Property consents to the terms and provisions of this Declaration to which this Lienholder Consent and Subordination is attached and acknowledges that the execution thereof does not constitute a default under the lien document or any other document executed in connection with or as security for the indebtedness above described, and subordinates the liens of the lien document and any other liens or security instruments securing the indebtedness to the Declaration (and the covenants, conditions and restrictions in this Declaration), and acknowledges and agrees that a foreclosure of the liens or security interests will not extinguish this Declaration (or the covenants, conditions and restrictions in this Declaration). No warranties of title are made by Lienholder, Lienholder's joinder being solely limited to such consent and subordination.

SIGNED AND EXECUTED THIS on July 10, 2024.

TREZ CAPITAL FUNDING II, LLC,
a Delaware limited liability company, as
Administrative Agent for Trez Capital (2015)
Corporation, a British Columbia corporation

By: _____
Name: John D. Hutchinson
Title: Chief Executive Officer

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 10 day of July, 2024, by John D. Hutchinson, Chief Executive Officer of Trez Capital Funding II, LLC, a Delaware limited liability company, as Administrative Agent for Trez Capital (2015) Corporation, a British Columbia corporation, on behalf of said limited liability company and corporation.

_____
Notary Public in and for the State of Texas

My Commission Expires:

Erin Smith
Printed Name of Notary

ERIN C SMITH
Notary Public, State of Texas
Comm. Expires 11-27-2026
Notary ID 12816099-7

Collin County
Honorable Stacey Kemp
Collin County Clerk

Instrument Number: 2024000083542

eRecording - Real Property

RESTRICTIONS

Recorded On: July 11, 2024 08:17 AM

Number of Pages: 45

" Examined and Charged as Follows: "

Total Recording: $197.00

********** **THIS PAGE IS PART OF THE INSTRUMENT** **********
Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number:	2024000083542
Receipt Number:	20240711000002
Recorded Date/Time:	July 11, 2024 08:17 AM
User:	Amanda J
Station:	Station 6

Record and Return To:

CSC

STATE OF TEXAS
COUNTY OF COLLIN

I hereby certify that this Instrument was FILED **In the File Number sequence on the date/time printed hereon, and was duly** RECORDED **in the Official Public Records of Collin County, Texas.**

Honorable Stacey Kemp
Collin County Clerk
Collin County, TX

Stacey Kemp