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Document Number: 2015-14436  
Recorded As : ERX-RESTRICTIONS

Recorded On: February 12, 2015  
Recorded At: 10:53:01 am  
Number of Pages: 108

Recording Fee: \$454.00

Parties:  
Direct- CTMGT LEWISVILLE 14 LLC  
Indirect-

Receipt Number: 1252559  
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THE STATE OF TEXAS)  
COUNTY OF DENTON)

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 Records of Denton County, Texas.

**Juli Luke**

County Clerk  
Denton County, Texas

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STATE OF TEXAS                                   §  
                                                          § KNOW ALL PERSONS BY THESE PRESENTS:  
COUNTY OF DENTON                           §

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR CRESCENT LEWISVILLE HOMEOWNERS ASSOCIATION, INC.**

This Declaration (herein so called) is executed effective as of February 9<sup>th</sup>, 2015, by CTMGT LEWISVILLE 14, LLC, a Texas limited liability company (the "**Declarant**").

**RECITALS:**

- A. The Declarant is the owner of the real property in Denton County, Texas, described on Exhibit A attached hereto (the "**Property**"). The Declarant has or is developing the Property as an addition to the City of Lewisville and Denton County to be known as Crescent Lewisville (the "**Subdivision**").
- B. The Declarant desires to establish a residential community of single family residential detached homes on the Property and, accordingly, has executed this Declaration to impose the covenants, conditions, restrictions, and easements herein described upon the Property.

**ARTICLE 1  
ESTABLISHMENT**

**Section 1.1 Establishment of Covenants, Conditions and Restrictions.** The Declarant hereby imposes upon the Property the covenants, conditions, restrictions, liens and easements set forth in this Declaration (the "**Covenants**") for the purposes of establishing a general scheme for development of the Property, enhancing the value of the Lots and Residences (defined below), and establishing restrictions for residential use for the benefit of the Declarant, Builders (defined below) and the Owners (defined below). The Declarant does not guarantee that all of these purposes will be accomplished through the creation and imposition of the Covenants. The Covenants touch and concern title to the Property, run with the land and shall be binding upon all persons hereafter acquiring any portion of the Property.

**Section 1.2 Definitions.** The terms set forth below shall have the indicated meanings when used in this Declaration; other terms are defined elsewhere herein and shall have the meaning given to them in this Declaration.

“**ACC**” shall mean Architectural Control Committee.

“**Assessments**” means the Assessments which can and/or will be imposed upon Owners in Crescent Lewisville as provided for in Article 6.

“**Association**” means the Crescent Lewisville Homeowners Association, Inc., a Texas non-profit corporation, or such other homeowners’ association name selected and available at the time of formation and established as provided in this Declaration.

“**Association Documents**” means the Certificate of Formation (herein so called) and attached as **Exhibit D** and the Bylaws (herein so called) and attached as **Exhibit E** of the Association, as amended and modified from time to time, and the resolutions and certifications adopted by the Association from time to time.

“**Board**” means the Board of Directors of the Association. **During the Development Period, Declarant shall have the sole right to appoint and remove members of the Board of Directors.**

“**Builder**” means any homebuilder constructing the initial Residence upon a Lot in the normal course of conducting its business for profit.

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

“**Common Amenities**” means the following: (i) any community amenity center or facility constructed on the Property for the use and benefit of the Owners; (ii) any and all entry features (including, without limitation, entry gates and controlled access improvements), Subdivision signage and monuments, landscape areas and screening walls, and all landscape easements, other similar areas within the Subdivision whether or not shown on the Plat (as hereinafter defined), whether within or surrounding or along the boundaries of the Property, including, without limitation, the landscape features installed and screening walls constructed in the entry areas; (iii) any other property or improvements within or immediately surrounding the Subdivision for which the Association may hereafter become obligated to maintain, improve or preserve; (iv) any real and/or personal property, fixtures or improvements conveyed or dedicated to the Association for the common use and benefit of Owners within the Subdivision, and/or to be maintained by the Association; and (v) any and all other fixtures, Structures or other improvements installed by Declarant or the Association within the Subdivision, and all equipment, accessories, utilities and machinery used in the operation or maintenance of any such Common Amenities, and which are not expressly made the responsibility of the Lot Owner pursuant to the provisions of this Declaration. **Each Owner by acceptance of a Deed to a Lot acknowledges and agrees that notwithstanding anything to the contrary contained herein, the Declarant has no plans for construction of any community amenity center or facility within the Property, and the Common Amenities shall primarily include only berms, entry ways, weir structure and easement(s) as shown on the Plat as well as any related landscaping, drainage and fencing improvements.**

**“Common Area”** means those portions of the Property depicted or described as such in or on the Plat (defined below) that do not constitute Lots (defined below), including, without limitation, Streets (defined below), roads or other rights-of-way which are not part of a Lot and/or dedicated to and maintained by the City or other governmental authority as a public right-of-way, and/or any real property and/or lot within the Subdivision comprising or on which the Common Amenities, if any, are located. The Declarant shall at all times have and retain the right, but without obligation whatsoever, to effect minor redesigns or reconfigurations of the Common Area located on such Declarant’s portion of the Property and to execute any open space declarations applicable to such Common Area which may be permitted in order to reduce property taxes, and to take whatever steps as may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem and/or income taxes. All Common Area shall be maintained by the Association.

**“Declarant”** means CTMGT Lewisville 14, LLC, and its successors or any assignee of Declarant to whom Declarant expressly assigns all of its rights and obligations as Declarant under this Declaration in accordance with Section 8.8 hereof.

**“Design Guidelines”** shall mean and refer to those particular standards, restrictions, guidelines, recommendations and specifications set forth on **Exhibit B** attached hereto and incorporated herein by reference, as may be supplemented, amended and/or modified from time to time, and which are applicable to any or all aspects of construction, placement, location, alteration, maintenance and design of any improvements within the Property, together with any interpretations thereof.

**“Development Period”** means the period of time commencing on the date of this Declaration and continuing through and including the later of (i) the date on which Declarant no longer owns any portion of the Property or Property Subject to Annexation (as hereinafter defined), or (ii) the date which is ten (10) years after recordation of this Declaration in the Official Public Records of Denton County, Texas, or (iii) the date of recording in the Official Public Records of Denton County, Texas, of a notice signed by the Declarant terminating the Development Period.

**“Lot”** means any of the individual platted building lots reflected, or to be reflected, on the Plat that are to be used for construction of a Residence (defined below) thereon as herein described. In the event any Common Area is conveyed to the Declarant or another third party to be used for construction of a Residence, then such conveyed property shall be included in the definition of a “Lot”.

**“Managing Agent”** means any Person who has been engaged and designated by the Board to manage the daily affairs and operations of the Association.

**“Owner”** means any Person owning fee title to any Lot, but excluding any mortgagee or beneficiary under a deed of trust until such time as it acquires legal title to a Lot.

**“Person”** means any individual, corporation, limited liability company, partnership or other entity of any kind or type whatsoever.

**“Phase”** means a particular area of the Property designated by the Declarant for development. The Declarant may impose, as provided in Section 3.3(d), additional or different restrictions on each Phase within such Declarant’s portion of the Property. If the Declarant annexes additional property into the Property as provided in Sections 8.1 and/or 8.2, it may designate the area annexed as a particular Phase, and the Declarant may impose, as provided in Section 3.3(d), additional or different restrictions on such area.

**“Plat”** means (i) initially, the preliminary plat, and thereafter the final plat, for any Phase of the Property submitted to and approved by the City, or any other applicable governmental entity; (ii) after recordation thereof, the final Plat for any Phase of the Property as recorded in the Records of Denton County, Texas; and, (iii) any replat of, or amendment to, the foregoing made by the Declarant in accordance with applicable requirements of the City or other applicable governmental authority. The term “Plat” shall also include the final recorded plat of any additional property annexed into the Property pursuant to Sections 8.1 and/or 8.2.

**“Property”** shall have the meaning ascribed to such terms as set forth in the recitals of this Declaration.

**“Residence”** means an attached residence residing upon a Lot in conformance with this Declaration.

**“Special Assessments”** means collectively, the Special Purpose Assessments and Special Member Assessments, as such terms are defined in Article 6 hereof.

**“Street”** means any paved road, which is located within a right-of-way of the Subdivision.

**“Structure”** means any structure (other than a Residence), fence, driveway, sidewalk, planting, landscaping, irrigation system, wall, tennis court, swimming pool, outbuilding, playground equipment, or other improvement of any kind or type.

**“Subdivision”** shall have the meaning ascribed to such terms as set forth in the recitals of this Declaration.

**“Vehicle”** means any vehicle of any kind or type whatsoever, including any automobile, truck, motorcycle, boat, mobile home, motor home, boat trailer, or other kind of trailer.

## **ARTICLE 2** **USE PROVISIONS**

### **Section 2.1 Permitted Uses.**

(a) **Lots Limited to Residential Use.** Except as otherwise provided in this Declaration, Lots shall be used only for private residential purposes and activities reasonably related thereto. Additional uses for purposes such as schools, churches, or similar activities may not be permitted within the Property, without the prior written approval from the Association and the Declarant.

(b) **Common Area and Common Amenities Uses.** The Common Area designated as the open space and/or to be maintained by the Association on the Plat and Common Amenities, if any, shall be used only for recreational and other similar purposes as approved by the Declarant or the Association. The Common Area consisting of landscaping, maintenance, wall maintenance easements, or similar areas shall be used for such purposes or similar purposes as approved by the applicable Declarant or the Association. The Common Area consisting of sanitary sewer easements, drainage easements, utility easements or similar areas shall be used for such purposes or similar purposes as approved by the applicable Declarant or the Association.

(c) **Sales Offices and Similar Uses.** The Declarant or any Builder may maintain on its Property one or more signs, sales offices, or trailers on Lots for the purpose of facilitating sales of Lots and/or Residences on the Property. The Declarant or the ACC, may by written designation grant to Builder(s) constructing Residences on Lots within the Property the right to conduct their sales and marketing programs for the Property from any permanent or temporary sales buildings or trailers, and conduct improvement work and activities on portions of the Property owned by them and do all things reasonably necessary or convenient as required to expeditiously commence, continue and complete such improvement work, including, but not limited to, the provision of temporary buildings (including, without limitation, trailers), temporary storage of construction materials and equipment and the installation of temporary signage of such types, in such sizes and at such locations on portions of the Property owned by them as they deem appropriate and in accordance with any applicable governmental requirements.

## **Section 2.2 Prohibited Uses and Activities.**

(a) **No Further Subdivision.** No Lot may be further subdivided without the prior written consent of the Declarant or the ACC; provided, however, this restriction shall not be applicable to Common Area conveyed to the Declarant by the Association. Lots may be combined for the purpose of constructing a single residence on more than one Lot only upon written approval of the Declarant or the ACC. Without regard to any such permitted subdivision or combination, the Lots involved shall continue to be treated as single individual Lots hereunder for all other purposes, including voting in the Association and assessing and collecting Assessments.

(b) **Parking and Vehicle Restrictions.** All Vehicles shall be parked, stored or placed in the garage of the home or on the private driveway of the home. On-street parking shall be limited to temporary parking of guests or invitees of Owners during parties, delivery of services, and similar limited (no more than forty-eight (48) hours) time periods. Trucks with tonnage in excess of one ton and Vehicles with signage or advertising displays shall not be permitted to park overnight on the Streets, driveways, or other areas within the Property. No inoperative or unlicensed Vehicles may be parked or stored, other than in an enclosed garage, within the Property. All work on Vehicles (other than routine maintenance) shall be performed only in an enclosed garage. The foregoing provisions shall not restrict the parking of trucks and other Vehicles as necessary in connection with construction of Residences or other permitted Structures on Lots.

(c) **Specific Use Restrictions.** No Lot or improvement shall be used for business, professional, commercial or manufacturing purposes of any kind. No activity, whether for profit or not, shall be conducted on the Property which is not related to single-family residential purposes. No noxious or offensive activity (as determined by the ACC) shall be undertaken on the Property, and nothing shall be done which is or may become an annoyance or nuisance to the neighborhood. Nothing in this subparagraph shall prohibit a Builder's temporary use of a Residence as a sales office until such Builder's last Residence on the Property is sold. Nothing in this subparagraph shall prohibit an Owner's use of a Residence for quiet, inoffensive activities such as tutoring or giving art or music lessons so long as such activities do not materially increase the number of cars parked on the street or interfere with adjoining homeowners' use and enjoyment of their Residences and yards.

(d) **Pet and Animal Restrictions.** Only regular household pets such as cats and dogs shall be permitted on the Property and then only for personal use and not for any business use such as breeding, kennel operations and the like. No other animals shall be permitted to be maintained upon the Property, including the following: cows, bees, hogs, pot bellied pigs, sheep, goats, poultry, or skunks. No more than four (4) domesticated household pets are permitted in any Residence. Pets shall not be permitted to run free through the Property or become a nuisance to others. Owners are responsible for picking up pet waste after their pets.

(e) **Outdoor Burning Restrictions.** Outdoor burning of trash, leaves, and other items is prohibited. This restriction shall not be construed as prohibiting outdoor cooking on barbecue grills in connection with use of a Residence.

(f) **Trash/Garbage Disposal.** Trash, garbage and other waste shall at all times be kept in clean, well maintained, sanitary containers for regular scheduled pickup for removal of such items. Trash, garbage or other waste shall not be dumped on the ground of any Lot or in any Common Area. Containers for trash, garbage and other waste shall be screened from view in accordance with Section 3.4(e)(4) hereof at all times except such containers may be brought to the curbside or other designated pick-up area with respect to a Lot twenty-four (24) hours in advance of scheduled pick-up and such containers must be returned to the screened area within twenty-four (24) hours after the scheduled pick-up time.

(g) **Occupancy.** Each Lot shall be improved with an attached Residence. No Person shall occupy any garage or other outbuilding as a dwelling unit at any time. No Structure of a temporary character, such as a trailer, basement, tent, shack, barn or other outbuilding, shall be used on any of the Property at any time as a dwelling house; provided, however, that any Builder may maintain and occupy model houses, sales offices and construction trailers during construction periods.

(h) **Projections from Structures.** Window air conditioning units attached to a Residence and other similar projections visible from a street are prohibited. Any projection through the roof of any outbuilding on the Property shall require the prior written approval of the applicable Declarant or the ACC.

(i) **Private Water/Septic Systems.** Each Residence shall be connected to the City water system, and no private water well or storm sewer system is permitted within the Property unless constructed or caused to be constructed by the Declarant on the Declarant's Property. If

the Declarant uses private drainage easements in areas that necessitate or contain a private sub-surface storm sewer drainage system, then such sewer lines are to be kept freely running and unobstructed at all times. If the lines become obstructed, all parties that benefit from their function shall be required to equally and promptly share in the cost of repair or replacement of the lines. Each Residence will operate on an individual Septic System by which sewage and waste water shall be disposed of. No City sewage and waste water line shall be allowed or be connected directly to the central drainage system of the subdivision. No part of the PROPERTY shall be used as dumping area for any waste matter at any time. Each dwelling unit shall properly keep and maintain a suitable and closed receptacle for dumping waste matter. Routine collection and / or disposal of waste matter by an appropriate public service entity are required.

(j) **Changes in Grade.** Except for such changes as are reasonably necessary to facilitate construction of a Residence on a Lot, no Owner shall change the grade of any Lot except in compliance with all applicable laws and the requirements of the grading plan. After the Declarant has developed the Lots on its portion of the Property, the general grading and slope of a Lot may not be altered, and no dams, berms, channels or swales may be constructed or excavated without the prior written approval of the Declarant (or the ACC), the City (if applicable) and other appropriate agencies having authority to grant such approval. Notwithstanding anything to the contrary contained herein, the drainage plan of a Lot shall not be altered in a manner which is inconsistent with the Lot Grading Plan, unless such alteration is first approved by the City in writing.

(k) **Visible Activities - Outdoors.** Outdoor drying of clothes and clothes lines are prohibited. When not in use, lawn mowers, rakes, carts, and other yard equipment shall be stored away from view of adjoining Lots and Streets. Sports equipment such as trampolines, soccer nets, and other large or oversized objects shall be stored away from view when not in use. Permanent basketball goals are not permitted to be placed on any Lot. Portable basketball goals are permitted but must be stored in the rear of the Lot or inside garage at all times when not in use (from sundown to sunrise). Basketball goals must be properly maintained and painted, with the net in good repair. Basketball goals not in good repair must be removed until repairs are made. No unsightly weights such as bags of sand, tires, heavy metal objects or any other form of alternative weight to hold the portable goal in place is allowed. All basketball goals must be approved by the Architectural Control Committee prior to being placed on any Lot.

(l) **Structures and Storage.** No temporary dwelling, shop, trailer, mobile home or above-ground swimming pools of any kind or any improvement of a temporary character shall be permitted on any Lot, except that a Builder or contractor may have temporary improvements (such as a sales office, parking lot and/or a construction trailer) on a Lot during construction of the Residence on that Lot. Upon approval of the ACC, an Owner may install and place a play structure in the fenced in area behind the Residence on a Lot however, the play structure may not exceed more than two feet (2') in height over the top of the fence. The play structure must be kept in good condition at all times, failure to maintain the play structure in good condition shall require the immediate repair or removal of the structure. Except as otherwise expressly permitted in Section 3.7 hereof, no building material of any kind or character shall be placed or stored upon a Lot until the Owner thereof is ready to commence construction of improvements, and then such material shall be placed only within the property lines of the Lot upon which the improvements are to be erected during construction so long as construction progresses without undue delay. Unless approved in writing by the ACC or the Board, in the absence of the ACC, pursuant to this

Declaration, no storage buildings shall be constructed on a Lot. In any event, storage buildings permitted to be constructed on a Lot hereunder or by subsequent written approval by the ACC or Board must match or complement the materials and color of the Residence on the Lot. Storage buildings may be permitted only with the prior written approval of the ACC or Board, in absence of the ACC, and each storage building shall not exceed six feet (6') in height or the applicable governmental requirements pertaining to the height of such Structure(s), whichever is less, and shall be screened from view from adjacent lots, Common Areas, and adjacent Streets using either (A) live evergreen screening plants which are a minimum of six feet (6') in height at installation, spaced no more than eighteen inches (18") apart, edge to edge, or (B) an opaque fence or wall at least six feet (6') high, constructed of masonry, stone or wooden materials consistent with materials used on the primary Residence, or otherwise approved in writing by the ACC.

(m) **Recreational Vehicles.** No boat, trailer, marine craft, hovercraft, aircraft, recreational vehicle, travel trailer, motor home, camper body or similar vehicle or equipment may be stored, parked or kept on any driveway, in the front yard or in the Street in front of a Lot for more than twenty-four (24) hours nor more frequently than one time per month without the express written permission of the ACC, nor shall any such vehicle or equipment be parked for storage in the side or rear yard of any Residence. No such vehicle or equipment shall be used as a residence or office temporarily or permanently. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance or repair of a Residence in the immediate vicinity.

(n) **Transportation of Hazardous Materials.** No vehicle of any size which transports inflammatory or explosive cargo may be kept on the Property at any time.

(o) **Drilling or Mining.** No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted on the surface of the Property. No oil wells, tanks, tunnels, mineral excavations or shafts shall be permitted upon or in any part of the surface of the Property. No derrick or other structure designed for use in quarrying or boring for oil, natural gas or other minerals shall be erected, maintained or permitted on the surface of the Property.

(p) **Utilities.** Each Residence situated on a Lot shall be connected to the public water and sanitary sewer lines. No privy, trailer sewage, cesspool or septic tank shall be placed or maintained upon or in any Lot. However, portable toilets will be allowed during building construction. The use of any propane, butane, LP Gas or other gas tank, bottle or cylinder of any type (except as reasonably required [not to exceed fifteen pounds] to operate portable gas grills or permanent gas grills which may be installed or used by an Owner to serve a Residence) is prohibited. Except as to street lighting (if any) all utility service facilities (including, but not limited to, water, sewer, gas, electricity and telephone) shall be buried underground (except meters, transformers, risers, service pedestals and other surface installations necessary to maintain or operate appropriate underground facilities). Electric utility transformers may be installed only in locations designated on the Plat for such purpose or otherwise approved in writing by the ACC, and all improvements on a Lot on which an electric transformer pad easement is located as shown on the Plat must be installed in compliance with all electric company guidelines for separations from pad-mounted transformers.

(q) **Certain Exterior Lighting.** Upon being given notice by the ACC that any exterior lighting is objectionable, as determined by the ACC in its sole and exclusive discretion, the Owner of the Lot on which same is located shall immediately remove any such lighting or shield the same in such a way that it is no longer objectionable to the ACC.

**Section 2.3 General.** No use shall be permitted on the Property which is not allowed under applicable public codes, ordinances and other laws either already adopted or as may be adopted by the City or other controlling public authorities. Each Owner, occupant or other user of any portion of the Property, shall at all times comply with this Declaration and with any and all laws, ordinances, policies, rules, regulations and orders of all federal, state, county and municipal governments, and other agencies having jurisdictional control over the Property, specifically including, but not limited to, applicable zoning restrictions placed upon the Property as they exist from time to time. **IN SOME INSTANCES REQUIREMENTS UNDER THE GOVERNMENTAL REQUIREMENTS MAY BE MORE OR LESS RESTRICTIVE THAN THE PROVISIONS OF THIS DECLARATION. IN THE EVENT A CONFLICT EXISTS BETWEEN ANY SUCH REQUIREMENTS UNDER THE GOVERNMENTAL REQUIREMENT AND ANY REQUIREMENT OF THIS DECLARATION, THE MOST RESTRICTIVE REQUIREMENT SHALL PREVAIL, EXCEPT IN CIRCUMSTANCES WHERE COMPLIANCE WITH A MORE RESTRICTIVE PROVISION OF THE DECLARATION WOULD RESULT IN A VIOLATION OF MANDATORY APPLICABLE GOVERNMENTAL REQUIREMENTS, IN WHICH EVENT THOSE GOVERNMENTAL REQUIREMENTS SHALL APPLY. COMPLIANCE WITH MANDATORY GOVERNMENTAL REQUIREMENTS WILL NOT RESULT IN THE BREACH OF THIS DECLARATION EVEN THOUGH SUCH COMPLIANCE MAY RESULT IN NON-COMPLIANCE WITH PROVISIONS OF THIS DECLARATION. WHERE A GOVERNMENTAL REQUIREMENT DOES NOT CLEARLY CONFLICT WITH THE PROVISIONS OF THIS DECLARATION BUT PERMITS ACTION THAT IS DIFFERENT FROM THAT REQUIRED BY THIS DECLARATION, THE PROVISIONS OF THIS DECLARATION SHALL PREVAIL AND CONTROL.** All Lots shall be developed in accordance with this Declaration as this Declaration may be amended or modified from time to time as herein provided.

### **ARTICLE 3 CONSTRUCTION PROVISIONS**

**Section 3.1 Plan Approval Required.** No Residence or Structure shall be constructed within the Property until the plans have been approved in writing by the ACC or the Declarant as provided in this Article 3.

**Section 3.2 Establishment of the ACC.**

(a) **Initial Appointment.** The ACC shall consist of three (3) members. The initial ACC members shall be appointed by the Declarant. The Declarant, during the Development period shall have the sole right to appoint and remove members of the ACC.

(b) **Term and Subsequent Appointments.** The members of the ACC shall serve until they resign or are removed by the party appointing them to the ACC (which the appointing party may do at any time). Subsequent appointments to the ACC shall be made by the appointing

Declarant until such time as the appointing Declarant either relinquishes such power by written notice to the Board, or no longer owns any Lot; thereafter, appointments to and removals from the ACC shall be made by the Board. Both ACC and Declarant, individually or jointly, may engage the services of a third party to review plans and specifications pursuant to this Article.

(c) **Compensation; Fee for Review.** No member of the ACC shall be entitled to compensation for its services; provided that the ACC may charge a reasonable fee (no more than \$200 per submission) to cover its costs in reviewing any plans and inspecting a Lot and/or improvements constructed thereon, which fee shall be paid by an Owner to the Association at the time of submission and/or resubmission of plans to the ACC for review and approval. Notwithstanding the foregoing or anything to the contrary contained herein, Builders shall not be liable for any charges of the ACC under this Section 3.2(c) with respect to the review and approval of the ACC of plans for the initial construction of a home on a Lot by such Builder.

### Section 3.3 **Approval Process.**

(a) **Submission of Plans.** Any party wishing to construct a Residence or any Structure on the Property shall submit at least one (1) copy of complete plans and specifications to the ACC for its approval prior to commencing construction. Such plans and specifications shall include engineering information, landscaping description, and construction plans showing the location and elevations of the proposed Residence or Structure and the materials to be used in constructing the same, all in sufficient detail to enable the ACC to evaluate the proposed Structure or Residence. The ACC may request additional information, including samples of proposed materials to aid it in its decision process. After receipt of a complete set of plans and specifications, the ACC shall promptly review the same and notify the Person submitting whether it approves the plans or whether it requires changes thereto. Alternately, the ACC may disapprove a set of plans by so noting thereon and returning it to the Person submitting, accompanied by a statement of the reasons for disapproval. No construction shall be commenced on any portion of the Property unless and until the plans for the Residence or Structure in question have been approved in writing by the ACC or the Declarant.

(b) **Time for Review/Approval.** The ACC shall approve or disapprove all plans properly submitted to it for construction within thirty (30) days after the date it receives a complete set of plans and specifications; therefore, **if the ACC fails to specifically approve or disapprove of any plans within such thirty (30) day period, then the ACC shall be deemed to have disapproved the plans submitted.**

(c) **Review Standards.** The ACC, in reviewing and approving plans for construction of Structures or Residences, shall use commercially reasonable efforts to promote and ensure a high level of taste, design quality, aesthetic harmony, and conformity throughout the Property, consistent with the standards established by this Declaration and the Design Guidelines.

(d) **Design Guidelines/Building Standards.** The Declarant during the Development Period, and thereafter the ACC may, but is not required to, from time to time, establish specific guidelines and building standards in addition to or to modify and amend the Design Guidelines attached hereto as **Exhibit B** and incorporated herein by reference, to assist Persons in determining the type of Structures and Residences which may be constructed on the Property. Pursuant to Sections 8.1 and 8.2, during the Development Period the Declarant may annex

additional property to become a part of the Property in accordance with Sections 8.1 and/or 8.2 hereof, and the Declarant may develop its portion of the Property in various Phases. The Declarant may establish differing restrictions, guidelines and building standards for each such Phase of the Property, which may impose more restrictive or less onerous building standards with respect to a particular Phase. The Declarant during the Development Period, and thereafter the ACC, may amend or modify such guidelines or standards from time to time in its sole discretion. Such guidelines or standards shall supplement this Declaration and shall be general guides to permitted construction within the Declarant's Property, but shall not diminish the authority of the ACC and/or the Declarant to approve plans as otherwise herein provided.

(e) **Failure to Obtain Approval.** The construction, repair, replacement, installation, improvement or placement of any Structure or improvement of any type on a Lot or Residence without the prior written approval from the ACC shall constitute grounds for the imposition by the ACC or the Association of an automatic fine against the Owner of said Lot not to exceed Twenty-Five and No/100 Dollars (\$25.00) per day commencing upon the date on which the unapproved construction, repair, replacement, installation or placement commenced and continuing until the earlier of the date on which such Owner has either (i) obtained ACC approval of such construction, repair, replacement, installation or placement of the offending Structure(s), or (ii) removed such offending Structures and restored its Lot to substantially the same condition as existed prior to commencement of such construction, repair, replacement, installation or placement thereof. A fine levied under this Section shall be charged to the Owner's assessment account, payable upon demand and secured by the Assessment Lien created in Article 6.

(f) **Limitation of Liability.** No Declarant, and none of Declarant's officers, directors, partners, agents, employees, representatives, parent or subsidiaries, nor the Association, the Board, or the ACC, including any of its respective members, shall be liable to any Person for any official act of the ACC in connection with submitted plans and specifications. Notwithstanding any approval by the Declarant or the ACC, neither the Declarant nor the ACC shall be responsible or liable to any Person with respect to any loss, liability, claim or expense which may arise by reason of such approval or the construction of a Residence or Structure related thereto. No Declarant, nor the Association, the Board nor the ACC shall be responsible in any way for any defects in any plans or specifications submitted, reviewed or approved in accordance with the provisions of this Declaration, nor for any structural or other defects in any work done according to such plans or specifications. No approval of any plans by either the ACC or the Declarant shall be construed to mean that the plans comply with any applicable law, building code, or governmental regulation, it being the responsibility of the Person submitting any plans to assure compliance with all applicable laws. Conversely, the issuance of a building permit or any approval from any governmental authority shall not, under any circumstance, constitute any evidence that construction of a Residence or a Structure complies with the terms and conditions contained in this Declaration or the Design Guidelines. No Declarant or members of the ACC shall have liability for decisions made by them regarding the approval or disapproval of plans, so long as the decisions are made in good faith and are not discriminatory, arbitrary, or capricious.

**Section 3.4 Specific Construction Provisions.**

(a) **Setbacks.** All Residences and other Structures shall be constructed in conformity with the setback requirements of the City and the building lines reflected on the Plat.

(b) **Residence Size and Type.** The minimum square footage of enclosed air-conditioned area of each Residence (exclusive of all porches, garages or breezeways) shall be the greater of (i) 1,600 square feet or (ii) the minimum square footage required by the City for each Residence. Each Residence shall be of new construction on a Lot and no mobile homes or manufactured housing shall be permitted on the Property except as authorized by the Declarant on a temporary basis in connection with construction or sales activities on the Declarant's Property.

(c) **Garage Requirements.** Each Residence shall have at least a two (2) car attached or detached garage constructed as a part thereof, in compliance with the minimum applicable requirements established by the City. Each garage must match or complement the materials and color of the Residence on the Lot and must be kept in good repair at all times. Damaged and / or unsightly garage doors must be repaired. Garage doors shall not be left open for long periods of time. Each single-family Residence erected on any Lot shall provide off-street parking space (inclusive of garage space) for a minimum of two (2) automobiles. No garage shall be modified or converted for use as living space or any use other than as a garage, except with regard to model homes or sales offices operated by Builders in the Subdivision for which the garage may be modified or converted to living space or for other uses during periods in which such Residence(s) are being operated as a model home or sales office of a Builder.

(d) **Drive/Walkway Requirements.** All driveways and sidewalks shall conform to applicable City and other governmental specifications and regulations. Each Lot must be accessible to an adjoining Street by a concrete driveway unless other materials are approved in writing by the ACC. If required by the City, concrete sidewalks shall be installed on each Lot by the Builder constructing the initial Residence on any Lot and in conformance with the requirements of the City. Owners shall maintain their driveways. Storage of items on driveway are prohibited.

(e) **Ancillary Structure Provisions.** All ancillary Structures (as described below) shall conform to the requirements of this Section:

(1) **Antennas, Aerials and Satellite Dishes.**

(A) Any antenna or satellite dish less than one meter in diameter shall be installed so as to not be visible from any street or the ground level of any adjacent Lot or Common Area, and shall be integrated with the Residence and surrounding landscape.

(B) Any broadcast television antennas and any other antennas and aerials shall be located inside the attic of the Residence constructed on the Lot.

(C) One (1) satellite dish over one meter in diameter shall be permitted per Residence only if it is not visible from any street or the ground level of an

adjoining Lot or Common Area, and does not extend above the height of the fence surrounding the Lot on which such satellite dish is located.

(D) With respect to any antenna or satellite dish covered by Section 47 C.F.R. Part I, Subpart S, Section 1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time, the provisions of Section 3.4(e)(1)(A) and 3.4(e)(1)(B) shall be applicable only to the extent that the requirements hereof do not (A) preclude reception of an acceptable quality signal, (B) unreasonably delay or prevent installation, maintenance and use of the antenna or satellite dish, or (C) unreasonably increase the cost of installation, maintenance and use of the antenna or satellite dish.

(2) **Fences and Walls.** All fences constructed within the Subdivision shall comply with the Design Guidelines attached hereto as **Exhibit B** and shall in any event be of a design approved by the ACC. Any transition between intersecting fences of differing heights shall occur over a slope a distance of two feet (2') from the point of intersection. No fence shall be constructed on a Lot nearer than five feet (5') from the front corner of the Residence on such Lot. No fences or walls shall be constructed on any lot, other than by the Builder or Declarant, unless approved in writing by the ACC or the Board in the absence of the ACC. Fencing on all perimeters of a Lot may not be mandatory however, Owners desiring to fence only a portion of their Lot must submit an application to the ACC or the Board in their absence and obtain written approval before removing or installing new fencing. Fencing must be kept in good repair at all times. Peeling or chipping paint, faded areas or fences with broken or popped pickets, fallen panels, inward or outward leans or other disrepair is prohibited. The Association reserves the right to require replacement of all or portions of fences where repair alone cannot restore fence to its original quality or form.

(3) **Outbuildings.** Outbuildings must be approved by the ACC consistent with Section 2.2(l) herein.

(4) **Trash Containers.** All trash containers belonging to a specific residence shall be screened from view from Streets, except during the period commencing 24 hours prior to scheduled pick-up and ending 24 hours after scheduled pick-up as permitted under Section 2.2(f) hereof.

(5) **Hedges.** Hedges shall be maintained at a height that is no higher than twenty-four inches (24") above the height of fences and walls on a Lot. Each owner shall keep and maintain hedges on its Lots in a manner that preserves the structural integrity of the fence and/or wall, and ensures same is not compromised, and in a manner to prevent encroachment of such hedge onto any adjacent Lot. No hedge shall be maintained in a manner that obstructs any sidewalk or the visibility of intersections of Streets. Dead or dying hedges must be removed and replaced.

(6) **Retaining Walls.** No retaining walls shall be constructed on any lot, other than by the Builder or Declarant, unless approved in writing by the ACC or the Board in the absence of the ACC. Owner is responsible for the maintenance of retaining walls and shall keep them in good condition or make the necessary repairs.

(7) **Mailboxes.** Mailboxes shall be of a design as set forth on **Exhibit C** attached hereto and incorporated herein by reference, or other design approved in writing by the ACC or Declarant, and be designed and constructed in accordance with any applicable guidelines and/or requirements of the City and/or United States Postal Service. Mailboxes must be kept in good repair at all times.

(8) **Recreational Facilities.** A swimming pool and/or other recreational facilities may be constructed within any Lot provided the plans are approved by the ACC prior to commencement of construction to ensure compliance with the requirements contained in the Design Guidelines with respect to location and screening. Above ground pools are prohibited. All pool service equipment shall be either screened with shrubbery or fenced and located in (A) a side yard between the front and rear boundaries of the Residence, or (B) in the rear yard, or (C) otherwise concealed in a location not visible from any Street, Common Area or adjacent Lot.

(9) **Signage.** No sign or signs of any kind or character shall be displayed to the Streets or otherwise to the public view on any Lot or Common Area, except for the Declarant's signs or Builders' signs approved by the Declarant for such Declarant's Property, and except that:

(A) Any Builder, during the applicable initial construction and sales period, may utilize two (2) professionally fabricated signs (of not more than six [6] square feet in size) per Lot for advertising and sales purposes, and two (2) professionally fabricated signs (of not more than thirty-two [32] square feet in size) in the Property advertising a model home or advertising the Subdivision, provided that such signs shall first have been approved in writing by the ACC;

(B) A professionally fabricated "for sale" or "for rent" or "for lease" sign (of not more than six [6] square feet in size) may be utilized by the Owner of a Lot for the applicable sale or rent situation, **provided that such sign first shall have been approved in writing by the ACC;**

(C) Development related signs owned or erected by Declarant (or any builder with Declarant's prior written consent) shall be permitted;

(D) Signs displaying the name of a security company shall be permitted, provided that such signs are (i) ground mounted, (ii) limited to two (2) in number per Lot (one [1] in the front yard and one [1] in the back yard), and (iii) of a size not in excess of two (2) square feet in size;

(E) Each Owner may display flags on or at a Residence in conformity with the Design Guidelines attached hereto as **Exhibit B**, and in a manner otherwise consistent with the covenants, conditions and restrictions contained in this Declaration;

(F) Each Residence may display up to two (2) spirit signs or other signs in support of athletic events and/or teams during the applicable sport season

which are not otherwise consistent with the covenants, conditions and restrictions contained in this Declaration; and

(G) Each Residence may display seasonal decorations (including lights, lawn ornamentation, flags and banners) for a duration of no longer than six (6) weeks during the applicable season and provided that such decoration is in any event consistent with the covenants, conditions and restrictions contained in this Declaration; and

(H) One (1) sign for each candidate and/or ballot item on advertising such political candidate(s) or ballot item(s) for an election shall be permitted in accordance with Section 202.009 of the Texas Property Code, provided that:

(i) such signs may not be displayed (A) prior to the date which is ninety (90) days before the date of the election to which the sign relates, and (B) after the date which is ten (10) days after that election date;

(ii) such signs must be ground-mounted; and

(iii) such signs shall in no event (A) contain roofing material, siding, paving materials, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative component, (B) be attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing Structure or object, (C) include the painting of architectural surfaces, (D) threaten the public health or safety, (E) be larger than four feet (4') by six feet (6'), (F) violate a law, (G) contain language, graphics, or any display that would be offensive to the ordinary person, or (H) be accompanied by music or other sounds or by streamers or is otherwise distracting to motorists.

**All signs must be professionally produced and manufactured. Each Owner hereby grants permission to the ACC (or its duly authorized agents) to enter upon a Lot or any part of the Property and remove any sign, billboard or advertising structure that does not comply with the above requirements and, in doing so, the ACC (or its duly authorized agents) shall not be subject to any liability to any Person whatsoever for trespass, conversion, or any claim for damages in connection with such removal. The ACC's cost to remove any sign shall be added to the Owner's assessment account, be payable upon demand and secured by the Assessment Lien created in Article 6.**

(f) **Construction Materials.** All construction materials shall conform to the following provisions:

(1) **Exterior Materials.** The exterior walls (excluding doors and windows), of each Residence constructed or placed on a Lot shall have the minimum City required coverage but not less than the required minimum coverage as set forth in the Design Guidelines attached hereto as **Exhibit B.** All chimney and fireplace flues shall be enclosed and finished and portions located above the roof structure and roofing materials

shall be finished as required by the Design Guidelines or applicable ordinances of the City, provided that in any event such exterior portions of the chimney shall be finished with an approved exterior grade siding material; exposed pre-fabricated metal flue piping is prohibited. No material on the exterior of any building or other improvement except wood, hardboard or stucco, shall be stained or painted without the prior written approval of the ACC. No materials other than the following may be used in the exterior construction of a Residence and/or other Structures constructed on a Lot (excluding roofing materials, window frames and exterior fixtures): brick, brick veneer, stone, stone veneer, wood, hardboard, stucco and/or masonry siding. All wood, hardboard or stucco used on the exterior of a Residence must be painted or stained in a color compatible with the exterior design and materials used in the exterior construction of such Residence, and as approved by the ACC. All exterior portions of a home must be kept in good repair at all times.

(2) **Roof Materials.** Minimum twenty (20) year warranty shingle or equivalent is required, with a minimum weight of 220 pounds per square foot (100 square feet). The color of shingles shall be weathered brown or gray in color. Other roofing material shall not be used without the express written approval of the ACC. All roofing materials must be fireproof and conform to City requirements, and are subject to approval of the ACC. Roof materials shall in any event be in compliance with the Design Guidelines attached hereto as **Exhibit B.** Dormers above roof structure and roofing materials may be finished with an approved exterior grade siding material. Owners must promptly repair damaged roofs. Roof replacements require the prior written approval of the ACC.

(3) **Garage Doors.** Each residence shall have an enclosed garage and shall conform to the requirements as set forth in Section 3.4(c). The garage shall conform in design and materials with the main structure.

**Section 3.5 Height Restrictions.** All Residences and other Structures shall conform to the height restrictions of the City.

**Section 3.6 Roof Restrictions.** All Residences shall have a minimum roof pitch of 8:12 slope, unless otherwise approved in writing by the Architectural Control Committee. The roof pitches of any permanent Structure(s) to be constructed and/or installed on any Lots shall be subject to the Architectural Control Committee's prior written approval.

**Section 3.7 Construction Period and Process.** All construction activities, temporary Structures, storage of materials and equipment, construction-related parking and temporary security fences shall be confined entirely on such Lot or, if applicable, (a) such other portion of the Property designated by Declarant for such use or (b) such other Lots owned by a Builder which may be used as staging, parking or storage areas with related temporary Structures and fencing thereon for purposes of such Builder's initial construction of homes on Lots owned by it. Each Owner is responsible for, and shall cause, through appropriate contractual provisions, all costs of cleaning up any debris or waste improperly disposed of anywhere on the Property. Each Owner and such Owner's contractors shall use reasonable diligence to maintain an attractive, clean, nuisance-free environment during the period of construction. Each Owner of a Lot on which improvements are being constructed shall keep all Streets reasonably cleared of mud and dirt left by construction

vehicles for each Lot. Once commenced, all construction on a Lot of any Residence (including the initial Residence thereon) (a) shall be continued with due diligence and good faith until completion, and (b) shall be completed within three (3) months after commencement thereof. Construction of any other Structure shall be completed within the time periods specified in the plan approval process. All areas under construction shall be maintained in a clean, safe condition, and debris, trash, and rubble shall be stored in appropriate containers and promptly removed from the Property.

**Section 3.8 Landscaping.** Weather permitting, landscaping of a Lot must be completed (a) by the date on which any Residence on a Lot is ninety-five percent (95%) complete, with respect to the initial construction of a Residence on a Lot, or (b) the date on which an Owner commenced installation and/or construction of such landscaping improvements with respect to landscaping improvements and work on Lots with existing Residences. In any event, all landscaping requirements for Residences as set forth in the Design Guidelines attached as **Exhibit B** to this Declaration, and as such Design Guidelines may be amended from time to time by the Declarant, the Board, the ACC or the Association pursuant to the terms hereunder, shall be satisfied prior to occupancy of a Residence on a Lot, provided that in any event (i) all front and side yards of a Lot shall be fully sodded, (ii) all yard areas and required landscape shall be irrigated by a fully automated irrigation system with drip irrigation installed in the front yard planter beds and front yard trees, (iii) each Lot shall include at least three (3) canopy trees with a caliper of three inches (3") or greater (measured at breast height) within the front yard of each of the Lots and landscaping that otherwise complies with any requirements of the City or other applicable governmental authorities and the Design Guidelines promulgated by the Board, the ACC or the Association hereunder (collectively, the "**Minimum Landscaping Requirements**"). All landscaping must be kept in good condition. Dead or dying plants or trees must be promptly removed and replaced. Grass may not exceed two (2) inches in height and weeds must be promptly dealt with. Owner shall use a weed treatment program when necessary. Trees must be kept trimmed and free of disease. With respect to each and every fence installed at or near the side Lot line of any corner Lot running parallel to a Street, the Lot Owner shall be obligated to maintain all grass areas between the fence and the Street, as applicable (and if any Owner fails to do so, the Association shall have the right, but not the obligation to maintain same at the Owner's cost, and shall have all other rights and remedies as are provided for in this Declaration).

**Section 3.9 Retaining Walls.** Retaining walls may be installed to achieve even grades for pools, driveways or Residence foundations or to prevent storm water drainage to flow onto other Lots as required by Section 2.2(j) hereof. Such retaining walls must be constructed of such materials and height, and in a manner and location, approved in writing by the ACC and the City, if applicable and must be well maintained at all times. All retaining walls visible from any Street in front of a Lot, and, for corner Lots, from the adjacent side Street, shall be finished with landscape quality rock or stone. Any retaining walls built by Declarant or its affiliates on Common Area to be maintained by the Association shall be conveyed to and maintained by the Association as Common Areas and/or Common Amenities. Any retaining walls located within a Lot shall be maintained and repaired by the Owner of the Lot on which such retaining wall is located. In the event that a retaining wall is located on a shared property line between two Lots, the Owner of the high-side Lot shall be responsible for the maintenance and repair of such retaining wall.

**Section 3.10 Right to Waive or Modify Specific Instruction Provisions.** The ACC shall have the right, in its discretion, to grant reasonable waivers of the construction provisions set forth in this Declaration, and any such waiver shall not entitle any other Person to a similar waiver and shall only be granted with respect to portions of the Property for which such ACC is responsible in accordance with the terms of this Declaration.

**Section 3.11 Declarant Rights.** So long as the Declarant owns any Lot, such Declarant may exercise any of the rights of the ACC appointed by such Declarant under this Article 3 and supersede any decision or action of such ACC.

**Section 3.12 Repairs, Replacements and Modifications.** The provisions of this Article 3 shall apply to any and all repairs, replacements or modifications of any improvements placed upon any Lot and shall not be deemed or construed as being limited to initial or new construction.

#### **ARTICLE 4 MAINTENANCE PROVISIONS**

**Section 4.1 Owner's Obligation to Maintain.** Each Owner shall maintain its Lot and the Residence and other Structures thereon in a clean, first class condition. Each Owner shall keep all landscaping and sprinkler system on such Owner's Lot in a neat, orderly and well-maintained condition and shall keep the sidewalk on or in front of such Owner's Lot in good condition and repair. Each Owner shall regularly mow grass on its Lot so that at all times such Owner's Lot contains no weeds, grass or unsightly growth exceeding two inches (2") in height. Each Owner shall maintain the exterior of its Residences and Structures in good condition and shall make such repairs and replacements as necessary to maintain good order and the aesthetic harmony of the Property.

**Section 4.2 Damaged Improvements.** If any Residence or Structure is damaged in any way, the Owner shall immediately repair such damage.

**Section 4.3 Declarant/Association Right to Perform.** If any Owner fails to maintain the condition of its Lot, the landscaping thereon, including the prompt removal of rotting or deceased trees and shrubs, or the Residence or other Structures thereon as contemplated by this Article 4 and fails to take action to correct such defect within ten (10) days after the Declarant or the Association has furnished written notice thereof to such Owner, then the Owner of such Lot hereby grants permission to such Declarant or Association (or its duly authorized agents) to enter upon such Lot and perform those duties which the Owner failed to perform without liability whatsoever to such Owner or any Person for trespass, conversion, or any claim for damages. The cost of performing such duties shall be added to the Owner's assessment account and shall bear interest or applicable late and collection fees as permitted to be charged under applicable law, and as set forth in this Declaration and shall be payable upon demand and secured by the Assessment Lien provided for in Article 6.

#### **Section 4.4 Easement Maintenance.**

(a) **Generally.** Each Owner grants to the Association, the Board, and the Declarant the right to access, repair, and maintain all facilities and improvements within any wall, entry, fence, landscape, or other similar easement as recorded on any Plat.

(b) **Drainage Easement.** By acquisition of a Lot, each Owner hereby grants, creates and conveys unto the Association, the other adjacent Owners and the Declarant (prior to the establishment of the Association, and thereafter, the Association) a perpetual non-exclusive easement (the "**Drainage Easement**") over (i) all drainage easements within such Owner's lot and shown on the Plat and (ii) an area five feet (5') on both sides of the shared property line of each Lot within the Property for the purpose of (a) access, ingress, egress, as is reasonably necessary to maintain, repair and/or restore the grading and/or drainage improvements serving the Lots and/or the Property, and (b) permitting runoff and/or storm water to drain from other adjacent Lots over, through, under and across the Owner's Lot(s) to the extent such drainage does not adversely affect any Residence; provided, however, in no event shall Declarant and/or the Association be liable to maintain, repair or restore any grading or drainage on or serving any Lot. Neither the Declarant nor Declarant's successors or assigns shall be liable for any loss of, or damage done to, any shrubbery, grass, flowers, improvements, fences, sidewalks, driveways or buildings of any type or the contents thereof on any Lot caused by any water levels, rising waters or drainage waters. Notwithstanding any of the foregoing rights of the Association or the Declarant, each Owner hereby agrees to maintain the Drainage Easement area at such Owner's sole cost and expense. If any structures or other obstructions are constructed, created or placed by any Owner within the Drainage Easement area without the prior written consent of the Association and/or the Declarant, the Declarant or the Association shall have the right to remove such structure or obstruction at the sole cost of such Owner.

### **ARTICLE 5 OWNERS' ASSOCIATION**

**Section 5.1 Establishment.** The Association has heretofore been or will hereafter be created as a Texas non-profit corporation. Each Owner of a Lot shall be a member of the Association and such membership is appurtenant to and shall not be separated from ownership of a Lot. Upon the transfer of a Lot, the new Owner shall automatically become a member of the Association. The term of existence of the Association and other matters pertaining to its operation are set forth in its Certificate of Formation and the By-Laws. The Association is established to enforce this Declaration and the Covenants, to promote the interests of the Owners as residents of the Property, and to enhance the value of the Lots as part of a harmonious, high quality, residential subdivision.

#### **Section 5.2 Membership; Voting Power.**

(a) **Generally; Classes of Members.** Every Owner (including Declarant) shall automatically be and must remain a Member of the Association so long as such Person is an Owner. The membership of a Person in the Association shall terminate automatically whenever such Person ceases to be an Owner, except that such termination shall not release or relieve such Person from any liability or obligation arising under this Declaration during such Person's period

of ownership. Any transfer of title to a Lot shall operate automatically to transfer membership in the Association appurtenant to such Lot to the new Owner of such Lot. The Association shall have two classes of voting membership as follows:

(i) **Class A.** The Class A Member shall be all Owners other than the Declarant and shall be entitled to one vote for each Lot owned. If more than one person owns an interest in a Lot, they shall combine their vote in such a way as they see fit, but there shall be no fractional votes, and no more than one vote with respect to any Lot.

(ii) **Class B.** The Class B Member shall be the Declarant, who shall be entitled to ten (10) votes for each Lot owned by such Declarant. Subject to the conditions set forth in the remainder of this paragraph, the Class B membership applicable to the Declarant's Property shall be converted to Class A membership upon the earlier of (i) the total votes outstanding in the Class A membership applicable to the Declarant's portion of the Property equaling the total votes outstanding in the Class B membership applicable to such Declarant's portion of the Property, (ii) ten (10) years from this filing, or (iii) the recording in the Records of Denton County, Texas, of a notice signed by the Declarant terminating its Class B membership. In determining the number of Lots owned by the Declarant for the purpose of Class B membership status hereunder, the total number of Lots covered by this Declaration, including all Lots annexed thereto in accordance with Sections 8.1 and/or 8.2 herein shall be considered. In the event the Class B membership has previously lapsed as provided in (i) above, but annexation of additional property restores the ratio of Lots owned by the Declarant to the number required for Class B membership status, such Class B membership shall be reinstated until it expires pursuant to the terms hereof.

(b) **Members in Good Standing.** A Member shall be considered to be a "**Member in Good Standing**" (herein so called) and eligible to vote on Association related matters if such Member:

(i) Has, at least ten (10) days prior to the taking of any vote by the Association, fully paid all Assessments or other charges levied by the Association, as such Assessments or charges are provided for hereunder;

(ii) Does not have a Notice of Unpaid Assessments filed by the Association against the Lot owned by such Owner;

(iii) Has not received any notice of a violation of this Declaration or any notice of violation of any design guidelines promulgated by the ACC, which violation is continuing and has not been cured by such Member in violation; and

(iv) Has discharged all other obligations to the Association as may be required of Members hereunder or under the Association Documents.

The Board shall have the right and authority, in the Board's sole and absolute discretion, to waive the ten (10) day prior payment requirement in Section 5.2(b)(i) hereof and require only that such payment be made at any time before such vote is taken if the Board shall determine, in the Board's sole and exclusive judgment, that extenuating circumstances exist which have

prevented prior payment. Any Member not conforming to the provisions of this Section shall be declared by the Board not to be a Member in Good Standing and any such Member shall not be entitled to vote on matters before the Association until such time as Member in Good Standing status is attained and so declared by the Board. Notwithstanding the foregoing or anything to the contrary contained herein, for as long as required under the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 *et seq.*), nothing contained in this Section 5.2(b) shall prohibit a Member (whether or not such Member is a Member in Good Standing) from voting at any meeting of the Members to elect directors of the Board or on matters that affect such Member's rights or responsibilities with respect to the Lot owned by it.

(c) **Board of Directors Election.** The Board shall be elected as provided in the Association Documents. The Board shall act by majority vote as provided in the Association Documents.

(d) **Specific Powers of Board.** Without limiting the authority granted to a board of directors under the Texas Business Organizations Code, the Board shall have the following specific powers on behalf of the Association:

- (1) to enforce the provisions of this Declaration;
- (2) to enter into contracts;
- (3) to retain third parties, as necessary, to assist the Board in carrying on the Association's activities, including engineers, accountants, lawyers, architects, land planners, professional management, and other consultants;
- (4) to take such action as necessary to maintain the Common Area and Common Amenities in good order and condition;
- (5) to acquire property, services and materials to carry out its duties;
- (6) to purchase insurance covering potential liability for use of the Common Area and/or Common Amenities and for other risks;
- (7) to borrow money for Association purposes;
- (8) to initiate and defend litigation, arbitration and other similar proceedings;
- (9) to promulgate reasonable rules and regulations for access to and use of Common Area and/or Common Amenities as well as a policy establishing a schedule and procedures by which the Board may assess fines against Owners for violations of the Covenants or the Design Guidelines;
- (10) to establish and collect reasonable fees for the use of any Common Amenities within or on the Common Area; and

(11) to establish and collect a reasonable fee for copying and furnishing copies of the Association's governing documents and furnishing a Resale Certificate (as hereinafter defined) as and to the extent required by law. This function and the authority to collect and receive such fees may be delegated or assigned by the Board to the Association's Managing Agent.

**Section 5.3 Officers.** The Association will have such officers as are set forth in the Association Documents.

**Section 5.4 Quorum, Notice and Voting Requirements.**

(a) **Generally.** Except as otherwise specifically provided in this Declaration, any action requiring the vote or approval of the Members or the Owners shall require the majority vote of the Members in Good Standing (both classes voting together), represented at a duly called meeting of the Members in person or by a legitimate proxy in form provided in the Association Documents or otherwise approved by the Board, at which a "Regular Quorum" or a "Special Quorum" is present. Written notice of a meeting must be given to all Members not less than ten (10) days nor more than sixty (60) days in advance of any such meeting and shall set forth the purpose(s) of such meeting. No action may be taken at a meeting on any matter that is not described in the applicable meeting notice as being on the agenda for such meeting. Notwithstanding anything herein to the contrary, to the extent permitted by applicable law and in the Association Documents from time to time, any action may be taken by written consent of the Members in lieu of formal meetings.

(b) **Special Quorum.** The quorum (a "**Special Quorum**") required for any action referred to in Section 6.3(b) (maximum increase in Maintenance Assessments) hereof or Section 6.4(a) (Special Purpose Assessments) hereof:

Members in Good Standing, represented at a duly called meeting of the Members in person or by a legitimate proxy in form provided in the Association Documents or otherwise approved by the Board, entitled to cast thirty percent (30%) of all of the votes of Members in Good Standing (both classes of Members taken together) shall constitute a Special Quorum. If the required Special Quorum is not present at such meeting, that meeting may be adjourned, and an additional meeting may be called, subject to the notice requirement set forth herein, with the required Special Quorum at such second (2nd) meeting being reduced to one-half (1/2) of the required Special Quorum at the preceding meeting; provided, however, that such second (2nd) meeting must be held not later than thirty (30) days after the first (1st) meeting. Further, if the reduced required Special Quorum is not present at such second (2nd) called meeting, the adjournment of the meeting shall be continued, and one (1) additional meeting may be called, subject to the notice requirement set forth herein, with Declarant alone constituting the required Special Quorum at such third (3rd) meeting; provided that such third (3rd) meeting must be held not later than forty-five (45) days after the first (1st) meeting.

(c) **Regular Quorum.** The quorum (a "**Regular Quorum**") required for any action other than the action referred to in Section 5.4(b) hereof shall be as follows:

Members in Good Standing, represented at a duly called meeting of the Members in person or by a legitimate proxy in form provided in the Association Documents or otherwise

approved by the Board, entitled to cast ten percent (10%) of all of the votes of Members in Good Standing (both classes of Members taken together) shall constitute a Regular Quorum. If the required Regular Quorum is not present at such meeting, that meeting may be adjourned, and an additional meeting may be called, subject to the notice requirement set forth herein, with the required Regular Quorum at such second (2nd) meeting being reduced to one-half (1/2) of the required Regular Quorum at the preceding meeting; provided, however, that such second (2nd) meeting must be held not later than thirty (30) days after the first (1st) meeting. Further, if the reduced required Regular Quorum is not present at such second (2nd) called meeting, the adjournment of the meeting shall be continued, and one (1) additional meeting may be called, subject to the notice requirement set forth herein, with Declarant alone constituting the required Regular Quorum at such third (3rd) meeting; provided that such third (3rd) meeting must be held not later than forty-five (45) days after the first (1<sup>st</sup>) meeting.

(d) **Consent without a Meeting.** As an alternative to the procedure set forth in this Section, any action may be taken without a meeting upon obtaining the assent given in writing and signed by Members in Good Standing who hold more than (i) thirty percent (30%) of the outstanding votes eligible to be cast by Members in Good Standing (both classes of Members taken together) for actions referred to and requiring a Special Quorum as provided in Section 5.4(b) hereof, or (ii) ten percent (10%) of the outstanding votes eligible to be cast by Members in Good Standing (both classes of Members taken together) for actions referred to and requiring a Regular Quorum as provided in Section 5.4(c) hereof.

(e) **Controlling Provisions.** Except as set forth in this Section, the notice, voting and quorum requirements for all action to be taken by the Association shall be as set forth in the Association Documents. In the event a conflict exists between any requirement in and of this Section 5.4 and the requirements of any Association Documents, the terms of this Section 5.4 shall prevail.

**Section 5.5 Dissolution.** So long as the Declarant owns record title to any portion of the Property, the Association shall not be dissolved. Once the Declarant is divested of all ownership interest in the Property, the Association may be dissolved upon the written consent of Owners owning at least sixty-seven percent (67%) of the Lots, provided that (a) the assets of the Association shall be donated to a nonprofit organization selected by a majority of the Board and with purposes similar to the Association, and (b) such nonprofit organization must assume in writing the obligation to maintain the donated assets in accordance with the terms of this Declaration.

## **ARTICLE 6**

### **ASSESSMENTS**

**Section 6.1 Power to Establish Assessments.** The Association is empowered to establish and collect Assessments as provided in this Article 6 for the purpose of obtaining funds to maintain the Common Area and/or Common Amenities, perform its other duties, and otherwise preserve and further the operation of the Property as a first-class, quality residential subdivision. The purposes for which Assessments may be used include, without limitation, maintaining, operating, managing, repairing, replacing or improving the Common Area, Common Amenities or any improvements thereon; mowing grass and maintaining grades and signs; paying legal fees and expenses incurred in enforcing this Declaration; paying expenses incurred in collecting and

administering assessments; paying insurance premiums for liability and fidelity coverage for the ACC, the Board and the Association; and satisfying any indemnity obligation under the Association Documents. The Board may reject partial payments and demand payment in full of all amounts due and owing the Association. The Board is specifically authorized to establish a policy governing how payments are to be applied.

### **Section 6.2 Commencement of Assessments.**

(a) **Owner other than the Declarant.** Unless otherwise provided by separate agreement by and between the Declarant and any Person, the Assessments shall commence, as to each Lot located in the Declarant's Property, upon conveyance of the Lot by the Declarant to any Person that is not an affiliate of the Declarant.

(b) **Declarant.** The Declarant shall not be liable for Assessments for any Lots that it owns. The Declarant may, but shall have no obligation to, subsidize the Association from time to time. In the event the Declarant decides to subsidize the Association and any shortfall in the operating budget of the Association is due in part to the failure of the Association to collect delinquent Assessments, then the Association shall immediately and vigorously pursue collection of such delinquent Assessments through foreclosure, if necessary, and shall reimburse the Declarant the amounts, if any, so collected.

### **Section 6.3 Regular Annual Maintenance Assessments.**

(a) **Annual Budget.** For each calendar year or a part thereof during the term of this Declaration, the Board shall establish an estimated budget of the expenses to be incurred by the Association for the forthcoming year in performing its duties (collectively, the "**Common Expenses**"). Based upon such budget, the Association shall then assess each Lot an annual fee (the "**Maintenance Assessment**") which shall be paid by each Owner in advance as follows: annually on the first day of January, unless the Board determines a different schedule. The Association shall notify each Owner of the Maintenance Assessment for the ensuing year by December 31 of the preceding year, but failure to give such notice shall not relieve any Owner from its obligation to pay Maintenance Assessments. Any Maintenance Assessment not paid within thirty (30) days of the date due shall be delinquent and shall thereafter bear interest at the Default Interest Rate (as defined below) as provided in Section 6.5(f). As to any partial year, Maintenance Assessments on any Lot shall be appropriately prorated. Until and unless otherwise determined by the Board, the annual Maintenance Assessment shall be **Four Hundred and NO/Dollars (\$400.00)** per Lot, per year.

(b) **Limits on Maintenance Assessments.** In addition to the right to increase Maintenance Assessments as set forth in Section 6.3(a) above, the Board may increase the Maintenance Assessment annually to meet the anticipated needs of the appropriate budget, but the Maintenance Assessment may not be increased in any year by an amount in excess of twenty-five percent (25%) above the previous year's Maintenance Assessment, unless such increase is approved by a majority vote of those members of the Association present at a meeting, in person or by proxy, where a Special Quorum exists. Notwithstanding the foregoing, in the event that the Board determines that due to unusual circumstances the maximum annual Maintenance Assessment even as increased by twenty-five percent (25.0%) will be insufficient to enable the Association to pay the Common Expenses, then in such event, the Board shall have the right to

increase the maximum annual Maintenance Assessment by the amount necessary to provide sufficient funds to cover the Common Expenses without the approval of the Members as provided herein; provided, however, the Board shall only be allowed to make one (1) such increase per calendar year without obtaining approval of a Special Quorum of the Members as provided in this Section 6.3(b).

- (c) **Uniform Assessments.** Maintenance Assessments for all Lots shall be uniform.

#### **Section 6.4 Special Assessments.**

(a) **Special Purpose Assessments.** The Association may impose special assessments ("**Special Purpose Assessments**") to make capital improvements to the Common Area and/or Common Amenities, to satisfy its indemnity obligations under the Association Documents, or for other similar purposes. Any Special Purpose Assessment proposed by the Association must be approved by a majority vote of those members of the Association present at a meeting, in person or by proxy, at which a Special Quorum exists. At least fifteen (15) days prior to any meeting of the Association called to consider any Special Assessment, the Board shall notify each Owner thereof by written notice specifying the total amount of the Special Purpose Assessment required, the amount thereof imposed on each Lot (which shall be uniform), the purpose for such Special Purpose Assessment, and the time and method of payment thereof. The time for paying any Special Purpose Assessment (which may be in installments) shall be as specified in the approved proposal.

(b) **Special Member Assessments.** The Board may levy a "**Special Member Assessment**" (herein so called) on any Member, to the extent any directly related insurance proceeds (if any) paid to the Association are not sufficient to pay all such costs, for the purpose of:

(i) Paying the cost of any damage or loss requiring maintenance, repairs or replacement of Common Amenities, which damage or loss has been determined by the Board to have been caused, either directly or indirectly, by the act(s) of such Member, or such Member's agent, employee, occupant or visitor;

(ii) Paying the maintenance costs, construction delay damages and fines imposed for violations of this Declaration, the Design Guidelines or any other rules and/or regulations promulgated thereby or other amounts chargeable to any Owner as otherwise set forth herein; and/or

(iii) Paying costs and expenses incurred by the ACC in connection with its review of a Member's plans and related inspections permitted pursuant to Section 3.2(c) hereof.

#### **Section 6.5 Liability for and Enforcement of Assessments.**

(a) **Personal Liability.** Each Owner shall be personally liable for all Assessments imposed against the Owner's Lot during the time it owns a Lot.

(b) **Reservation, Subordination, and Enforcement of Assessment Lien.** Declarant hereby reserves for the benefit of itself and the Association, a continuing contractual lien (the "**Assessment Lien**") against each Lot located on such Declarant's portion of the Property to secure payment of (1) the Assessments imposed hereunder and (2) payment of any amounts expended by such Declarant or the Association in performing a defaulting Owner's obligations as provided for in Section 4.3. THE OBLIGATION TO PAY ASSESSMENTS IN THE MANNER PROVIDED FOR IN THIS ARTICLE, TOGETHER WITH INTEREST FROM SUCH DUE DATE AT THE DEFAULT INTEREST RATE SET FORTH IN SECTION 6.5(f) HEREOF, THE CHARGES MADE AS AUTHORIZED IN SECTION 6.5(e) HEREOF, ALL VIOLATION FINES AND THE COSTS OF COLLECTION, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES, IS SECURED BY A CONTINUING CONTRACTUAL ASSESSMENT LIEN AND CHARGE ON THE LOT COVERED BY SUCH ASSESSMENT, WHICH SHALL BIND SUCH LOT AND THE OWNERS THEREOF AND THEIR HEIRS, SUCCESSORS, DEVISEES, PERSONAL REPRESENTATIVES AND ASSIGNEES. The continuing contractual Assessment Lien shall attach to the Lots as of the date of the recording of this Declaration in the Official Public Records of Denton County, Texas, and such Assessment Lien shall be superior to all other liens except as otherwise provided in this **Section 6.5(b)**. Each Owner, by accepting conveyance of a Lot, shall be deemed to have agreed to pay the Assessments herein provided for and to the reservation of the Assessment Lien. The Assessment Lien shall be subordinate only to the liens of any valid first lien mortgage or deed of trust encumbering a particular Lot. Sale or transfer of any Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to a first mortgage or deed of trust foreclosure (whether by exercise of power of sale or otherwise) or any proceeding in lieu thereof, shall only extinguish the Assessment Lien as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability and the Assessment Lien for any Assessments thereafter becoming due. The Assessment Lien may be non-judicially foreclosed by power of sale in accordance with the provisions of Section 51.002 of the Texas Property Code (or any successor provision) or may be enforced judicially. Each Owner, by accepting conveyance of a Lot, expressly grants the Association a power of sale in connection with the foreclosure of the Assessment Lien. The Board is empowered to appoint a trustee, who may be a member of the Board, to exercise the powers of the Association to non-judicially foreclose the Assessments Lien in the manner provided for in Section 51.002 of the Texas Property Code (or any successor statute). The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. The rights and remedies set forth in this Section 6.5(b) are subject to the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 *et seq.*).

(c) **Notices of Delinquency or Payment.** The Association, the Association's attorney or the Declarant may file notice (a "**Notice of Unpaid Assessments**") of any delinquency in payment of any Assessment in the Records of Denton County, Texas. THE ASSESSMENT LIEN MAY BE ENFORCED BY FORECLOSURE OF THE ASSESSMENT LIEN UPON THE DEFAULTING OWNER'S LOT BY THE ASSOCIATION SUBSEQUENT TO THE RECORDING OF THE NOTICE OF UNPAID ASSESSMENTS EITHER BY JUDICIAL FORECLOSURE OR BY NONJUDICIAL FORECLOSURE THROUGH A PUBLIC SALE IN LIKE MANNER AS A MORTGAGE ON REAL PROPERTY IN ACCORDANCE WITH THE TEXAS PROPERTY CODE, AS SUCH MAY BE REVISED, AMENDED, SUPPLEMENTED OR REPLACED FROM TIME TO TIME. Upon the timely curing of any default for which a

notice was recorded by the Association, the Association, through its attorney, is hereby authorized to file of record a release of such notice upon payment by the defaulting Owner of a fee, to be determined by the Association but not to exceed the actual cost of preparing and filing a release. Upon request of any Owner, any title company on behalf of such Owner or any Owner's mortgagee, the Board, through its agents, may also issue certificates evidencing the status of payments of Assessments as to any particular Lot (i.e., whether they are current or delinquent and if delinquent, the amount thereof). The Association or its Managing Agent may impose a reasonable fee for furnishing such certificates or statements.

(d) **Suit to Recover.** The Association may file suit to recover any unpaid Assessment and, in addition to collecting such Assessment and interest thereon, may also recover all expenses reasonably expended in enforcing such obligation, including reasonable attorneys' fees and court costs.

(e) **Late Charges and Collection Fees.** If any Assessment or any part thereof remains unpaid after thirty (30) calendar days from and after the due date established by the Board, a late charge shall be assessed against the non-paying Owner for each month or any part thereof, that any portion of any Assessment remains unpaid. Should any Assessment be payable in installments, the Association is authorized to accelerate the entire Assessment and demand immediate payment thereof. The late charge shall be in the amount of Twenty-five and No/100 Dollars (\$25.00) per month and is payable to the Association. The Association's Managing Agent shall be entitled to charge an Owner a monthly collection fee of Fifteen and No/100 Dollars (\$15.00) to compensate Managing Agent for its administrative costs and efforts to collect and process the late payment of Assessments. Additional reasonable fees and charges for Demand Letters sent Certified and / or Certified and Return Receipt Requested may be charged by the Managing Agent but, in no event may exceed Twenty and No/100 Dollars (\$20.00) per Demand Letter Sent. A service charge in the amount of Twenty-five and No/100 Dollars (\$25.00) shall be charged for each check that is returned because of insufficient funds or any other reason. The amount of late charges and service charges may be adjusted, from time to time, by the Board consistent with any changes in the administrative costs to collect unpaid Assessments or the Association's bank charges. All late charges, collection fees, service charges and attorneys' fees assessed or incurred due to late payment of Assessments shall be charged to an Owner's Assessment account which shall be part of the delinquent Assessment and shall be payable and secured in the same manner as herein provided with regard to Assessments.

(f) **Suspension of Voting Rights.** To the extent permitted under applicable law, no Owner who is delinquent in paying its Assessments shall have the right to vote as a member of the Association while such delinquency continues; an Owner may cure a delinquency at a meeting to regain the right to vote by paying all outstanding amounts (including interest, fines, and penalties) by cashier's or certified check or other good funds acceptable to the Board.

(g) **Suspension of Right to Use Common Area and/or Common Amenities.** In addition to the other powers herein granted, the Board may suspend the right of an Owner to use any of the Common Area and/or Common Amenities during the time that such Owner is delinquent in paying any Assessment.

(h) **Capital Reserve/Improvement Contribution.** Upon sale of record title to a Lot by an Owner other than the Declarant or a Builder, a contribution of \$200.00 shall be made by or on behalf of such Owner to the "**Capital Reserve/Improvement Fund**" (herein so called) of the Association. This amount is not refundable, shall be in addition to, not in lieu of, the Maintenance Assessment levied on the Lot and shall not be considered an advance payment of any portion thereof. This amount shall be deposited into escrow and disbursed therefrom to the Association or to the applicable Declarant if the Association is not yet established and shall be used for capital improvements made by the Association pursuant to the terms of this Declaration and the Association Documents. Such amount shall be reviewed yearly and may be increased; however, the increase is restricted to 25% over the previous year.

(i) **Transfer Fees and Fees for Issuance of Resale Certificates.** The Board may, at its sole discretion, enter into a contract with a Managing Agent to oversee the daily operation and management of the Association. The Managing Agent may, and probably will, have fees, which will be charged to an Owner for the transfer of a significant estate or fee simple title to a Lot and the issuance of a "**Resale Certificate**" (herein so called). The Association or its agent shall not be required to issue a Resale Certificate until payment for the cost thereof has been received by the Association or its agent. Transfer fees and fees for the issuance of a Resale Certificate shall in no event exceed the greater of (i) two-thirds (2/3rds) of the current annual rate of Maintenance Assessment applicable at the time of the transfer/sale, or (ii) \$450.00 for each home being conveyed and are not refundable and may not be regarded as a prepayment of or credit against regular or special assessments, and are in addition to the contribution to the Capital Reserve/Improvement Fund in Section 6.5(i) above. This Section does not obligate the Board or any third party to levy such fees.

## ARTICLE 7 COMMON AREA AND COMMON AMENITIES

### Section 7.1

(a) **Right to Use Common Area.** Each Owner, the members of that Owner's immediate family, and the Owner's guests (provided guests are accompanied by an Owner) shall have the right to use the Common Area and/or Common Amenities for its intended purposes as herein provided. The Declarant and the Association shall have the right to enter on and use the Common Area and/or Common Amenities at all times to exercise their rights or (in the case of the Association) perform its duties hereunder.

(b) **Access Easement Rights.** Each Owner, the members of that owner's immediate family, and the Owner's visitors, invitees, licensees, lessees, tenants, subtenants, and/or guests, are hereby granted an easement for vehicular and pedestrian ingress to, egress from, and access between such Owner's Lot and the public rights-of-way adjacent to the Subdivision over the Streets located within the Subdivision.

**Section 7.2 Common Amenities.** Common Amenities, if any, to be located in the Common Area shall be determined by the Declarant. The Declarant and the Board may promulgate reasonable rules and regulations for use of these Common Amenities. Each Owner by acceptance of a Deed to a Lot acknowledges and agrees that notwithstanding anything to the contrary contained herein, the Declarant has no plans for construction of any

**community amenity center or facility within the Property, and the Common Amenities shall primarily include only berms, entry ways, weir structure and easement(s) as shown on the Plat as well as any related landscaping, drainage and fencing improvements.**

**Section 7.3 Maintenance of Common Area and Common Amenities.** The Association shall be solely responsible for all maintenance, repair, replacement, and improvement of the Common Area and Common Amenities, utilizing the Assessments for such purposes as herein provided. The Declarant shall have no responsibility for maintenance, repair, replacement, or improvement of the Common Area or any Common Amenities after initial construction.

**Section 7.4 Risk of Loss - Use of Common Area and Common Amenities. Each Owner shall be individually responsible and assume all risk of loss associated with its use of the Common Area and/or Common Amenities, and use by its family members and guests.** Neither the Association nor the Declarant shall have any liability to any Owner or their family members or guests, or to any other Person, arising out of or in connection with the use, in any manner whatsoever, of the Common Area, Common Amenities or any improvements comprising a part thereof from time to time.

**Section 7.5 Conveyance of Common Area to Association.** The Declarant shall convey to the Association the Common Area (which conveyance shall include the Common Amenities located thereon) located in Property, free and clear of any liens, claims or encumbrances, not later than sixty (60) days after the Declarant no longer owns a Lot in the Property.

## **ARTICLE 8 SPECIFIC DECLARANT RIGHTS**

**Section 8.1 Declarant's Right to Annex Adjacent Property.** Declarant hereby reserves for itself and its affiliates and/or any of their respective successors and assigns the right to annex any real property located adjacent to or in the vicinity of the Property owned or subsequently acquired by Declarant (the "**Property Subject to Annexation**") into the scheme of this Declaration as provided in this **Article 8** at any time during the Development Period. Notwithstanding anything herein or otherwise to the contrary, Declarant and/or such affiliates, successors and/or assigns shall have the exclusive unilateral right, privilege and option (but never an obligation), from time to time during the Development Period to annex (a) all or any portion of the Property Subject to Annexation owned by Declarant, and (b) subject to the provisions of this Declaration and the jurisdiction of the Association, any additional property located adjacent to or in the immediate vicinity of the Subdivision (collectively, the "**Annexed Land**"), by filing in the Official Public Records of Denton County, Texas, a Supplemental Declaration expressly annexing any such Annexed Land. Such Supplemental Declaration shall not require the vote of the Owners, the Members of the Association, or approval by the Board or other action of the Association or any other Person. Any such annexation shall be effective upon the filing of such Supplemental Declaration in the Official Public Records of Denton County, Texas. Declarant shall also have the unilateral right to transfer to any other Person Declarant's right, privilege and option to annex Annexed Land, provided that such transferee or assignee shall be the developer of at least a portion of the Annexed Land and shall be expressly designated by Declarant in writing to be the successor or assignee to all or any part of Declarant's rights hereunder.

**Section 8.2 Procedure for Annexation.** Any such annexation shall be accomplished by the execution and filing for record by Declarant (or the other owner of the property being added or annexed, to the extent such other owner has received a written assignment from Declarant of the right to annex hereunder) of a Supplemental Declaration which must set out and provide for the following:

- (i) A legally sufficient description of the Annexed Land being added or annexed;
- (ii) That the Annexed Land is being annexed in accordance with and subject to the provisions of this Declaration, and that the Annexed Land being annexed shall be developed, held, used, sold and conveyed in accordance with, and subject to, the provisions of this Declaration as theretofore and thereafter amended; provided, however, that if any Lots or portions thereof being so annexed are to be treated differently than any of the other Lots (whether such difference is applicable to other Lots included therein or to the Lots now subject to this Declaration), the Supplemental Declaration should specify the details of such differential treatment and a general statement of the rationale and reasons for the difference in treatment, and if applicable, any other special or unique covenants, conditions, restrictions, easements or other requirements as may be applicable to all or any of the Lots or other portions of Annexed Land being annexed;
- (iii) That all of the provisions of this Declaration, as amended, shall apply to the Annexed Land being added or annexed with the same force and effect as if said Annexed Land were originally included in this Declaration as part of the Initial Property, with the total number of Lots increased accordingly;
- (iv) That an Assessment Lien is therein created and reserved in favor of the Association to secure collection of the Assessments as provided in this Declaration, and as provided for, authorized or contemplated in the Supplemental Declaration, and setting forth the first year Maintenance Assessments and the amount of any other then applicable Assessments (if any) for the Lots within the Annexed Land being made subject to this Declaration; and
- (v) Such other provisions as the Declarant therein shall deem appropriate.

**Section 8.3 Amendment.** The provisions of this Article 8 may not be amended without the express written consent of Declarant (and Declarant's successors and assigns in accordance with the terms hereof).

**Section 8.4 No Duty to Annex.** Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any member to annex any property to this Declaration and no owner of the property excluded from this Declaration shall have any right to have such property annexed thereto.

**Section 8.5 Effect of Annexation on Class B Membership.** In determining the number of Lots owned by the Declarant for the purpose of Class B membership status according to Section 5.2 hereof, the total number of Lots covered by this Declaration and located in such Declarant's portion of the Property, including all Lots acquired by the Declarant and annexed thereto, shall

be considered. If Class B membership has previously lapsed but annexation of additional property restores the ratio of Lots owned by the Declarant to the number required by Class B membership, such Class B membership shall be reinstated until it expires pursuant to the terms of Section 5.2.

**Section 8.6 Specific Declarant Rights to Amend Declaration.** During the Development Period, the Declarant, without joinder of the Board, the Association, or the other Owners, may unilaterally amend this Declaration without the joinder or vote of any other party if such amendment is deemed necessary or desirable, in the Declarant's sole judgment for any purpose, including, without limitation, (i) to bring any provisions of this Declaration into compliance with any applicable governmental statute, rule, regulation or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to purchase, insure, or guarantee mortgage loans on the Lots; (iv) to satisfy the requirements of any local, state or federal governmental agency; or (v) to correct or clarify errors, omissions, mistakes or ambiguities contained herein. No amendment pursuant to this paragraph, however, shall adversely affect the title to any Lot unless the Owner affected thereby shall consent in writing.

**Section 8.7 Easement/Access Right.** The Declarant reserves a general easement over all Streets, roads, rights of way, utility, maintenance, landscaping, wall and other easements in the Property and over the balance of the Common Area as reasonably necessary for access for the purpose of finishing development of the Property as a subdivision and as otherwise reasonably necessary to affect each Declarant's rights hereunder. Such easements and rights shall expire upon expiration of the Development Period.

**Section 8.8 Assignment of Declarant Rights.** The Declarant may assign its rights to a successor Declarant hereunder by execution of a written document, recorded in the Official Public Records of Denton County, Texas, expressly and specifically stating that such Declarant has assigned its rights as such to a designated assignee and declaring such assignee to be a new "Declarant" hereunder. No Person purchasing or otherwise acquiring one (1) or more Lots shall be considered "Declarant" hereunder, unless Declarant makes an express and specific assignment referenced in and accordance with the terms of the immediately preceding sentence.

**Section 8.9 Declarant's Right to Install Improvements in Setback and Other Areas.** The Declarant, in connection with development of the Property and construction of homes thereon, reserves the right, but shall have no obligation, to install or construct walls, fences, irrigation systems and other improvements in the setback areas (being the area on, along and/or between the boundary line of a Lot and the building or setback lines applicable to such Lot). If the Declarant exercises such right in a setback area, then such wall, fence, irrigation system, or other improvement shall be the property of the Owner(s) of the Lot(s) adjacent to such improvements or upon which such improvements are located, and such Owner(s) shall maintain and repair any such improvement unless the applicable Declarant or the Association, by and through the Board, shall advise the Owner(s) in writing of its intent to assume such maintenance and repair obligations. If the Declarant exercises such above-described right in the non-setback areas, then such wall, fence, irrigation system, or other improvement shall be the property of the Association. During the Development Period, the Declarant shall have the right, but not the

obligation, to maintain and repair any such non-setback area improvements located on such Declarant's portion of the Property; otherwise, the Association shall assume the maintenance and repair or it may abandon such improvements at its discretion. If the City requires the maintenance, repair, or removal of any such non-setback area improvements, the Association shall assume such responsibility at its expense. If the Association so abandons such non-setback area improvements or is properly dissolved, then the Owner(s) of the Lot(s) adjacent to such improvements or on which such improvements are located shall assume maintenance and repair at its expense.

**Section 8.10 Replating or Modification of Plat.** From time to time, the Declarant reserves the right to replat its Property or to amend or modify the Plat in order to assure harmonious and orderly development of the Property as herein provided. The Declarant may exercise such rights at any time during the Development Period and no joinder of any other Owner shall be required to give effect to such rights, each Owner consenting to the Declarant's execution of any replat on such Owner's behalf. However, any such replating or amendment of the Plat shall be with the purpose of efficiently and economically developing the Property for the purposes herein provided or for compliance with any applicable governmental regulation. The Declarant's rights under this Section 8.10 shall expire upon expiration of the Development Period.

**Section 8.11 Limitation of Declarants' Liability.** The Declarant shall not be responsible or liable for any deficit in the Association's funds. The Declarant may, but is under no obligation to, subsidize any liabilities incurred by the Association, and the Declarant may, but is not obligated to, lend funds to the Association to enable it to defray its expenses, provided the terms of such loans are on reasonable market conditions at the time.

**Section 8.12 Termination of the Declarant's Responsibilities.** In consideration of the Declarant's deficit funding of the Association, if any, upon the occurrence of any of the following events: (i) conversion of the Declarant's Class B membership status to Class A membership status; (ii) completion of any facilities in the Common Area by the Declarant; (iii) assignment of the Declarant's rights hereunder pursuant to Section 8.8; or (iv) expiration of the Development Period, then and in such event the Declarant shall be fully released, relieved and forever discharged from any further duty or obligation to the Association or any of its members as the Declarant by reason of the terms and conditions of this Declaration including any amendments thereof or supplements thereto, save and except the duties and obligations, if any, of the Declarant as a Class A member by reason of the Declarant's continued ownership of one or more Lots, but not otherwise. Further, and without regard to whether or not the Declarant has been released from obligations and duties to the Association, during the Development Period or so long as the Declarant holds record title to at least one (1) Lot and holds same for sale in the ordinary course of business, neither the Association nor its Board, nor any member of the Association shall take any action that will impair or adversely affect the rights of the Declarant or cause the Declarant to suffer any financial, legal or other detriment, including but not limited to, any direct or indirect interference with the sale of Lots. In the event there is a breach of this Section, it is acknowledged that any monetary award which may be available would be an insufficient remedy and therefore, in addition to all other remedies, the Declarant shall be entitled to injunctive relief restraining the Association, its Board or any member of the Association from further breach of this Section.

**ARTICLE 9**  
**MISCELLANEOUS PROVISIONS**

**Section 9.1 Term and Renewal.** These Covenants shall commence on the date hereof and shall continue in effect for a period of thirty (30) years. Thereafter these Covenants shall automatically renew for subsequent periods of (10) years each unless Owners owning at least seventy percent (70%) of the Lots elect to terminate these Covenants by written instrument recorded in the Records of Denton County, Texas.

**Section 9.2 Enforcement.** The terms, provisions and conditions of this Declaration and the Design Guidelines shall be enforceable by the Declarant, the ACC, the Association, and each Owner. Enforcement of the Covenants and Restrictions shall include, but is not limited to, self-help remedies, imposition of fines, foreclosure of a lien, or by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, or both, and against any Lot on which a violation exists to enforce any lien created by the Declaration or any other Declaration of Covenants, Conditions and Restrictions for any phase of the development of the Property. The Board shall have the power and authority to impose reasonable fines, which shall not exceed \$500.00 for each separate violation, for the violation or breach of this Declaration, the Design Guidelines or any rule or regulation of the Association, which shall constitute a lien upon the Lot of the violating Owner as provided in the Declaration, and to suspend the Owner's right to vote or any Person's right to use of the Common Area and/or Common Amenities. Each day the violation continues to exist shall constitute a separate violation. A minimum of two (2) notices, providing a minimum of ten (10) days each shall be mailed to the Owner providing an explanation of the violation and an opportunity to correct an existing violation. In addition to the foregoing right, should the Owner fail to correct the violation after two (2) notices have been sent, Declarant, the Board, and/or the Association, through their duly designated representatives, shall have the right, but not the obligation, whenever there shall exist or have been built on any Lot any structure which is in violation of these restrictions, to enter upon the Lot where such violation exists and summarily abate, remove or make the necessary repairs or replacement of the same at the expense of the Owner, and such entry and abatement shall not be considered a trespass. Should a violation be repeated by an Owner within a six (6) month period of the prior violation, the Association may, but is not obligated to, proceed directly to the fine process without requiring the minimum two (2) notices as stated above. If any occupant, guest, or invitee of a Lot violates the Declaration, the Design Guidelines or a rule or regulation of the Association and a fine is imposed, the fine shall be assessed against such Owner, who shall pay the fine upon notice from the Association. Such fine shall be assessed to the Owner's account and shall be collected in accordance with the collection processes as set forth in this Declaration. No delay or failure on the part of Declarant, the Association or any Owner to invoke any available right, power or remedy with respect to a breach of this Declaration shall be held to be a waiver by that party (or estop that party from asserting) any right, power or remedy available to such party upon the recurrence or continuance of said breach or the occurrence of a different breach. Declarant, the Association and the Owners, shall not be under any obligation to take any action to enforce the terms of this Declaration. The failure by Declarant, the Association or any Owner to enforce any provision of this Declaration shall in no event subject Declarant, the Association or any Owner to any claims, liability, cost or expense; it being the express intent of this Declaration to provide Declarant, the Association or any Owner with the right (such right to be exercised at its sole and

absolute discretion), but not the obligation to enforce the terms of this Declaration for the benefit of any Owner(s) of any Lot(s) in the Subdivision.

**Section 9.3 General Easement for Encroachments, Access, Maintenance and Utilities.**

Each Owner grants to the Association, the Board, the Declarant and the other Owners a general easement as reasonably necessary for the maintenance of any minor encroachments of Common Area and/or Common Amenities over adjoining Lots and for access to and from each Owner's Lot through driveways, rights of way and easements as reflected on the Plat for the purpose of giving effect to the provisions of these Covenants.

**Section 9.4 Amendment of Declaration.** These Covenants may be amended by the Declarant as provided in Section 8.6. In addition, the Declaration may be amended at any time and in any respect with the affirmative vote or written consent, or any combination thereof, of Members (both classes taken together) representing sixty-seven percent (67%) of the total Class A Member votes and Class B Member votes in the Association; provided, however, that no such amendment shall be effective unless joined in by the Declarant until such time as Declarant no longer owns any portion of the Property or Property Subject to Annexation.

**Section 9.5 City Provisions.** All construction within the Property shall also comply with all applicable City ordinances and regulations. If any ordinance or regulation imposed by the City imposes more demanding, extensive or restrictive requirements than those set forth in this Declaration, such requirements shall govern. No ordinance or regulations adopted by the City shall lessen the requirements set forth in these Covenants.

**Section 9.6 Management of the Association.** In the event that the Board elects to contract with a Managing Agent to perform any duties of the Board in accordance with Section 5.2 hereof, the Board shall record or cause to be recorded in each county in which the Subdivision is located a management certificate, signed and acknowledged by an officer or the Managing Agent of the Association in accordance with the requirements of Section 209.004 of the Texas Property Code. An amended management certificate shall be recorded no later than the 30<sup>th</sup> day after the date on which the Association has notice of a change in any information pertaining to the Managing Agent applicable to the Association. Notwithstanding the foregoing or anything to the contrary contained herein, in no event shall the Declarant, the Association and/or their respective officers, directors, employees, and/or agents, or the Board be subject to liability to any Person for a delay in recording or failure to record a management certificate except as otherwise provided by law.

**Section 9.7 Notices.** Any notice required to be given to any Owner under the terms of this Declaration shall be deemed to have been properly delivered when deposited with the United States Postal Service, postage prepaid, properly addressed to the addressee. Each Owner's address for purposes of notice hereunder shall be deemed to be the Residence located on its Lot.

**Section 9.8 Liability Limitations; Indemnification.** No Declarant, Member, director, officer or representative of the Association or the Board or the ACC shall be personally liable for the debts, obligations or liabilities of the Association. The directors and officers of the Association shall not be liable for any mistake of judgment, whether negligent or otherwise, except for their own individual willful misfeasance or malfeasance, misconduct, bad faith, intentional wrongful acts or as otherwise expressly provided in the Association Documents. Declarant and directors,

officers and ACC members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association, and **THE ASSOCIATION, AS A COMMON EXPENSE OF THE ASSOCIATION, SHALL INDEMNIFY AND HOLD HARMLESS DECLARANT, DIRECTORS, OFFICERS AND MEMBERS OF THE ACC FROM ANY AND ALL EXPENSES, LOSS OR LIABILITY TO OTHERS ON ACCOUNT OF ANY SUCH CONTRACT OR COMMITMENT (TO THE EXTENT NOT COVERED BY INSURANCE PROCEEDS). IN ADDITION, EACH DIRECTOR AND EACH OFFICER OF THE ASSOCIATION AND EACH MEMBER OF THE ACC SHALL BE INDEMNIFIED AND HELD HARMLESS BY THE ASSOCIATION, AS A COMMON EXPENSE OF THE ASSOCIATION, FROM ANY EXPENSE, LOSS OR LIABILITY TO OTHERS (TO THE EXTENT NOT COVERED BY INSURANCE PROCEEDS) BY REASONS OF HAVING SERVED AS SUCH DIRECTOR, OFFICER OR ACC MEMBER AND AGAINST ALL EXPENSES, LOSSES AND LIABILITIES, INCLUDING, BUT NOT LIMITED TO, COURT COSTS AND REASONABLE ATTORNEYS' FEES, INCURRED BY OR IMPOSED UPON SUCH DIRECTOR, OFFICER OR ACC MEMBER IN CONNECTION WITH ANY PROCEEDING TO WHICH SUCH PERSON MAY BE A PARTY OR HAVE BECOME INVOLVED BY REASON OF BEING SUCH DIRECTOR, OFFICER OR ACC MEMBER AT THE TIME ANY SUCH EXPENSES, LOSSES OR LIABILITIES ARE INCURRED SUBJECT TO ANY PROVISIONS REGARDING INDEMNITY CONTAINED IN THE ASSOCIATION DOCUMENTS, EXCEPT IN CASES WHEREIN THE EXPENSES, LOSSES AND LIABILITIES ARISE FROM A PROCEEDING IN WHICH SUCH DIRECTOR, OFFICER OR ACC MEMBER IS ADJUDICATED GUILTY OF WILLFUL MISFEASANCE OR MALFEASANCE, MISCONDUCT OR BAD FAITH IN THE PERFORMANCE OF SUCH PERSON'S DUTIES OR INTENTIONAL WRONGFUL ACTS OR ANY ACT EXPRESSLY SPECIFIED IN THE ASSOCIATION DOCUMENTS AS AN ACT FOR WHICH ANY LIMITATION OF LIABILITY SET FORTH IN THE ASSOCIATION DOCUMENTS IS NOT APPLICABLE; PROVIDED, HOWEVER, THIS INDEMNITY DOES COVER LIABILITIES RESULTING FROM SUCH DIRECTOR'S, OFFICER'S OR ACC MEMBER'S NEGLIGENCE. Any right to indemnification provided herein shall not be exclusive of any other rights to which a director, officer or ACC member, or former director, officer or ACC member, may be entitled. The Association shall have the right to purchase and maintain, as a Common Expense, directors', officers', and ACC members', insurance on behalf of any Person who is or was a director or officer of the Association or the ACC member against any liability asserted against any such Person and incurred by any such Person in such capacity, or arising out of such Person's status as such.**

**Section 9.9 Severability.** If any of the terms hereof shall be declared invalid by a court of competent jurisdiction, such invalidity shall not affect the other provisions of these Covenants, which shall be in full force and effect.

**Section 9.10 Acceptance by Owners of Rights and Obligations.** By the recording of a deed or other conveyance transferring all or part of an interest in a Lot subject to this Declaration, the person or entity to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all the provisions of the Declaration, the Design Guidelines, the Association Documents, including any rules or regulations adopted or promulgated by the Association, whether or not mention thereof is made in said deed.

**Section 9.11 Notice and Hearing.** (a) Prior to the imposition of any fine for a violation of this Declaration or the levying of any Special Member Assessment on an Owner, the Association will give notice to the Owner in compliance with Section 209.006 of the Texas Property Code (the "**Property Code**"), as the same may be hereafter amended. Such notice shall be as follows:

- (i) Notice will be delivered by certified mail return receipt requested.
- (ii) The notice must describe the violation or property damage that is the basis for the fine for such violation, and state any amount due the Association from the Owner.
- (iii) The notice must inform the Owner that the Owner is entitled to a reasonable time to cure the violation and avoid the Violation Fine and that the Owner may request a hearing under this Section 9.11 and Section 209.007 of the Property Code on or before the 30th day after the Owner receives the notice.

(b) In compliance with Section 209.007 of the Property Code, if the Owner submits a written request for a hearing, the Association shall hold a hearing not later than the thirtieth (30<sup>th</sup>) day after the date the Board receives the Owner's request, and shall notify the Owner of the date, time and place of the hearing not later than the tenth (10<sup>th</sup>) day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. If the hearing is to be held before a committee appointed by the Board, the notice described in Section 9.11(a) hereof shall state that the Owner has the right to appeal the committee's decision to the Board by written notice to the Board.

**Section 9.12 Arbitration of Disputes Involving the Declarant.**

(a) **Arbitration.** ANY AND ALL DISPUTES ARISING HEREUNDER BETWEEN AN OWNER AND A DECLARANT SHALL BE SUBMITTED TO BINDING ARBITRATION AND NOT TO A COURT FOR DETERMINATION. ARBITRATION SHALL COMMENCE AFTER WRITTEN NOTICE IS GIVEN FROM EITHER PARTY TO THE OTHER, SUCH ARBITRATION SHALL BE ACCOMPLISHED EXPEDITIOUSLY IN DENTON COUNTY AND SHALL BE CONDUCTED IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("**AAA**"). THE ARBITRATION SHALL BE CONDUCTED BY THREE (3) ARBITRATORS, ONE OF WHOM SHALL BE APPOINTED BY THE OWNER AND ONE OF WHOM SHALL BE APPOINTED BY THE DECLARANT. THE THIRD ARBITRATOR SHALL BE APPOINTED BY THE FIRST TWO ARBITRATORS. THE ARBITRATORS SHALL BE SELECTED FROM A LIST OF ARBITRATORS SUBMITTED BY THE AAA. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. ARBITRATION SHALL NOT COMMENCE UNTIL THE PARTY REQUESTING IT HAS DEPOSITED ONE THOUSAND FIVE HUNDRED AND NO/100 U. S. DOLLARS (\$1,500.00) WITH THE ARBITRATORS AS A RETAINER FOR THE ARBITRATORS' FEES AND COSTS. THE PARTY REQUESTING ARBITRATION SHALL ADVANCE SUCH SUMS AS ARE REQUIRED FROM TIME TO TIME BY THE ARBITRATORS TO PAY THE ARBITRATORS' FEES AND COSTS, UNTIL THE PREVAILING PARTY IS DETERMINED OR THE PARTIES HAVE AGREED IN WRITING TO AN ALTERNATE ALLOCATION OF FEES AND COSTS. EACH PARTY

SHALL PAY ITS OWN LEGAL FEES AND COSTS AND ANY OTHER FEES INCURRED IN CONNECTION WITH AN ARBITRATION PROCEEDING WHICH ARISES OUT OF OR RELATES IN ANY WAY TO THIS DECLARATION PROVIDED, HOWEVER, THAT THE ARBITRATION PANEL SHALL AWARD THE ARBITRATORS' FEES AND COSTS TO THE PREVAILING PARTY IN ITS ARBITRATION JUDGMENT.

(b) Notwithstanding the Declarant's and Owner's intent to submit any controversy or claim arising out of or relating to this Declaration to arbitration, in the event that a court of competent jurisdiction shall determine or a relevant law shall provide that a particular dispute is not subject to the arbitration provisions in this Section 9.12, then the parties agree to the following provisions: EACH OWNER ACKNOWLEDGES THAT THIS DECLARATION IS A SOPHISTICATED LEGAL DOCUMENT. ACCORDINGLY, JUSTICE WILL BEST BE SERVED IF ISSUES REGARDING THIS DECLARATION ARE HEARD BY A JUDGE IN A COURT PROCEEDING, AND NOT A JURY. EACH OWNER AGREES THAT ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION, WITH RESPECT TO ANY ACTION, PROCEEDING, CLAIM, COUNTERCLAIM, OR CROSSCLAIM, WHETHER IN CONTRACT AND/OR IN TORT (REGARDLESS IF THE TORT ACTION IS PRESENTLY RECOGNIZED OR NOT), BASED ON, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS DECLARATION, ANY COURSE OF CONDUCT, COURSE OF DEALING, VERBAL OR WRITTEN STATEMENT, VALIDATION, PROTECTION, ENFORCEMENT ACTION OR OMISSION OF ANY PARTY SHALL BE HEARD BY A JUDGE IN A COURT PROCEEDING AND NOT A JURY.

**9.13 Liens/Validity and Severability; Mortgagees.** Violation of or failure to comply with this Declaration shall not affect the validity of any mortgage, lien or other similar security instrument which may then be existing on any Lot. Invalidation of any one (1) or more of the provisions of this Declaration, or any portions thereof, by a judgment or court order shall not affect any of the other provisions or covenants herein contained, which such other provisions and covenants shall remain in full force and effect. No default by an Owner of a Lot under any provision of this Declaration shall affect any existing lien or mortgage on that Lot. A Mortgagee shall not be liable for Assessments made with respect to a Lot during any period in which its only interest in the Lot is that of a Mortgagee.

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EXECUTED as of February 9th, 2015.

DECLARANT:

CTMGT Lewisville 14, LLC,  
a Texas limited liability company

By: [Signature]

Name: Mehrdad Moayed

Title: MANAGER

STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

BEFORE ME, the undersigned authority, on this day personally appeared Mehrdad Moayed, ~~SOLE MANAGER & MEMBER~~ of CTMGT LEWISVILLE 14, LLC, a Texas limited liability company, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed, and as the act and deed of said limited liability company and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, on this 5 day of February, 2015.

[Signature]  
Notary Public, State of Texas



**EXHIBIT A  
TO  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR CRESCENT LEWISVILLE HOMEOWNERS ASSOCIATION, INC.  
AN ADDITION TO THE CITY OF LEWISVILLE, DENTON COUNTY, TEXAS**

**LEGAL DESCRIPTION AND/OR DEPICTION OF THE PROPERTY**

EXHIBIT A COVER PAGE

OWNER'S CERTIFICATE

STATE OF TEXAS \*  
COUNTY OF DENTON \*

WHEREAS CTMGT LEWISVILLE 14, LLC is the owner of a 13.817 acre tract of land situated in the J. Watkins Survey, Abstract No. 1323, City of Lewisville, Denton County, Texas, the subject tract being all of a tract of land conveyed to CTMGT LEWISVILLE 14, LLC, according to the deed recorded in Document Number 2013-102928 of the Deed Records of Denton County, Texas (DRDCT), being all of Lot 1, Block A of Valley Ridge Business Park West, Phase VI, according to the plat recorded in Cabinet L, Page 103 of the Plat Records of Denton County, Texas (PRDCT), the subject tract being more particularly described as follows;

BEGINNING at a 1/2" iron rod with a yellow cap stamped 'SPIARSENG' set at the north end of a corner clip at the intersection of the southwest line of Summit Avenue (a called 100' ROW) with the northwest line of Civic Circle Drive (a called 60' ROW);

THENCE, along the northwest line of said Civic Circle Drive, the following:

S 24°40'28" W, a distance of 14.34 feet to 1/2" iron rod with a yellow cap stamped 'SPIARSENG' set at corner;

S 68°52'21" W, a distance of 383.11 feet to a 1/2" iron rod found at corner;

Along a tangent curve to the right having a central angle of 58°26'13", a radius of 370.00 feet, a chord of N 81°54'32" W - 361.22 feet, an arc length of 377.37 feet to a 1/2" iron rod found at corner;

Along a reverse curve to the left having a central angle of 40°22'47", a radius of 430.00 feet, a chord of N 72°52'49" W - 296.81 feet, an arc length of 303.05 feet to a 1/2" iron rod found at the common corner of said Lot 1, Block A and Lot 2, Block A;

THENCE, N 00°15'19" E, along said common line, a distance of 347.72 feet to a 1/2" iron rod found at corner;

THENCE, along the northwesterly line of said Lot 1, Block A, the following:

N 59°06'16" E, a distance of 638.34 feet to a 1/2" iron rod found at corner;

Along a tangent curve to the right having a central angle of 19°25'46", a radius of 350.00 feet, a chord of N 68°49'10" E - 118.12 feet, an arc length of 118.69 feet to a 1/2" iron rod found at corner;

N 78°32'03" E, a distance of 90.53 feet to a 1/2" iron rod found on the southwest line of said Summit Avenue;

THENCE, S 19°31'24" E, along said southwest line, a distance of 767.39 feet to the PLACE OF BEGINNING with the subject tract containing 601,859 square feet or 13.817 acres of land.

**EXHIBIT B  
TO  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR CRESCENT LEWISVILLE HOMEOWNERS ASSOCIATION, INC.  
AN ADDITION TO THE CITY OF LEWISVILLE, DENTON COUNTY, TEXAS**

**DESIGN GUIDELINES**

**PART ONE: LANDSCAPING, FENCES AND EXTERIOR ELEMENTS**

**SECTION 1.1 LANDSCAPING:**

Upon completion of each Residence, the following landscape elements shall be installed prior to occupancy of the Residence:

- 1.1.1 Sod: Each dwelling shall have full sod installed for the entire front yard and a minimum of ten (10) feet back from the front wall face for each side yard, or to the side yard fence, whichever is greater. Underground irrigation systems are required for all sodded areas.
- 1.1.2 Trees: Three (3) trees with a minimum caliper of 3", measured at breast height from grade is required for each Lot. Should a Street Tree Guideline for the City of Lewisville exist, each Builder and Owner shall be required to comply with applicable Street Tree Guidelines per the City ordinance. Drip irrigation must be provided. Each homeowner shall be responsible for maintenance and preservation of trees located on their property and shall promptly replace dead trees within thirty (30) days if favorable weather prevails or ninety (90) days of loss occurrence if unfavorable weather exists.
- 1.1.3 Shrubbery and Planting Beds: Each Dwelling shall have a minimum of ten (10) one (1) gallon shrubs planted in a mulched planting bed; the planting bed shall have edging materials to separate the sod and bed mulch areas and suitable drip irrigation. The homeowner shall be responsible for the maintenance a preservation of the shrubs and planting bed, and shall promptly replace dead plants within thirty (30) days if favorable weather prevails or ninety (90) days of loss occurrence if unfavorable weather exists.

**SECTION 1.2 FENCES:**

- 1.2.1 Major thoroughfares and Corner Lots: All fencing on corner lots and backing up to streets and major thoroughfares will be considered major thoroughfare fencing. Fencing, which shall be board on board with metal posts installed on the inside so as not to be visible from any street and wall construction shall comply with the details indicated in Exhibit Attachment 1.2.1.1. All such fencing facing major thoroughfare shall be stained and preserved as follows:

Manufacturer: Sherwin Williams  
Color: Banyan Brown – Apply per product installation

Manufacturer: Standard Paint  
Color: Sable Brown – Apply per product installation

- 1.2.2 Standard Side and Rear Yard Fences – Interior Lots: For all interior lots, fence and wall construction shall have metal posts and comply with the materials and details indicated in Exhibit Attachment 1.2.2.1. All portions of the fence that are viewable from the street shall have metal posts on the inside so as not to be visible from any street and be stained with the colors specified above at Section 1.2.1
- 1.2.34 Central Greenbelt Area Side and Rear Yard Fences: All lots adjacent to a Central Greenbelt area or Common Area shall have black finished forty-eight inch (48") high wrought iron fences for the rear sixteen feet (16') of each side and the full width of rear lot lines as detailed in Exhibit 1.2.3.2. All fences shall be consistent; no variation of design shall be permitted. Fence areas shall be unobstructed by screening or other materials unless specifically approved by the Association.

**SECTION 1.3 MAIL BOXES:**

- 1.3.1 Standard Mail Boxes: Mail Box construction shall be brick, constructed out of the same brick color used on the home, and comply with the materials and details indicated in Exhibit Attachment C.
- 1.3.2 Mail Box Location: Mail Box shall be located on the front corner of the lot between the sidewalk and the street approximately one (1) foot inside the property line and situated in such a manner that it is side by side with the mail box to be constructed on the neighboring lot.

**SECTION 1.4 FLAGS AND FLAGPOLES**

- 1.4.1 The only flags which may be displayed are: (i) the flag of the United States of America; (ii) the flag of the State of Texas; and (iii) an official or replica flag of any branch of the United States armed forces. No other types of flags, pennants, banners, kits or similar types of displays are permitted on a Lot if the display is visible from a street or Common Area.
- 1.4.2 The flag of the United States must be displayed in accordance with 4 U.S.C. Sections 5-10.
- 1.4.3 The flag of the State of Texas must be displayed in accordance with Chapter 3100 of the Texas Government Code.

- 1.4.4 Any freestanding flagpole, or flagpole attached to a Residence, shall be constructed of permanent, long-lasting materials. The materials used for the flagpole shall be harmonious with the Residence, and must have a silver finish with a gold or silver ball at the top. The flagpole must not exceed three (3) inches in diameter.
- 1.4.5 The display of a flag, or the location and construction of the supporting flagpole, shall comply with applicable zoning ordinances, easements, and setbacks of record.
- 1.4.6 A displayed flag, and the flagpole on which it is flown, shall be maintained in good condition at all times. Any flag that is deteriorated must be replaced or removed. Any flagpole that is structurally unsafe or deteriorated shall be repaired, replaced, or removed.
- 1.4.7 Only one flagpole will be allowed per Lot. A flagpole can either be securely attached to the face of the Residence (no other Structure) or be a freestanding flagpole. A flagpole attached to the Residence may not exceed 4 feet in length. A freestanding flagpole may not exceed 20 feet in height. Any freestanding flagpole must be located in either the front yard or backyard of a Lot, and there must be a distance of at least 5 feet between the flagpole and the property line.
- 1.4.8 Any flag flown or displayed on a freestanding flagpole may be no smaller than 3'x5' and no larger than 4'x6'.
- 1.4.9 Any flag flown or displayed on a flagpole attached to the Residence may be no larger than 3'x5'.
- 1.4.10 Any freestanding flagpole must be equipped to minimize halyard noise. The preferred method is through the use of an internal halyard system. Alternatively, swivel snap hooks must be covered or "Quiet Halyard" Flag snaps installed. Neighbor complaints of noisy halyards are a basis to have flagpole removed until Owner resolves the noise complaint.
- 1.4.11 The illumination of a flag is allowed so long as it does not create a disturbance to other residents in the community. Solar powered, pole mounted light fixtures are preferred as opposed to ground mounted light fixtures. Compliance with all municipal requirements for electrical ground mounted installations must be certified by Owner. Flag illumination may not shine into another Residence. Neighbor complaints regarding flag illumination are a basis to prohibit further illumination until Owner resolves complaint.
- 1.4.12 Flagpoles shall not be installed in Common Area or property maintained by the Association.

- 1.4.13 All freestanding flagpole installations must receive prior written approval from the ACC.

**SECTION 1.5 GUTTERING, RAIN BARRELS OR RAINWATER HARVESTING SYTEMS**

- 1.5.1 All Residences shall be fully guttered. This requirement applies regardless of whether rain barrels or rain water harvesting systems are installed on the Lot.
- 1.5.2 Rain barrels or rain water harvesting systems and related system components (collectively, "**Rain Barrels**") may only be installed after receiving the written approval of the ACC.
- 1.5.3 Rain barrels may not be installed upon or within the Common Areas.
- 1.5.4 Under no circumstances shall rain barrels be installed or located in or on any area within a Lot that is in-between the front of the Owner's Residence and an adjoining or adjacent street.
- 1.5.5 The rain barrel must be of color that is consistent with the color scheme of the Owner's Residence and may not contain or display any language or other content that is not typically displayed on such rain barrels as manufactured.
- 1.5.6 Rain barrels may be located in the side-yard or back-yard of Lot so long as such rain barrel(s) may not be seen from a street, another Lot or any Common Area of the Subdivision.
- 1.5.7 In the event the installation of Rain Barrels in the side-yard or back-yard of an owner's property in compliance with paragraph e above is impossible, the Reviewing Body may impose limitations or further requirements regarding the size, number and screening of Rain Barrels with the objective of screening the Rain Barrels from public view to the greatest extent possible. The owner must have sufficient area on their Lot to accommodate the Rain Barrels.
- 1.5.8 Rain Barrels must be properly maintained at all times or removed by the owner.
- 1.5.9 Rain Barrels must be enclosed or covered.
- 1.5.10 Rain Barrels which are not properly maintained, become unsightly or could serve as a breeding pool for mosquitos must be removed by the owner from the Lot.

## SECTION 1.6 CERTAIN RELIGIOUS DISPLAYS

- 1.6.1 By statute, an Owner is allowed to display or affix on the entry to the Owner's Residence one or more religious items, the display of which is motivated by the Owner's or occupant's sincere religious belief. Such display is limited according to the provisions contained herein.
- 1.6.2 If displaying or affixing of a religious item on the entry to the Owner's or occupant's Residence violates any of the following covenants, the Association may remove the item displayed:
- (1) threatens the public health or safety;
  - (2) violates a law;
  - (3) contains language, graphics, or any display that is patently offensive to a passerby;
  - (4) is permanently installed in a location other than the entry door or door frame or extends past the outer edge of the door frame of the Owner's or occupant's Residence; or
  - (5) individually or in combination with each other religious item displayed or affixed on the entry door or door frame has a total size of greater than 25 square inches
- 1.6.3 No owner or resident is authorized to use a material or color for an entry door or door frame of the Owner's or occupant's Residence or make an alteration to the entry door or door frame that is not authorized by the Declaration or otherwise expressly approved by the ACC.

## PART TWO: DWELLING UNITS

### SECTION 2.1 ROOFS

- 2.1.1 Roof Pitch: All Roof Pitches shall have a minimum of 8-in-12 slopes.
- 2.1.2 Roofing Materials: Roofing materials shall be asphalt shingles with a 20-year rated shingle and have a weathered brown or gray color. Other roofing materials shall not be used without written approval from the ACC.
- 2.1.3 Dormers & Above Roof Chimneys: Dormers and chimney chases, above roof structure and roofing materials, may be finished with an approved exterior grade siding material. All fireplace flues shall be enclosed and finished; exposed pre-fabricated metal flue piping is prohibited.

## SECTION 2.2 CERTAIN ROOFING MATERIALS

- 2.2.1 Roofing shingles covered by this Section are exclusively those designed primarily to: (i) be wind and hail resistant; (ii) provide heating and cooling efficiencies greater than those provided by customary composite shingles; or (iii) provide solar generation capabilities (collectively, "**Roofing Shingles**").
- 2.2.2 Roofing Shingles allowed under these Guidelines shall:
- (1) resemble the shingles used or otherwise authorized for use in Subdivision;
  - (2) be more durable than and are of equal or superior quality to the shingles used or otherwise authorized for use in Subdivision; and
  - (3) match the aesthetics of the property surrounding the property of the owner requesting permission to install the Roofing Shingles.
- 2.2.3 The Owner requesting permission to install the Roofing Shingles will be solely responsible for accrediting, certifying and demonstrating to the ACC that the proposed installation is in full compliance with paragraphs a and b above.
- 2.2.4 Roofing Shingles shall be installed after receiving the written approval of the ACC.
- 2.2.5 Owners are hereby placed on notice that the installation of Roofing Shingles may void or adversely affect other warranties.

## SECTION 2.3 SOLAR PANELS

- 2.3.1 Solar energy devices, including any related equipment or system components (collectively, "**Solar Panels**") may only be installed after receiving the written approval of the ACC.
- 2.3.2 Solar Panels may not be installed upon or within Common Areas or any area which is maintained by the Association.
- 2.3.3 Solar Panels may only be installed on designated locations on the roof of a Residence, on any structure allowed under any Subdivision or Association dedicatory instrument, or within any fenced rear-yard or fenced-in patio of an Owner's Lot, but only as allowed by the ACC. Solar Panels may not be installed on the front elevation of the Residence.
- 2.3.4 If located on the roof of a Residence, Solar Panels shall:
- (1) not extend higher than or beyond the roofline;
  - (2) conform to the slope of the roof;
  - (3) have a top edge that is parallel to the roofline; and

- (4) have a frame, support bracket, or wiring that is black or painted to match the color of the roof tiles or shingles of the roof. Piping must be painted to match the surface to which it is attached, i.e. the soffit and wall. Panels must blend with the color of the roof to the greatest extent possible.
- 2.3.5 If located in the fenced rear-yard or patio, Solar Panels shall not be taller than the fence line or visible from any adjacent Lot, Common Area or street.
- 2.3.6 The ACC may deny a request for the installation of Solar Panels if it determines that the placement of the Solar Panels, as proposed by the Owner, will create an interference with the use and enjoyment of any adjacent Lot or Common Area.
- 2.3.7 Owners are hereby placed on notice that the installation of Solar Panels may void or adversely affect roof warranties. Any installation of Solar Panels which voids material warranties is not permitted and will be cause for the Solar Panels to be removed by the Owner.
- 2.3.8 Solar Panels must be properly maintained at all times or removed by the Owner.
- 2.3.9 Solar Panels which become non-functioning or inoperable must be removed by the Owner.

#### **SECTION 2.4 EXTERIOR WALLS**

- 2.4.1 Exterior Wall Materials: Exterior walls shall be masonry and exterior-grade siding materials as approved by the Architectural Control Committee. The exterior walls (excluding doors and windows), of each Residence constructed or placed on a Lot shall have the minimum City required coverage but not less than the required minimum coverage as set forth below:
  - 2.4.1.1 Front Walls: Front wall surfaces for all elevations shall be eighty percent (80%) masonry and twenty percent (20%) stucco or hardie board, except siding may be used for hidden or concealed wall surfaces not directly visible from the Lot front property line. Siding can be used in limited quantities for upper gable areas that would create a “brick-on-wood” condition; this provision is for special conditions only and is not intended to reduce the essential 80% masonry requirement for the front wall areas and approval of the use of this provision is at the sole discretion of the ACC.
  - 2.4.1.2 Side and Rear Walls: Side wall surfaces for all elevations shall be eighty percent (80%) masonry and twenty percent (20%) stucco or hardie board, except siding may be used for hidden or concealed wall surfaces. Rear wall surfaces may be one hundred percent (100%) stucco or hardie board for all elevations.

2.4.1.3 Chimneys: Chimney wall structures that are a direct extension of an exterior wall shall match the requirement of said wall.

2.4.1.4 Required masonry percentages shall be calculated excluding exterior wall areas built on top of a roof

## **SECTION 2.5 ELEVATION AND BRICK USAGE**

2.5.1 Same Plan with Same Elevation: The repeat of the same floor plan with the same elevation design shall be governed by the following provisions:

2.5.1.1 Same Side of Street: When Residences, using the same floor plan and same elevation, are constructed on the same side of the street; they shall be separated by a minimum of two (2) Lots. A one (1) Lot separation will be permitted when a street intersection occurs, the street right-of-way serves as a Lot equivalent.

2.5.1.2 Opposite Side of Street: When Residences, using the same floor plan and same elevation, are constructed on opposite sides of the street; they shall not be constructed directly or diagonally across from each other.

2.5.2 Repeat Brick Usage: All plans for the construction of Residences submitted to the ACC for review and approval shall calculate the percentage coverage for each material as follows:

2.5.2.1 Same Side of Street: No combination of brick color, mortar color, and sand color shall be repeated for adjacent Residences. Street and alley intersections are acceptable separation elements.

2.5.2.2 Opposite Side of Street: There are no restrictions for the use of brick color, mortar color, and sand color for Residences on opposing sides of the street.

2.5.2 Exterior Material Area Calculations: All dwelling submittals for the construction of Residences submitted to the ACC for review and approval shall calculate the percentage coverage for each material as follows:

2.5.2.1 Calculation Method: Calculations for material coverage percentages shall include all exposed areas of the wall surface, excluding window and door openings.

2.5.2.2 Calculation Format: Calculations shall indicate the area coverage for front, side, and rear wall areas. Calculations shall be submitted in the following format:

Brick Calculations

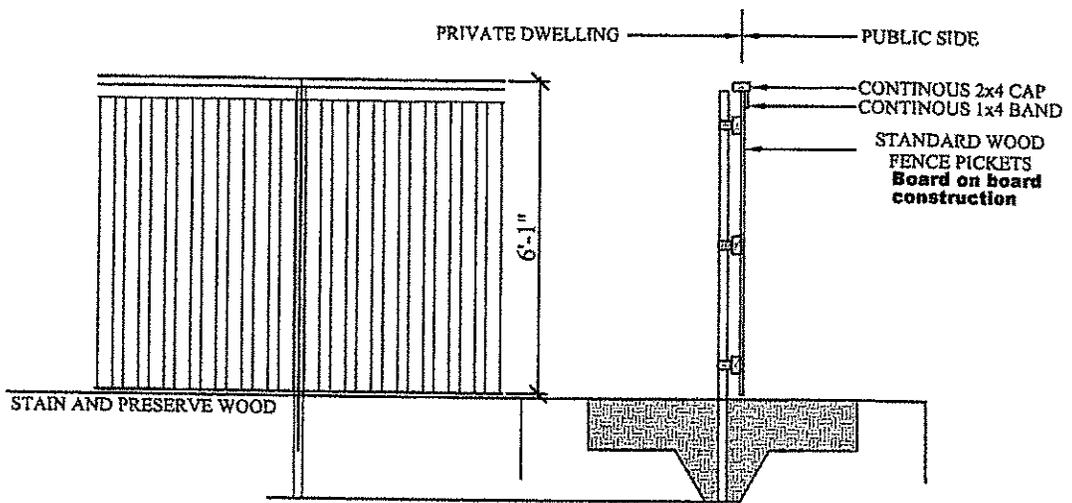
<b>Overall</b>	
Total Wall Area	0 sf
Total Brick Area	0 sf
Total Brick Percentage	0%
<b>Front</b>	
Total Wall Area	0 sf
Total Brick Area	0 sf
Total Brick Percentage	0%
<b>Left</b>	
Total Wall Area	0 sf
Total Brick Area	0 sf
Total Brick Percentage	0%
<b>Right</b>	
Total Wall Area	0 sf
Total Brick Area	0 sf
Total Brick Percentage	0%
<b>Rear</b>	
Total Wall Area	0 sf
Total Brick Area	0 sf
Total Brick Percentage	0%

\*\* Openings removed from areas in all calculations

Following Exhibit Attachment B:

- Exhibit Attachment 1.2.1.1
- Exhibit Attachment 1.2.2.1
- Exhibit Attachment 1.2.3.2
- Exhibit Attachment C
- Exhibit Attachment D
- Exhibit Attachment E

Exhibit Attachment 1.2.1.1  
Fencing on corner lots and backing up to major thoroughfare

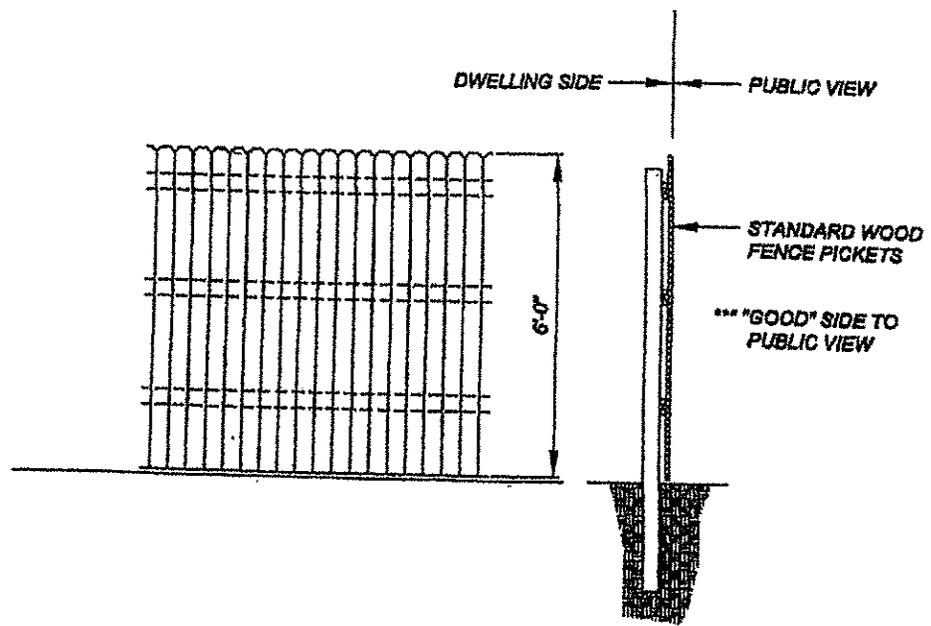


**Stain Color:**

Manufacturer: Sherwin Williams    Color: Banyan Brown - Apply per product installation  
Manufacturer: Standard Paint    Color: Sable Brown - Apply per product installation

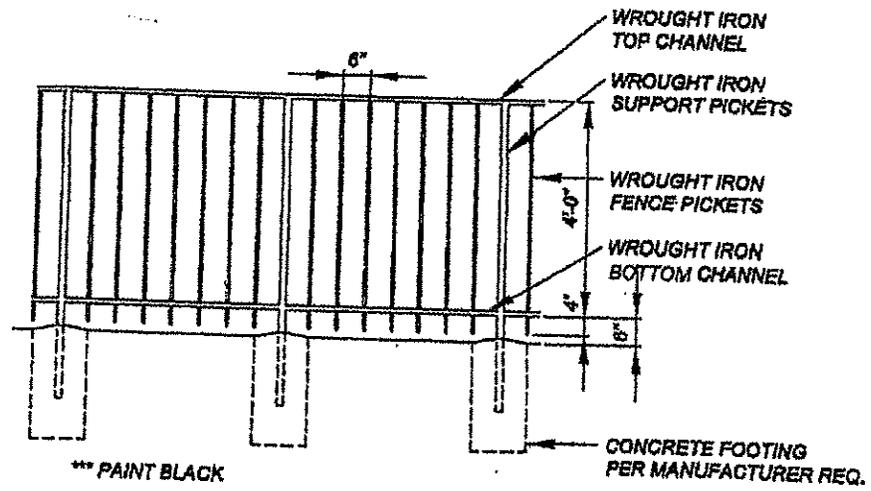
**Attachment 1.2.1.1  
Major Thoroughfare and Corner Lot  
Fence Details**

Exhibit Attachment I.2.2.1  
Standard Side and Rear Yard Fences



**ATTACHMENT: 1.2.2.1**  
**STANDARD LOT SIDE & REAR**  
**FENCE DETAILS**

Exhibit Attachment 1.2.3.2  
Greenbelt Area Side and Rear Yard Fences



**Attachment: 1.2.3.2**

**WROUGHT IRON  
FENCE DETAILS**

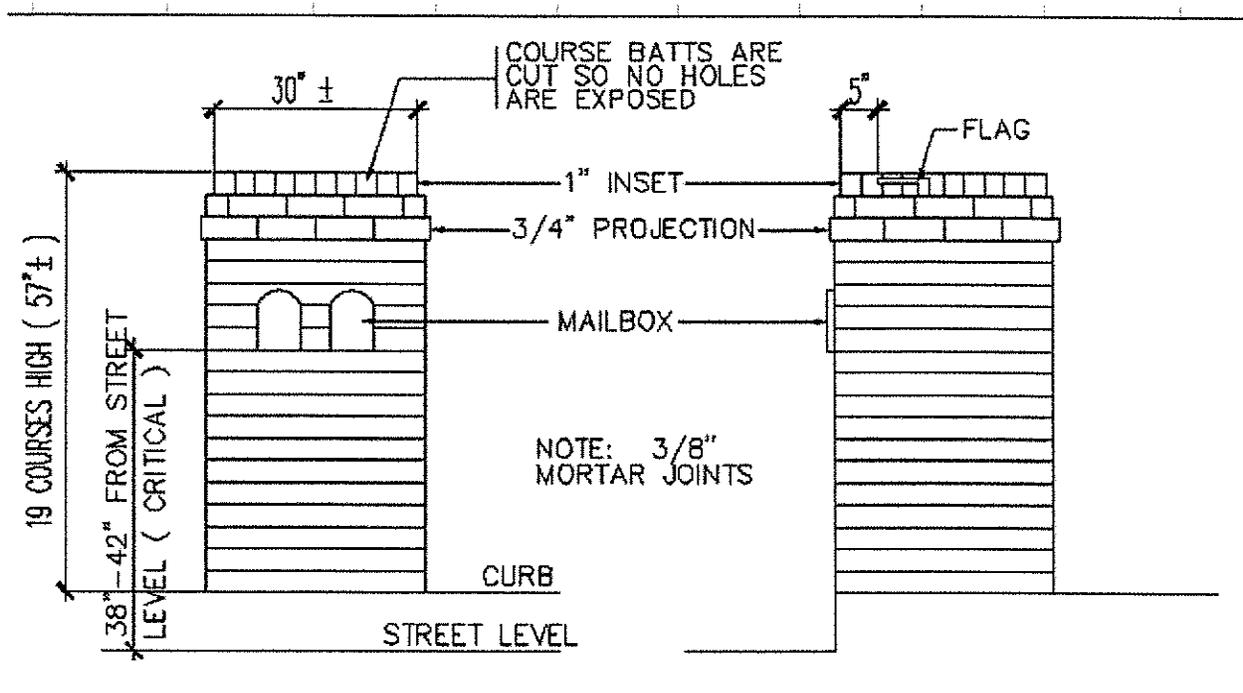
**EXHIBIT C  
TO  
CRESCENT LEWISVILLE HOMEOWNERS ASSOCIATION, INC.  
AN ADDITION TO THE CITY OF LEWISVILLE, DENTON COUNTY, TEXAS**

STANDARD BRICK MAILBOX DESIGN

*[see attached]*

EXHIBIT C COVER PAGE

### Standard Mail Boxes Design



**EXHIBIT D  
TO  
CRESCENT LEWISVILLE HOMEOWNERS ASSOCIATION, INC.  
AN ADDITION TO THE CITY OF LEWISVILLE, DENTON COUNTY, TEXAS**

**CERTIFICATE OF FORMATION**

EXHIBIT D COVER PAGE

**Form 202**  
 Secretary of State  
 P.O. Box 13697  
 Austin, TX 78711-3697  
 FAX: 512/463-5709  
 Filing Fee: \$25



**Certificate of Formation  
 Nonprofit Corporation**

Filed in the Office of the  
 Secretary of State of Texas  
 Filing #: 801974737 04/21/2014  
 Document #: 540045430007  
 Image Generated Electronically  
 for Web Filing

**Article 1 - Corporate Name**

The filing entity formed is a nonprofit corporation. The name of the entity is :

**Crescent Lewisville Homeowners Association, Inc.**

**Article 2 - Registered Agent and Registered Office**

A. The initial registered agent is an organization (cannot be corporation named above) by the name of:

OR

B. The initial registered agent is an individual resident of the state whose name is set forth below:

Name:

**Mehrdad Moayedi**

C. The business address of the registered agent and the registered office address is:

Street Address:

**1221 N. I-35E, Suite 200 Carrollton TX 75006**

**Consent of Registered Agent**

A. A copy of the consent of registered agent is attached.

OR

B. The consent of the registered agent is maintained by the entity.

**Article 3 - Management**

A. Management of the affairs of the corporation is to be vested solely in the members of the corporation.

OR

B. Management of the affairs of the corporation is to be vested in its board of directors. The number of directors, which must be a minimum of three, that constitutes the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting or until their successors are elected and qualified are set forth below.

Director 1: **Mehrdad Moayedi**

Title: **Director**

Address: **1221 N. I-35E, Suite 200 Carrollton TX, USA 75006**

Director 2: **Michael Dees**

Title: **Director**

Address: **1221 N. I-35E, Suite 200 Carrollton TX, USA 75006**

Director 3: **Victor Tannous**

Title: **Director**

Address: **1221 N. I-35E, Suite 200 Carrollton TX, USA 75006**

**Article 4 - Organization Structure**

A. The corporation will have members.

or

B. The corporation will not have members.

**Article 5 - Purpose**

The corporation is organized for the following purpose or purposes:

**Homeowner's Association**

**Supplemental Provisions / Information**

[The attached addendum, if any, is incorporated herein by reference.]

**Effectiveness of Filing**

A. This document becomes effective when the document is filed by the secretary of state.

OR

B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of its signing. The delayed effective date is:

**Organizer**

The name and address of the organizer are set forth below.

**Mehrdad Moayedj      1221 N. I-35E, Suite 200, Carrollton, Texas 75006**

**Execution**

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

**Mehrdad Moayedj**

Signature of organizer.

FILING OFFICE COPY

**EXHIBIT E  
TO  
CRESCENT LEWISVILLE HOMEOWNERS ASSOCIATION, INC.  
AN ADDITION TO THE CITY OF LEWISVILLE, DENTON COUNTY, TEXAS**

**BYLAWS**

EXHIBIT E COVER PAGE

**BYLAWS**  
**OF**  
**CRESCENT LEWISVILLE**  
**HOMEOWNER'S ASSOCIATION, INC.**

(A Texas non-profit corporation)

**PROPERTY**

These Bylaws pertain to Crescent Lewisville, an addition to the City of Lewisville, Texas, according to the Plat recorded in the Plat Records, Denton County, Texas.

**BYLAWS  
OF  
CRESCENT LEWISVILLE  
HOMEOWNER'S ASSOCIATION, INC.  
(A Texas non-profit corporation)**

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**BYLAWS  
OF  
CRESCENT LEWISVILLE  
HOMEOWNER'S ASSOCIATION, INC.  
(A Texas non-profit corporation)**

**ARTICLE I  
INTRODUCTION**

1.1 **PROPERTY.** These Bylaws provide for the governance of Crescent Lewisville, an addition to the City of Lewisville, Texas, according to the Plat recorded as Document No. \_\_\_\_\_, Plat Records, Denton County, Texas (the "**Property**").

1.2 **DECLARATION.** The Property is subject to a number of publicly recorded documents, including the Declaration of Covenants, Conditions & Restrictions for Crescent Lewisville, recorded or to be recorded in the Official Public Records of Denton County, Texas (the "**Declaration**").

1.3 **DEFINITIONS.** Words and phrases defined in the Declaration have the same meanings when used in these Bylaws.

*During the Declarant Control & Development Periods,  
the Declarant has certain rights in the Declaration which may  
have priority over these Bylaws.*

1.4 **DECLARANT CONTROL.** Notwithstanding anything to the contrary in these Bylaws, a number of provisions in these Bylaws are modified by Declarant's rights and reservations under the Declaration during the Declarant Control Period and the Development Period, such as the number, qualification, appointment, removal, and replacement of directors, as well as the weight of votes allocated to lots owned by Declarant.

1.5 **PARTIES TO BYLAWS.** All present or future lot owners and all other persons who use or occupy the Property in any manner are subject to these Bylaws, the Declaration, and the other Governing Documents as defined in the Declaration. The mere acquisition of a lot or occupancy of a dwelling will signify that these Bylaws are accepted, ratified, and will be strictly followed.

1.6 **TYPE OF ORGANIZATION.** As an organization of lot owners, the Association is created by the Declaration and these Bylaws. The Association is a nonprofit organization, and may be incorporated or unincorporated.

1.7 **APPLICABLE LAW.** The Association is a legal entity governed by the Texas Business Organizations Code (the "**Code**"). If the Association is not incorporated, it is an unincorporated nonprofit association subject to Chapter 252 of Title 6 of the Code, the Texas Uniform Unincorporated Nonprofit Association Act. If the Association is incorporated, it is a domestic nonprofit corporation subject to Chapter 22 of Title 2 of the Code, the Texas Nonprofit Corporation Law. If not incorporated, the Association, at its discretion, may use the Texas Nonprofit Corporation Law for guidance in governing the Association. Sections of the Code that are cited in these Bylaws

are incorporated herein by reference, whether or not the Association is incorporated. Nothing in these Bylaws are to be interpreted to supercede mandatory provisions of applicable law, including Section 209 of the Texas Property Code.

1.8 GENERAL POWERS AND DUTIES. The Association, acting through the board, has the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property as may be required or permitted by the Governing Documents and applicable law. The Association may do any and all things that are lawful and which are necessary, proper, or desirable in operating for the best interests of its members, subject only to limitations upon the exercise of such powers as may be contained in applicable law or the Governing Documents.

## **ARTICLE II BOARD OF DIRECTORS**

2.1 NUMBER AND TERM OF OFFICE. After the Declarant Control Period, the board will consist of five persons. The number of directors may be changed by amendment of these Bylaws, but may not be less than three. Upon election, each director will serve a term of 2 years. A director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed. A director may not hold office for more than 2 consecutive terms at one time. Upon the conclusion of such 2 consecutive terms tenure or 1 term of 2 years, a director may not hold office again for 2 years before being eligible to become a director again.

2.2 STAGGERED TERMS. To maintain staggered terms, two directors will be elected in even-numbered years, and three directors will be elected in odd-numbered years. To establish staggered terms, at the first election after the transition meeting, the candidates receiving the most votes will serve 2-year terms, and the candidates receiving the next-highest votes will serve initial terms of one year. In an odd-numbered year, the three highest vote getters will serve a 2-year term, and the next two highest vote getters will serve 1-year terms. In an even-numbered year, the two highest vote getters will serve 2-year terms, and the next three highest vote getters will serve 1-year terms. Thereafter, their successors will serve 2-year terms. If the board is ever elected en masse, the same method will be used to re-establish staggered terms.

*The number and qualifications of directors during the Declarant Control Period is governed by the Declaration.*

2.3 QUALIFICATION. The following qualifications apply to the election or appointments of persons to the board to the extent candidates are available and qualified. The following qualifications may be waived or modified on an election by election basis only if an insufficient number of qualified candidates are available.

2.3.1 Owners. At least a majority of the directors must be members of the Association, spouses of members, or residents of the Property.

2.3.2 Entity Member. If a lot is owned by a legal entity, such as a partnership or corporation, any officer, partner, agent, or employee of that entity member is eligible to serve as a director and is deemed to be a member for the purposes of this Section. If the

relationship between the entity member and the director representing it terminates, that directorship will be deemed vacant.

2.3.3 Co-Owners. Co-owners of a lot, such as spouses, may not serve on the board at the same time.

2.3.4 Ineligibility. If the board is presented with written, documented evidence from a database or other record maintained by a governmental law enforcement authority that a board member has been convicted of a felony or crime involving moral turpitude, the board member is immediately ineligible to serve on the board of the property owners' association, automatically considered removed from the board, and prohibited from future service on the board.

2.4 ELECTION. Directors will be elected by the members of the Association. The election of directors will be conducted at the annual meeting of the Association, at any special meeting called for that purpose, or by any method permitted by applicable law.

2.5 VACANCIES. Subject to the exceptions below, vacancies on the board caused by any reason are filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the board. Each director so elected serves the remainder of the unexpired term of the predecessor board member. The exceptions to board-elected replacements are (1) the removal of a director by a vote of the Association's members, who will elect a replacement, and (2) a vacancy occurring because of an increase in the number of directors, which also will be filled by election of the members.

## 2.6 REMOVAL OF DIRECTORS.

2.6.1 Removal by Members. At any annual meeting of the Association or at any special meeting of the Association called for the purpose of removing a director, any one or more of the directors may be removed with or without cause by members representing at least two-thirds of the votes present in person or by proxy at the meeting, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members must be given an opportunity to be heard at the meeting.

2.6.2 Removal by Directors. A director may not be removed by the officers or by the remaining directors, except for the following limited reasons for which a director may be removed by at least a majority of the other directors at a meeting of the board called for that purpose:

2.6.2.1 The director is a party adverse to the Association, the board, or a committee of the Association in pending litigation to which the Association, board, or committee is a party, provided the Association did not file suit to effect removal of the director.

2.6.2.2 The director's account with the Association has been delinquent for at least 90 days or has been delinquent at least 3 times during the preceding 12 months, provided he was given notice of the default and a reasonable opportunity to cure.

- 2.6.2.3 The director has refused or failed to attend 3 or more meetings of the board during the preceding 12 months, provided he was given proper notice of the meetings.
- 2.6.2.4 The director has refused or failed to cure a violation of the Governing Documents for which he has been given notice, a reasonable opportunity to cure, and an opportunity to request a hearing before the board.
- 2.6.2.5 The director was an "interested person" in the outcome of a contract, decision, or transaction considered by the board, and (1) failed to fully or timely disclose same to the board, or (2) failed to abstain from voting on the matter.

2.6.3 No Removal by Officers. A director may not be removed by officers of the Association, acting in their capacity of officers of the Association, under any circumstance.

## 2.7 MEETINGS OF THE BOARD.

2.7.1 Organizational Meeting of the Board. Within 10 days after the annual meeting, the directors will convene an organizational meeting for the purpose of electing officers. The time and place of the meeting will be fixed by the board and announced to the directors.

2.7.2 Place of Board Meetings. Except for meetings held by electronic or telephonic means, the board will conduct its meetings at a location in the county which all or part of the property of the subdivision is located, or in an adjacent county thereto, that is reasonably convenient for the greatest number of directors, and at a place or facility that is sufficiently large to accommodate the number of owners who typically attend board meetings as observers. The decision of where to meet may be made on a meeting by meeting basis by the officer or director who calls the meeting, by board resolution, or by any other practice that is customary for property owners associations. The board is not required to conduct its meetings at the Property, to maintain a fixed place for its meetings, to select a location that is convenient to owners, or to select a facility that accommodates a larger number of spectator members than is customary.

2.7.3 Types of Board Meetings. Regular meetings of the board must be held at least bi-annually. Special meetings of the board may be called, by the president or, if he is absent or refuses to act, by the secretary, or by any 2 directors. In case of emergency, the board may convene an emergency meeting for the purpose of dealing with the emergency after making a diligent attempt to notify each director by any practical method.

2.7.4 Notice to Directors of Board Meetings. Notice is not required for regular meetings of the board, provided all directors have actual or constructive knowledge of the meeting date, time, and place. Notice of a special meeting must be given at least one day in advance of the meeting. If notice is given, it may be given by any method or combination of methods that is likely to impart the information to the directors.

2.7.5 Notice to Members of Board Meetings. Members shall be given notice of the date, hour, place, and general subject of a regular or special board meeting, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be (1) mailed to each property owner not later than the 10th day or earlier than the 60th day before the date of the meeting; or (2) provided at least 72 hours before the start of the meeting by: (A) posting the notice in a conspicuous manner reasonably designed to provide notice to property owners' association members: (i) in a place located on the association's common property or, with the property owner's consent, on other conspicuously located privately owned property within the subdivision; or (ii) on any Internet website maintained by the association or other Internet media; and (B) sending the notice by e-mail to each owner who has registered an e-mail address with the association. It is an owner's duty to keep an updated e-mail address registered with the property owners' association.

2.7.6 Notice to Members of Elections or Votes. Not later than the 10th day or earlier than the 60th day before the date of an election or vote, the board shall give written notice of the election or vote to (1) each owner of property in the property owners' association, for purposes of an association-wide election or vote; or (2) each owner of property in the property owners' association entitled under the dedicatory instruments to vote in a particular representative election, for purposes of a vote that involves election of representatives of the association who are vested under the dedicatory instruments of the property owners' association with the authority to elect or appoint board members of the property owners' association

2.7.7 Conduct of Meetings. The president presides over meetings of the board and the secretary keeps, or causes to be kept, the written minutes. When not in conflict with applicable law or the Governing Documents, the then current edition of Robert's Rules of Order governs the conduct of the meetings of the board.

2.7.8 Quorum. At meetings of the board, a majority of directors constitutes a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present are the acts of the board. If less than a quorum is present at a meeting of the board, the majority of those present may adjourn the meeting from time to time. At any reconvened meeting at which a quorum is present, any business that may have been transacted at the meeting as originally called may be transacted without further notice.

2.7.9 Minutes. The record of resolutions adopted by the board and a record of transactions and proceedings occurring at meetings are to be kept by the Secretary, or at the Secretary's direction. Such record is not the minutes of the meeting until approved by the directors at a future meeting. The minutes must generally report actions taken by the board. Following an executive session, any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual owners, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties.

2.7.10 Voting. A director who is also an officer of the Association, even the presiding officer, is expected to participate and to vote in the manner of every other director. The president of the Association is not prohibited from voting and is not limited to tie-breaking votes. Directors may not participate by proxy at meetings of the board.

2.7.11 Open Meetings. Regular and special meetings of the board are open to members of the Association, subject to the following provisions to the extent permitted or required by applicable law:

- 2.7.11.1 No audio or video recording of the meeting may be made, except by the board or with the board's prior express consent.
- 2.7.11.2 Members who are not directors may not participate in board deliberations under any circumstances, and may not participate in board discussions unless the board expressly so authorizes at the meeting.
- 2.7.11.3 Executive sessions are not open to members.
- 2.7.11.4 The board may prohibit attendance by non-members, including representatives, proxies, agents, and attorneys of members.
- 2.7.11.5 The board may prohibit attendance by any member who disrupts meetings or interferes with the conduct of board business.

2.7.12 Executive Session. The board may adjourn any regular or special meeting of the board and reconvene in executive session, subject to the following conditions:

- 2.7.12.1 The nature of business to be considered in executive session will first be announced in open session.
- 2.7.12.2 No action may be taken nor decision made in executive session, which is for discussion and informational purposes only.
- 2.7.12.3 To consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the property owners' association's attorney, matters involving the invasion of privacy of individual owners, or matters that are to remain confidential by request of the affected parties and agreement of the board.
- 2.7.12.4 At the end of the executive session, the board must return to the open meeting and summarize orally the general nature of the business that was considered in executive session. Any vote, act, or decision that would have been made in executive session (but for this requirement) must be made in the open meeting.

2.7.13 Development Period Board Meetings. This section 2.7 applies to a meeting of the board during the development period only if the meeting is conducted for the purpose of (1) adopting or amending the governing documents, including declarations, bylaws, rules, and regulations of the association; (2) increasing the amount of regular assessments of the association or adopting or increasing a special assessment; (3) electing non-developer board members of the association or establishing a process by which those members are elected; or (4) changing the voting rights of members of the association.

2.8 ACTION WITHOUT MEETING OR TELEPHONIC MEETING. A board may meet by any method of communication, including electronic and telephonic, without prior notice to owners, if each director may hear and be heard by every other director, or the board may take action by unanimous written consent to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate board action. Any action taken without notice to owners under Subsection (e) must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special board meeting. The board may not, without prior notice to owners under Subsection (e), consider or vote on: (1) fines; (2) damage assessments; (3) initiation of foreclosure actions; (4) initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety; (5) increases in assessments; (6) levying of special assessments; (7) appeals from a denial of architectural control approval; or (8) a suspension of a right of a particular owner before the owner has an opportunity to attend a board meeting to present the owner's position, including any defense, on the issue. If at least a majority of the directors, individually or collectively, consent in writing to such action, the written consents have the same force and effect as approval by a majority of the directors at a meeting. Prompt notice of the action so approved must be delivered to each non-consenting director..

2.9 POWERS AND DUTIES. The board has all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the Property. The board may do all acts and things except those which, by applicable law or the Governing Documents, are reserved to the members and may not be delegated to the board. Without prejudice to the general and specific powers and duties set forth in applicable law or the Governing Documents, or powers and duties as may hereafter be imposed on the board by resolution of the Association, the powers and duties of the board include, but are not limited to, the following:

2.9.1 Appointment of Committees. The board, by resolution, may from time to time designate standing or ad hoc committees to advise or assist the board with its responsibilities. The resolution may establish the purposes and powers of the committee created, provide for the appointment of a chair and committee members, and may provide for reports, termination, and other administrative matters deemed appropriate by the board. Members of committees will be appointed from among the owners and residents. The board may not appoint a committee to act in its place in managing the affairs of the Association.

2.9.2 Manager. The board may employ a manager or managing agent for the Association, at a compensation established by the board, to perform duties and services authorized by the board.

2.10 EMERGENCIES. In the throes of a dire emergency, leaders of the Association may find themselves responding to the emergency without benefit of consulting these Bylaws. One purpose of this Section is to encourage directors to do what is necessary under certain circumstances to protect health, life, and property within Crescent Lewisville. Another purpose is to insulate responsive directors from later claims that they failed to adhere to the formalities for board meetings and notices that are fundamental to decision-making within the Association.

2.10.1 Types. For purposes of these Bylaws, there are two categories of emergencies - public emergencies, and private emergencies. As a general rule, if the directors are divided or uncertain as to whether a circumstance arises to the level of an emergency, as defined

below, the situation is not an emergency. The board may not declare an emergency for the purpose of evading the meeting and notice requirements of these Bylaws.

2.10.1.1 A "**public emergency**" is when a local, state, or national government or governmental entity declares a disaster, catastrophe, state of emergency, or state of war in the area in which the Property is located, or if imminent or actual conditions in the area in which the Property is located are of a type and magnitude for which a local, state, or national government or governmental entity may be expected to declare a disaster, catastrophe, or state of emergency, whether or not the declaration is made. To illustrate, an earthquake that ruptures utility lines, makes roads impassable, and causes buildings to collapse is a public emergency.

2.10.1.2 A "**private emergency**" is when a condition within or around the Property or a situation to which the Association is a party presents an imminent and substantial threat to health, life, or property of a magnitude that warrants immediate action, although the condition or situation does not rise to the level of a public emergency. Examples of private emergencies are an overturned truck carrying toxic waste, or a Crescent Lewisville resident or worker diagnosed with a lethal and highly contagious disease.

2.10.2 Emergency Board Meetings. For the sole purpose of responding to a public or private emergency, the board may convene an emergency board meeting after making a diligent attempt to notify each director and officer by any practical method, without formal notice to the directors or members. At such emergency board meeting, the directors participating constitute a quorum. The directors who participate in the emergency board meeting will make a record of their meeting and the decisions made, for inclusion with the minutes of the next regular or special meeting of the board.

2.10.3 Emergency Powers. In anticipation of, during, or in the aftermath of a public or private emergency, the officers, directors, employees, and agents of the Association - collectively or individually - may take or authorize any action they deem necessary to protect health, lives, and property within Crescent Lewisville for so long as emergency conditions exist. A decision or action made in good faith under emergency conditions and for the sole purpose of dealing with the emergency may not be used to impose liability on an officer, director, employee, or agent of the Association.

2.11 FIDELITY BONDS. Any person handling or responsible for Association funds, including officers, agents, and employees of the Association, must furnish adequate fidelity bonds. The premiums on the bonds may be a common expense of the Association.

### **ARTICLE III OFFICERS**

3.1 DESIGNATION. The principal officers of the Association are the president, the vice-president, the secretary, and the treasurer. The board may appoint one or more vice-presidents and other officers and assistant officers as it deems necessary. The president and secretary must be directors. Other officers may, but need not, be members or directors. Any two offices may be held by the same person, except the offices of president and secretary. If an officer is absent or unable to act, the board may appoint a director or a committee to perform the duties of that officer and to act in place of that officer, on an interim basis.

3.2 ELECTION OF OFFICERS. The officers are elected no less than annually by the directors at the organizational meeting of the board and hold office at the pleasure of the board. Except for resignation or removal, officers hold office until their respective successors have been designated by the board.

3.3 REMOVAL AND RESIGNATION OF OFFICERS. A majority of directors may remove any officer, with or without cause, at any regular meeting of the board or at any special meeting of the board called for that purpose. A successor may be elected at any regular or special meeting of the board called for that purpose. An officer may resign at any time by giving written notice to the board. Unless the notice of resignation states otherwise, it is effective when received by the board and does not require acceptance by the board. The resignation or removal of an officer who is also a director does not constitute resignation or removal from the board.

#### 3.4 DESCRIPTION OF PRINCIPAL OFFICES.

3.4.1 President. As the chief executive officer of the Association, the president: presides at all meetings of the Association; has all the general powers and duties which are usually vested in the office of president of an organization; has general supervision, direction, and control of the business of the Association, subject to the control of the board; and sees that all orders and resolutions of the board are carried into effect.

3.4.2 Vice-President. The vice-president acts in place of the president in event of the president's absence, inability, or refusal to act. The vice-president also exercises and discharges any duty required of the vice-president by the board.

3.4.3 Secretary. The secretary: keeps the minutes of all meetings of the board and of the Association; has charge of such books, papers, and records as the board may direct; maintains a record of the names and addresses of the members for the mailing of notices; and in general, performs all duties incident to the office of secretary.

3.4.4 Treasurer. The treasurer: is responsible for Association funds; keeps full and accurate financial records and books of account showing all receipts and disbursements; prepares all required financial data and tax returns; deposits all monies or other valuable effects in the name of the Association in depositories as may from time to time be designated by the board; prepares the annual and supplemental budgets of the Association; reviews the accounts of the managing agent on a monthly basis in the event a managing agent is

responsible for collecting and disbursing Association funds; and performs all the duties incident to the office of treasurer.

3.5 AUTHORIZED AGENTS. Except when the Governing Documents require execution of certain instruments by certain individuals, the board may authorize any person to execute instruments on behalf of the Association. In the absence of board designation, the president and the secretary are the only persons authorized to execute instruments on behalf of the Association.

#### **ARTICLE IV** **STANDARDS**

4.1 SEPARATE LIABILITY. The Association is a legal entity separate from its members for the purposes of determining and enforcing rights, duties, and liabilities in contract and tort. Members, directors, and officers of the Association are not personally and individually liable for the Association's breach of a contract or for the Association's tort or omission merely because they are members, directors, or officers of the Association. A member has the right to assert a claim against the Association, and the Association has the right to assert a claim against a member.

4.2 GENERAL STANDARDS. The general standards of duty for an officer or director of the Association are the State's standards for officers and directors of a nonprofit corporation, as stated in the Code as it may be amended. On the date of this document, Sections 22.221 and 22.235 of the Code provide the following standards:

4.2.1 A director will discharge the director's duties in good faith, with ordinary care, and in a manner the director reasonably believes to be in the best interest of the Association.

4.2.2 An officer or director is not liable to the Association, its members, or another person for an action taken or not taken as a director if the director acted in compliance with the above-stated standard for discharging duties. A person seeking to establish liability of an officer or director must prove that the officer or director did not act in good faith, with ordinary care, and in a manner the officer or director reasonably believed to be in the best interests of the Association.

4.3 RELIANCE. An officer or director may rely on information prepared or presented by an officer or employee of the Association, an attorney licensed by the State of Texas, a certified public accountant, an investment banker, or a person whom the officer or director reasonably believes to possess professional expertise in the matter, and in the case of a director, a committee of the Association of which the director is not a member. Such reliance must be exercised in good faith and with ordinary care. An officer or director may not rely on such information if he has actual knowledge that makes the reliance unwarranted.

4.4 COMPENSATION. Except as permitted below, a director, officer, member, or resident is not entitled to receive financial or monetary profit from the operation of the Association, and no funds or assets of the Association may be paid as salary or compensation to, or be distributed to, or inure to the benefit of a director, officer, member, or resident. Nevertheless,

4.4.1 Reasonable compensation may be paid to a director, officer, member, or resident for services rendered to the Association in other capacities.

4.4.2 A director, officer, member, or resident may, from time to time, be reimbursed for his actual and reasonable expenses incurred on behalf of the Association in connection with the administration of the affairs of the Association, provided the expense has been approved by the board.

4.4.3 The board may budget and use Association funds to purchase awards, certificates, a celebratory meal, or other customary tokens or demonstrations of appreciation for volunteer activities.

4.4.4 This Section does not apply to distributions to lot owners permitted or required by the Declaration, applicable law, or a court order.

4.5 LOANS. The Association may not loan money to or guaranty a loan for an officer or director of the Association.

4.6 CONFLICT OF INTERESTS. If a contract or transaction is fair to the Association, it is not disallowed merely because an officer, director, or member of the Association has a financial interest in the transaction, provided the "interested" officer, director, or member fully and accurately discloses the nature of his interest to the board in a manner that is timely for the board's consideration of the contract or transaction, and the "interested" officer or director does not participate in the vote to approve the contract or transaction, although the "interested" director may be counted toward a quorum at the meeting. Nothing in this Section may be construed to prevent the board from adopting policies and procedures that are more stringent than the requirements of this Section, or of applicable law, such as Sections 1.003, 1.004, and 22.230 of the Code.

**ARTICLE V**  
**MEETINGS OF THE ASSOCIATION**

5.1 ANNUAL MEETING. An annual meeting of the Association must be held during the first quarter of each calendar year. At annual meetings the members will elect directors in accordance with these Bylaws and may transact such other business of the Association as may properly come before them.

5.2 SPECIAL MEETINGS. It is the duty of the president to call a special meeting of the Association if directed to do so by a majority of the board or by one or more petitions signed by owners of at least 20 percent of the lots in the Property. If the petition process is used, petitions may be in any form that is customary for the time. The board may not require a specific form of petition, nor require that the petition be offered to every member of the Association. Signatures on petitions need not be notarized or witnessed. An electronic or faxed petition is acceptable if the "signer's" identity is reasonably discernible.

5.3 PLACE OF MEETINGS. Meetings of the Association may be held at the Property or at a suitable place convenient to the members, as determined by the board.

5.4 NOTICE OF MEETINGS. Members shall be given notice of the date, hour, place, and general subject of a regular or special Association meeting. The notice shall be (1) mailed to each property owner not later than the 10th day or earlier than the 60th day before the date of the meeting; or (2) provided at least 72 hours before the start of the meeting by: (A) posting the notice in a conspicuous manner reasonably designed to provide notice to property owners' association members: (i) in a place

located on the association's common property or, with the property owner's consent, on other conspicuously located privately owned property within the subdivision; or (ii) on any Internet website maintained by the association or other Internet media; and (B) sending the notice by e-mail to each owner who has registered an e-mail address with the association. It is an owner's duty to keep an updated e-mail address registered with the property owners' association.

5.5 RECORD DATE. Before each meeting of the Association, the board will establish a list of all members for purposes of receiving a meeting notice. The "cut off" date on which these lists are based is referred to in the Code as the "Record Date." The Record Date for an Association meeting for which notice is given is 10 calendar days before the date the notice is distributed or published to the members. The Record Date for an Association meeting for which no notice is given is 45 calendar days before the meeting.

*Every member may attend and vote at Association meetings.*

5.6 ELIGIBILITY. Every member is entitled to receive notice of Association meetings, to attend Association meetings, to be counted towards a quorum, and vote.

5.6.1 Meeting Notice. An owner of each lot in the Property as of the Record Date is eligible to receive notices of meetings of the Association. Because the ownership of lots may change during a year, the ownership as of the Record Date is used to produce the membership list for use in connection with the meeting.

5.6.2 Voting. The board may not disqualify owners with delinquent accounts, and must allow all owners to vote regardless of arrearages.

5.7 QUORUM. At any meeting except where "Special Quorum" is required as described in Section 5.4(b) of the Declaration, the presence in person or by proxy of owners of at least ten (10) percent of the lots in the Property constitutes a quorum. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of members constituting a quorum.

5.8 LACK OF QUORUM. If a quorum is not present at any meeting of the Association for which proper notice was given, members representing at least a majority of the votes present at the meeting, although not constituting a quorum, may vote to recess the meeting for not more than 24 hours in order to attain a quorum, provided the place of the meeting remains as stated in the notice. If the meeting is adjourned without attainment of a quorum, notice of a new meeting for the same purposes within 15 to 30 days may be given to an owner of each lot, at which re-called meeting the quorum requirement is lowered to two-thirds of the number of lots required for the first call of the meeting.

5.9 VOTES. The vote of members (regardless of Class) representing at least a majority of the votes cast at any meeting at which a quorum is present binds all members for all purposes, except when a higher percentage is required by these Bylaws, the Declaration, or by applicable law. Cumulative voting is prohibited.

5.9.1 Co-Owned Lots. If a lot is owned by more than one member, the vote appurtenant to that lot is cast as follows. If only one of the multiple owners of a lot is present at a meeting of the Association, that person may cast the vote allocated to that lot. If more than one of the

multiple owners is present, the vote allocated to that lot may be cast only in accordance with the owners' unanimous agreement. Multiple owners are in unanimous agreement if one of the multiple owners casts the vote allocated to a lot and none of the other owners makes prompt protest to the person presiding over the meeting.

5.9.2 Entity-Owned Lots. If a lot is owned by an entity, such as a corporation or partnership, the vote appurtenant to that lot may be cast by any officer, manager, or partner of the entity in the absence of the entity's written appointment of a specific person to exercise its vote. The person presiding over a meeting or vote may require reasonable evidence that a person voting on behalf of an entity is qualified to vote.

5.9.3 Association-Owned Lots. Votes allocated to a lot owned by the Association may be counted towards a quorum only, and may not be voted.

5.9.4 Lots Owned by Class A Members. Votes allocated to Class A Members shall be one (1) vote for each Lot owned. Co-owned Lots shall be governed as set forth in Section 5.9.1 above.

5.9.4 Lots Owned by Class B Members. Votes allocated to Class B Members shall be ten (10) votes for each Lot owned.

5.10 VOTING. The voting rights of an owner may be cast or given (1) in person or by proxy at a meeting of the property owners' association; (2) by absentee ballot as addressed herein; (3) by electronic ballot as addressed herein; or (4) by any method of representative or delegated voting provided by a dedicatory instrument.

5.10.1 An absentee or electronic ballot (1) may be counted as an owner present and voting for the purpose of establishing a quorum only for items appearing on the ballot; (2) may not be counted, even if properly delivered, if the owner attends any meeting to vote in person, so that any vote cast at a meeting by a property owner supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal; and (3) may not be counted on the final vote of a proposal if the motion was amended at the meeting to be different from the exact language on the absentee or electronic ballot.

5.10.2 A solicitation for votes by absentee ballot must include (1) an absentee ballot that contains each proposed action and provides an opportunity to vote for or against each proposed action; (2) instructions for delivery of the completed absentee ballot, including the delivery location; and (3) the following language:

"By casting your vote via absentee ballot you will forgo the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail."

5.10.3 "Electronic ballot" means a ballot (1) given by (A) e-mail; (B) facsimile; or (C) posting on an Internet website; (2) for which the identity of the property owner submitting the ballot can be

confirmed; and (3) for which the property owner may receive a receipt of the electronic transmission and receipt of the owner's ballot.

5.10.4 If an electronic ballot is posted on an Internet website, a notice of the posting shall be sent to each owner that contains instructions on obtaining access to the posting on the website.

5.11 PARTICIPATION. A member participates in an Association meeting as addressed in the preceding section unless the member participates for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

5.12 PROXIES. To be valid, each proxy must be signed and dated by a member or his attorney-in-fact; identify the lot to which the vote is appurtenant; designate the person or position (such as "presiding officer") in favor of whom the proxy is granted, such person having agreed to exercise the proxy; identify the meeting for which the proxy is given; not purport to be revocable without notice; and be delivered to the secretary, to the person presiding over the Association meeting for which the proxy is designated, or to a person or company designated by the board. Unless the proxy specifies a shorter or longer time, it terminates 11 months after the date of its execution. Perpetual or self-renewing proxies are permitted, provided they are revocable. To revoke a proxy, the granting member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated. Unless revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled is valid when the meeting reconvenes. A proxy delivered by email or by fax may be counted if any of the following occurs: (1) the proxy's authenticity can be confirmed to the reasonable satisfaction of the board, (2) the proxy has been acknowledged or sworn to by the member, before and certified by an officer authorized to take acknowledgments and oaths, or (3) the Association also receives the original proxy within 5 days after the vote.

5.13 CONDUCT OF MEETINGS. The president, or any person designated by the board, presides over meetings of the Association. The secretary keeps, or causes to be kept, the minutes of the meeting which should record all resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting. The person presiding over the meeting may appoint a parliamentarian. The then current edition of Robert's Rules of Order governs the conduct of meetings of the Association when not in conflict with the Governing Documents.

5.14 ORDER OF BUSINESS. Unless the notice of meeting (agenda) states otherwise, or the assembly adopts a different agenda at the meeting, the order of business at meetings of the Association is as follows:

- Determine votes present by roll call or check-in procedure
- Announcement of quorum
- Proof of notice of meeting
- Approval of minutes of preceding meeting
- Reports
- Election of directors (when required)
- Unfinished or old business
- New business

5.15 ADJOURNMENT OF MEETING. At any meeting of the Association, a majority of the members present at that meeting, either in person or by proxy, may adjourn the meeting to another time and place.

5.16 ACTION WITHOUT MEETING. Subject to board approval, any action which may be taken by a vote of the members at a meeting of the Association may also be taken without a meeting by written consents. The board may permit members to vote by ballots delivered by any method allowed by these Bylaws or applicable law. Written consents by members representing at least a majority of votes in the Association, or such higher percentage as may be required by the Governing Documents, constitutes approval by written consent. This Section may not be used to avoid the requirement of an annual meeting.

5.17 MEETINGS BY REMOTE COMMUNICATIONS. Members of the Association may participate in and hold meetings of the Association by means of electronic town halls, conference telephone or similar communications equipment by means of which all persons participating in the meeting can communicate concurrently. Participation in the meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. By acquiring an interest in a lot, each owner automatically consents to the use of communication technology to effect meetings of the Association, provided the owners of at least 85 percent of the lots in the Property have access to the form of technology chosen by the board, and further provided that the Association arranges a place or method of participation for those who do not have the technology.

#### 5.18 VOTE TABULATION AND RECOUNTS.

5.18.1.1 A person who is a candidate in an Association election or who is otherwise the subject of an Association vote, or a person related to that person within the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code, may not tabulate or otherwise be given access to the ballots cast in that election or vote except as provided in this section 5.18.

5.18.1.2 A person other than a person described in subsection 5.18.1 may tabulate votes in an association election or vote but may not disclose to any other person how an individual voted.

5.18.1.3 A person other than a person who tabulates votes under subsection 5.18.2, including a person described by subsection 5.18.1, may be given access to the ballots cast in the election or vote only as part of a recount process authorized by law.

5.18.1.4 Any owner may, not later than the 15th day after the date of the Association meeting at which the election was held, require a recount of the votes, in accordance with Section 209.0057 of the Texas Property Code.

### **ARTICLE VI** **RULES**

6.1 RULES. The board has the right to establish and amend, from time to time, reasonable rules and regulations for: the administration of the Association and the Governing Documents; the maintenance, management, operation, use, conservation, and beautification of the Property; and the health, comfort, and general welfare of the residents; provided, however, that such rules may not be in conflict with applicable law or the Governing Documents. The board will, at all times, maintain

the then current and complete rules in a written form which can be copied and distributed to the members.

6.2 ADOPTION AND AMENDMENT. Any rule may be adopted, amended, or terminated by the board, provided that the rule and the requisite board approval are properly recorded as a resolution in the minutes of the meeting of the board.

6.3 NOTICE AND COMMENT. At least 10 days before the effective date, the board will give written notice to an owner of each lot of any amendment, termination, or adoption of a rule, or will publish same in a newsletter, on the Association's website, or in any form or medium that is circulated or available to the members. The board may, but is not required to, give similar notice to residents who are not members. Any member or resident so notified has the right to comment orally or in writing to the board on the proposed action.

6.4 DISTRIBUTION. On request from any member or resident, the board will provide a current and complete copy of rules. Additionally, the board will, from time to time, distribute copies of the current and complete rules to owners and, if the board so chooses, to non-member residents.

## **ARTICLE VII** **ENFORCEMENT**

7.1 ACTIONS REQUIRING NOTICE AND HEARING. Before taking any of the below-described actions, the Association must give written notice and an opportunity for a hearing according to the requirements of this Article and the notice and hearing requirements of applicable law, such as Chapter 209 Texas Property Code. To the extent a mandatory provision of Chapter 209 Texas Property Code conflicts with this Article, Chapter 209 Texas Property Code controls. The following actions by or with the approval of the board, the Association, or the Architectural Reviewer, require notice and hearing as provided by this Article:

7.1.1 Suspension of use of a common area.

7.1.2 Imposition of a fine for violation of any provision of the Governing Documents, other than fines, interest, or collection fees charged for delinquent accounts.

7.1.3 Charging an owner or a lot for property damage.

7.1.4 Filing suit against an owner other than a suit related to the collection of assessments or foreclosure of the Association's assessment lien.

7.2 NOTICE. The required written notice must contain the date the violation notice is prepared or mailed; a statement that not later than the 30th day after the date the owner receives the notice, the owner may request a hearing to discuss and verify facts and resolve the matter in issue, pursuant to this Article and applicable law, such as Section 209.007 Texas Property Code; a statement of how or where the request for hearing should be made or delivered; a statement that if the hearing is before a committee or any body other than the board, the owner has the right to appeal the decision to the board by written notice to the board; a statement that the owner may be liable for reimbursement of attorneys fees and costs if the violation continues or the damage is not paid by a stated date; and the following contents applicable to violations or damage claims, as the case may be:

7.2.1 Notice of Violation. In the case of a violation of a provision of the Governing Documents, the written notice must also contain the following: a description of the violation; a reference to the rule or provision of the Governing Documents that is being violated, if applicable; a description of the action required to cure the violation; the amount of the fine or charge to be levied, the nature of the common area suspension, and/or the abatement action to be taken; unless the owner was given notice and a reasonable opportunity to cure a similar violation within the preceding 6 months, a statement that the owner may avoid the fine or suspension by curing the violation in a reasonable period of time, which may be specified in the notice.

7.2.2 Notice of Damage. In the case of property damage for which the Association seeks reimbursement or imposition of a charge on the owner or the lot, the written notice must also contain a description of the property damage and the amount of the Association's claim against the owner or the lot.

7.2.3 Notice to Resident. In addition to giving the violation notice to the owner, the board may also give a copy of the notice to the non-owner resident, if the board deems it appropriate.

7.2.4 Receipt of Notice. Unless applicable law provides otherwise, any notice given to an owner pursuant to this Article will be deemed received by the owner on personal delivery to the owner or to a person at the owner's address, or on the third business day after the notice is deposited with the U.S. Postal Service, addressed to the owner at the most recent address shown on the Association's records, whether or not the owner actually receives the notice.

### 7.3 HEARING.

7.3.1 Request for Hearing. To request a hearing, an owner must submit a written request within 30 days after receiving the Association's written notice. Within 10 days after receiving the owner's request for a hearing, and at least 10 days before the hearing date, the Association will give the owner notice of the date, time, and place of the hearing. If the Association or the owner requests a postponement of the hearing, the hearing will be postponed for up to 10 days. Additional postponements may be granted by agreement of the parties.

7.3.2 Pending Hearing. Pending the hearing, the board may continue to exercise the Association's other rights and remedies for the violation, as if the declared violation were valid. The owner's request for a hearing suspends only the action described in the Association's written notice.

7.3.3 Attendance. The hearing may be held with or without the presence of the owner or the owner's representative.

7.3.4 Hearing. The hearing may be held in a closed or executive session of the board. At the hearing, the board will consider the facts and circumstances surrounding the violation. The owner may attend the hearing in person, or may be represented by another person or written communication.

7.3.5 Minutes of Hearing. The minutes of the hearing must contain a statement of the results of the hearing and the amount of fine or charge, if any, imposed, or abatement or suspension action, if any, authorized. A copy of the notice and request for hearing should be placed in the minutes of the hearing. If the owner appears at the hearing, the notice requirement will be deemed satisfied.

7.4 ACTIONS EXEMPT FROM NOTICE AND HEARING REQUIREMENTS. As a general rule, every action other than the above-described actions requiring notice and hearing are impliedly exempt from the requirements of this Article. As permitted by applicable law, such as Section 209.007 of Texas Property Code, the following actions are expressly exempt:

7.4.1 A temporary suspension of a person's right to use common areas if the temporary suspension is the result of a violation that occurred in a common area and involved a significant and immediate risk of harm to others in the Property. The temporary suspension is effective until the board makes a final determination on the suspension action after following the notice and hearing procedures prescribed by this Article.

7.4.2 A lawsuit in which the Association seeks a temporary restraining order or temporary injunctive relief.

7.4.3 A lawsuit filed by the Association that includes foreclosure as a cause of action.

7.4.4 The collection of delinquent assessments.

7.5 IMPOSITION OF FINE. Within 30 days after levying the fine or authorizing the abatement, the board must give the owner notice of the levied fine or abatement action. If the fine or action is announced at the hearing at which the owner is actually present, the notice requirement will be satisfied. Otherwise, the notice must be in writing.

7.5.1 Amount. The board may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The board may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation. If the board allows fines to accumulate, it may establish a maximum amount for a particular fine, at which point the total fine will be capped.

7.5.2 Type of Fine. If the violation is ongoing or continuous, the fine may be levied on a periodic basis (such as daily, weekly, or monthly). If the violation is not ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis.

7.5.3 Other Fine-Related. The Association is not entitled to collect a fine from an owner to whom it has not given notice and an opportunity to be heard. The Association may not charge interest on unpaid fines. The Association may not foreclose its assessment lien on a debt consisting solely of fines. The board may adopt a collection policy that applies owners' payments to unpaid fines before retiring other types of assessments.

7.6 REIMBURSEMENT OF EXPENSES AND LEGAL FEES. In addition to any other rights set forth in the Governing Documents for violation of a provision of the Governing Documents, the board may levy and collect individual assessments for reimbursement of reasonable fees and

expenses, including without limitation legal fees, incurred by the Association to enforce the Governing Documents, including the collection of delinquent assessments, subject to the following conditions:

7.6.1 Notice. The Association must give the owner written notice that the owner will be liable for reimbursement of any such fees and expenses incurred by the Association if the delinquency or violation continues after a date certain that is stated in the notice. This notice requirement does not apply to legal fees incurred by the Association in connection with the Association's counterclaim in a lawsuit to which an owner is a plaintiff.

7.6.2 Hearing. If legal fees are incurred by the Association for an action requiring notice and hearing, the owner is not liable for reimbursement of legal fees incurred before the date by which the owner must request a hearing, if the owner does not request a hearing, or before conclusion of the hearing, if the owner does request a hearing.

7.6.3 Records. By written request, an owner may obtain from the Association copies of any invoices for charges, including legal fees, for which the Association seeks reimbursement.

7.6.4 Foreclosure. In connection with a nonjudicial foreclosure of the Association's assessment lien, applicable law, such as Chapter 209 of the Texas Property Code, may establish a limit for the amount of attorneys fees that the Association may include in its lien.

7.7 ADDITIONAL ENFORCEMENT RIGHTS. Notwithstanding the notice and hearing requirement, the board may take immediate and appropriate action, without giving the notices required in this Article, against violations of the Governing Documents which, in the board's opinion, are self-evident, such as vehicles parked illegally or in violation of posted signs; threatening to life or property; or repeat violations of the same provision by the same owner to whom prior notices and demands have been given for the same violation. Further, the provisions of this Article do not apply to specific remedies provided in the Governing Documents for certain violations, such as nonpayment of assessments.

## **ARTICLE VIII** **OBLIGATIONS OF THE OWNERS**

8.1 NOTICE OF SALE. Any owner intending to sell or convey his lot or any interest therein must give written notice to the board of his intention, together with the address or legal description of the lot being conveyed, the name and address of the intended purchaser, the name, address, and phone number of the title company or attorney designated to close the transaction, names and phone numbers of real estate agents, if any, representing seller and purchaser, and scheduled date of closing. An owner will furnish this information to the board at least 10 business days before the scheduled date of closing or conveyance. The requirements of this Section may be satisfied by giving the Association a copy of an accepted resale contract in connection with the owner's request to the Association for a resale certificate.

8.2 PROOF OF OWNERSHIP. Except for those owners who initially purchase a lot from Declarant, any person, on becoming an owner of a lot, must furnish to the board evidence of ownership in the lot, which copy will remain in the files of the Association. A copy of the recorded deed is the customary evidence. The Association may refuse to recognize a person as a member unless this requirement is first met. This requirement may be satisfied by receipt of a board-

approved form that is completed and acknowledged by a title company or attorney at time of conveyance of the lot or any interest therein.

8.3 OWNERS' INFORMATION. Within 30 days after acquiring an ownership interest in a lot, the owner must provide the Association with the owner's mailing address, telephone number, and driver's license number, if any; the name and telephone number of any resident other than the owner; and the name, address, and telephone number of any person managing the lot as agent of the lot owner. An owner must notify the Association within 30 days after he has notice of a change in any information required by this Section, and must provide the information on request by the Association from time to time.

8.4 MAILING ADDRESS. The owner or the several co-owners of a lot must register and maintain one mailing address to be used by the Association for mailing of notices, demands, and all other communications. If an owner fails to maintain a current mailing address with the Association, the address of the owner's lot is deemed to be his mailing address.

8.5 REGISTRATION OF MORTGAGEES. Within 30 days after granting a lien against his lot, the owner must provide the Association with the name and address of the holder of the lien and the loan number. The owner must notify the Association within 30 days after he has notice of a change in the information required by this Section. Also, the owner will provide the information on request by the Association from time to time.

8.6 ASSESSMENTS. All owners are obligated to pay assessments imposed by the Association to meet the common expenses as defined in the Declaration. A member is deemed to be in good standing and entitled to vote at any meeting of the Association if he is current in the assessments made or levied against him and his lot.

8.7 COMPLIANCE WITH DOCUMENTS. Each owner will comply with the provisions and terms of the Governing Documents, and any amendments thereto. Further, each owner will always endeavor to observe and promote the cooperative purposes for which the Property was established.

## **ARTICLE IX ASSOCIATION RECORDS**

9.1 INSPECTION OF BOOKS AND RECORDS. The association shall make the books and records of the association, including financial records, open to and reasonably available for examination by an owner, or a person designated in a writing signed by the owner as the owner's agent, attorney, or certified public accountant, in accordance with this section. An owner is entitled to obtain from the association copies of information contained in the books and records.

9.1.1 Exempt Records. Except as provided by this section, an attorney's files and records relating to the property owners' association, excluding invoices requested by an owner under Texas Property Code Section 209.008(d), are not records of the association and are not subject to inspection by the owner or production in a legal proceeding. If a document in an attorney's files and records relating to the association would be responsive to a legally authorized request to inspect or copy association documents, the document shall be produced by using the copy from the attorney's files and records if the association has not maintained a separate copy of the document. This subsection does not require production of a document that constitutes attorney work product or that is privileged as an attorney-client communication.

9.1.2 Request. An owner or the owner's authorized representative described above must submit a written request for access or information to the records by certified mail, with sufficient detail describing the property owners' association's books and records requested, to the mailing address of the association or authorized representative as reflected on the most current management certificate filed by the Association. The request must contain an election either to inspect the books and records before obtaining copies or to have the property owners' association forward copies of the requested books and records and:

9.1.2.1 if an inspection is requested, the association, on or before the 10th business day after the date the association receives the request, shall send written notice of dates during normal business hours that the owner may inspect the requested books and records to the extent those books and records are in the possession, custody, or control of the association; or

9.1.2.2 if copies of identified books and records are requested, the association shall, to the extent those books and records are in the possession, custody, or control of the association, produce the requested books and records for the requesting party on or before the 10th business day after the date the association receives the request, except as otherwise provided by this section.

9.1.3 Response. If the property owners' association is unable to produce the books or records requested under Subsection 9.1.2 on or before the 10th business day after the date the association receives the request, the association must provide to the requestor written notice that:

9.1.3.1 informs the requestor that the association is unable to produce the information on or before the 10th business day after the date the association received the request; and

9.1.3.2 states a date by which the information will be sent or made available for inspection to the requesting party that is not later than the 15th business day after the date notice under this subsection is given.

9.1.4 Inspection Location. If an inspection is requested or required, the inspection shall take place at a mutually agreed on time during normal business hours, and the requesting party shall identify the books and records for the property owners' association to copy and forward to the requesting party.

9.1.5 A property owners' association may produce books and records requested under this section in hard copy, electronic, or other format reasonably available to the association.

9.1.6 Books and records of the Association will be made available for inspection and copying pursuant to the Open Records Policy attached hereto as Exhibit A.

9.1.7 Books and records of the Association will be retained in accordance with the Records Retention Policy attached hereto as Exhibit B.

9.2 RESALE CERTIFICATES. Any officer may prepare, or cause to be prepared, assessment estoppel certificates or resale certificates pursuant to applicable law, such as Chapter 207 of the

Texas Property Code, titled Disclosure of Information by Property Owners Association. The Association may charge a reasonable fee for preparing such certificates, and may refuse to furnish such certificates until the fee is paid. Any unpaid fees may be assessed against the lot for which the certificate is furnished. The Association may delegate the responsibility for a resale certificate to its managing agent, if any.

9.3 MANAGEMENT CERTIFICATE. As required by applicable law, such as Section 209.004 of the Texas Property Code, the Association will maintain a current management certificate in the county's public records. When the Association has notice of a change in any information in the recorded certificate, the Association will prepare a restated or amended certificate and deliver it to the county clerk for filing. Absent gross negligence, the Association is not liable for a delay or failure to record a certificate. The Association may delegate the responsibility for a management certificate to its managing agent, if any.

9.4 MEMBERSHIP LIST. The board must maintain a comprehensive list of Association members for compliance with the Code as well as the Governing Documents. The Association must make the membership list available to any owner on written request, and may charge a reasonable fee for cost of copying and delivering the owners list.

9.4.1 Types of Information. At a minimum, the Association must maintain for each lot the name and mailing address of at least one owner, and a description of the lot owned (if different from the mailing address). The Association may also maintain, as an Association record, additional contact information for owners, such as phone numbers, fax numbers, email addresses, places of employment, emergency contact information, mortgage information, and any other items of information provided by owners or obtained by the Association.

9.4.2 Source of Ownership Information. In compiling the ownership or membership list, the Association may rely on any combination of public records, such as tax rolls, documentation provided by title insurance companies, self-reporting by owners and residents, and any other reasonably reliable and customary source of ownership information. The requirement of maintaining ownership records may not be construed to require the Association to affirmatively investigate or research title to a lot.

9.4.3 Information Available to Members. Membership information to be maintained by the Association is similar to what is typically available to the public on the website of the appraisal district, and may not be considered confidential, private, or protected information as between the Association and its members. Neither the Association nor a member of the Association may sell or otherwise market the Association's membership information without the express prior consent of the owners. Each owner, by acquiring an ownership interest in a lot, acknowledges that the owner's contact information is a record of the Association that is available to all members of the Association.

9.4.4 Inspection List. In accordance with applicable law, the Association will prepare a list of owners of all lots in the Property for inspection by the members prior to the meeting. The purpose of the list is to enable members to communicate with each other about the meeting. The inspection list must be available for inspection by the members from the second business day after the date notice of the meeting is given until adjournment of the meeting for which it

was prepared. The list may be inspected or copied by an owner or the owner's attorney or agent. The inspection list must have the following characteristics:

- 9.4.4.1 The list must be in alphabetical order of owners' surnames, or in numerical order of street addresses.
- 9.4.4.2 The list must contain the name of at least one owner of each lot, or an indication that the current ownership cannot be determined and the identify of the last known owner.
- 9.4.4.3 The list must contain an address for each member.
- 9.4.4.4 The list must identify how many lots are owned by each owner, if that cannot otherwise be determined from the list.
- 9.4.4.5 If all lots do not have uniform votes, such as lots owned by Declarant during the Declarant Control Period, the list must identify the number or weight of votes attached to each lot.

## **ARTICLE X**

### **NOTICES**

10.1 **CO-OWNERS**. If a lot is owned by more than one person, notice to one co-owner is deemed notice to all co-owners. Similarly, notice to one resident of a lot is deemed notice to all residents of the lot.

10.2 **DELIVERY OF NOTICES**. Any written notice required or permitted by these Bylaws may be given personally, by mail, by fax, by email, or by any other method permitted by applicable law, such as the Texas Business Organizations Code. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the member at the address shown on the Association's records. If transmitted by fax or email, the notice is deemed delivered on successful transmission of the facsimile or electronic correspondence. The notice must be sent to the party's last known address as it appears on the records of the Association at the time of transmission. If an owner fails to give the Association an effective address, the notice may be sent to the address of the owner's lot and/or to the owner's address shown on the then-current property tax rolls for the lot. If the Association properly transmits the notice, the owner is deemed to have been given notice whether or not he actually receives it.

10.3 **WAIVER OF NOTICE**. Whenever a notice is required to be given to an owner, member, or director, a written waiver of the notice, signed by the person entitled to the notice, whether before or after the time stated in the notice, is equivalent to giving the notice. Attendance by a member or director at any meeting of the Association or board, respectively, constitutes a waiver of notice by the member or director of the time, place, and purpose of the meeting. If all members or directors are present at any meeting of the Association or board, respectively, no notice is required and any business may be transacted at the meeting.

**ARTICLE XI**  
**INDEMNIFICATION**

11.1 GENERAL. The purpose of this Article is to mandate some of the permissive provisions of Chapter 8 of the Code, and to indemnify Association Leaders whether or not the Association is incorporated at the time indemnification is needed. The definitions of Chapter 8 of the Code are hereby incorporated by reference, without regard to the corporate status of the Association. As used in this Article, "**Association Leader**" means a person who is a current or former officer or director of the Association, or a current or former committee chair or committee member of the Association.

11.2 MANDATORY INDEMNIFICATION. The Association will indemnify an Association Leader who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person is or was an Association Leader, if the following determinations are made.

11.2.1 Determinations. It must be determined that the person acted in good faith, and that:

- 11.2.1.1 the person reasonably believed (1) in the case of conduct in the person's official capacity, that the person's conduct was in the Association's best interest, or (2) in any other case, that the person's conduct was not opposed to the Association's best interests;
- 11.2.1.2 in the case of a criminal proceeding, the person did not have a reasonable cause to believe the person's conduct was unlawful;
- 11.2.1.3 with respect to expenses, the amount of expenses other than a judgment is reasonable; and
- 11.2.1.4 indemnification should be paid.

11.2.2 Effect of Proceeding Termination. A person does not fail to meet the determination standard solely because of the termination of a proceeding by judgment, order, settlement, conviction, or a plea of nolo contendere or its equivalent.

11.2.3 How Determinations Are Made. If all of the directors are disinterested and independent, as defined in the Code, the determinations required under this Section will be made by a special legal counsel selected by the board. Otherwise, the determinations will be made by the owners of a majority of lots in the Property, other than lots owned by persons who are not disinterested and independent as defined in the Code, or by a special legal counsel selected by those owners.

11.3 EXCEPTIONS TO MANDATORY INDEMNIFICATION. A person who is found liable to the Association or is found liable because the person improperly received a personal benefit is not entitled to indemnification under this Article if, in a legal proceeding, the person has been found liable for (1) wilful or intentional misconduct in the performance of the person's duty to the Association, (2) breach of the person's duty of loyalty owed to the Association, or (3) an act or omission not committed in good faith that constitutes a breach of a duty owed by the person to the Association. In all other instances, indemnification of a person who is found liable to the

Association is limited to reasonable expenses actually incurred by the person in connection with the proceeding, excluding a judgment, a penalty, a fine, or any other type of sanction. A person indemnified by the Association is considered to have been found liable in relation to a claim, issue, or matter only if the liability is established by an order, including a judgment or decree of a court, and all appeals of the order are exhausted or foreclosed by applicable law.

11.4 EXPENSES. The indemnification provided by this Article covers reasonable expenses and costs, such as legal fees, actually and necessarily incurred by the indemnified person in connection with a qualified claim.

11.4.1 Advancement of Expenses. The Association may pay or reimburse reasonable expenses incurred by an indemnified person who was, is, or is threatened to be made a respondent in a proceeding in advance of the final disposition of the proceeding without making the determinations required under the Section above titled "Mandatory Indemnification," after the Association receives a written affirmation by the person of the person's good faith belief that the person has met the standard of conduct necessary for indemnification under this Article, and a written undertaking by or on behalf of the person to repay the amount paid or reimbursed if the final determination is that the person has not met that standard or that indemnification is prohibited by this Article. The required written undertaking must be an unlimited general obligation of the person but need not be secured and may be accepted by the Association without regard to the person's ability to make repayment.

11.4.2 Witness Expenses. The Association may pay or reimburse reasonable expenses incurred by an Association Leader, member, employee, agent, or other person in connection with that person's appearance as a witness or other participation in a proceeding at a time when the person is not a respondent in the proceeding.

11.5 INDEMNIFICATION OF OTHER PERSONS. Subject to the same limitations, determinations, and exceptions for Association Leaders, the Association may indemnify and advance expenses to a person who is not otherwise covered by this Article's indemnification as provided by (1) a provision in a Governing Document of the Association, (2) a contract to which the Association is a party, (3) common law, (4) a board resolution, or (5) a resolution approved by the Association's members. A person indemnified under this Section may seek indemnification or advancement of expenses from the Association to the same extent that an Association Leader may seek indemnification or advancement of expenses under this Article.

## **ARTICLE XII**

### **DECLARANT PROVISIONS**

12.1 CONFLICT. The provisions of this Article control over any provision to the contrary elsewhere in these Bylaws.

12.2 BOARD OF DIRECTORS. During the Declarant Control Period, the Declaration governs the number, qualification, and appointment of directors. The initial directors will be appointed by Declarant and need not be owners or residents. Directors appointed by Declarant may not be removed by the owners and may be removed by Declarant only. Declarant has the right to fill vacancies in any directorship vacated by a Declarant appointee.

12.3 TRANSITION MEETING. As provided in the Declaration, within 60 days after the end of the Declarant Control Period, or sooner at Declarant's option, Declarant will call a meeting of the members of the Association for the purpose of electing directors, by ballot of members. Notice of the transition meeting will be given as if it were notice of an annual meeting.

**ARTICLE XIII**  
**AMENDMENTS TO BYLAWS**

13.1 AUTHORITY. Although the general authority for amending the Bylaws resides with the members of the Association, certain amendments may be made by the board or by Declarant, without a vote of the members.

13.1.1 Amendments by Board. For the following limited purposes, the board may amend these Bylaws with or without approval by the members, provided the proposed amendment has the prior unanimous approval of the directors:

- 13.1.1.1 To correct mistakes in the Bylaws.
- 13.1.1.2 To conform the Bylaws to changes in controlling law applicable to any topic addressed in these Bylaws.
- 13.1.1.3 To change the name of the Association.
- 13.1.1.4 To restate previously amended Bylaws for the sole purpose of incorporating the amendments into the body of the Bylaws.

13.1.2 Amendments by Declarant. As provided in the Declaration, during the Development Period, Declarant may amend these Bylaws.

13.1.3 Amendments by Members. All other amendments of these Bylaws must be approved by the members according to the terms of this Article.

13.2 AMENDMENTS BY MEMBERS.

13.2.1 Proposal. The Association will provide or make available to an owner of each lot a description, if not exact wording, of any proposed amendment. The proposed amendment, description of the proposed amendment, or instructions for obtaining a copy of the proposed amendment at no cost will be included in the notice of any annual or special meeting of the Association at which the proposed amendment is to be considered.

13.2.2 Consents. Subject to the following limitation, an amendment of these Bylaws must be approved by members representing at least a majority of the votes present (in person or by proxy) at a properly called meeting of the Association for which a quorum is obtained. In other words, if a quorum is present (in person or by proxy) at an Association meeting, the owners of a majority of the lots represented at the meeting (in person or by proxy) -- even if less than a majority of the total lots -- may approve an amendment to these Bylaws. This Section, however, may not be amended without the approval of owners representing at least a majority of the total lots in the Property.

13.3 EFFECTIVE. To be effective, an amendment must be in the form of a written instrument referencing the name of the Property, the name of the Association, and the recording data of these Bylaws and any amendments hereto; signed and acknowledged by at least one officer of the Association, certifying the requisite authority and/or approvals; and recorded in the Official Public Records of Denton County, Texas. An amendment may be effective immediately if adopted at an Association meeting at which owners of two-thirds of the lots are represented. Otherwise, an amendment is not effective until 10 days after an owner of each lot is notified of the amendment and provided with a copy of the amendment or instructions for obtaining a copy.

13.4 MORTGAGEE PROTECTION. If a provision in a Governing Document or applicable law requires notices to and consent of mortgagees for certain actions and amendments, the Association must give the required notices to and obtain the required approvals from applicable mortgagees.

13.5 DECLARANT PROTECTION. During the Development Period, no amendment of these Bylaws may affect Declarant's rights herein without Declarant's written and acknowledged consent. Specifically, this Section, the article titled "Declarant Provisions," and the sections titled "Declarant Control" and "Drafter's Intent" may not be amended during the Development Period without prior written approval of Declarant. Declarant's written consent must be part of the amendment instrument.

#### **ARTICLE XIV** **GENERAL PROVISIONS**

14.1 DRAFTER'S INTENT. Because Declarant intends these Bylaws to serve the Association for many years beyond the initial development, construction, and marketing of the Property, Declarant purposefully did not draft these Bylaws from its own perspective. Instead, as a courtesy to future users of these Bylaws, Declarant compiled most of the Declarant-related provisions in the Declaration. Although Declarant is initially an owner and a member of the Association, Declarant is intentionally exempt from a number of obligations that apply to other owners, and has a number of rights that other owners do not have. These Bylaws are to be construed liberally to give effect to the drafter's intent of favorable and preferential treatment of Declarant.

##### *DRAFTER'S DICTUM*

*Users of this document should periodically review statutes and court rulings that may modify or nullify provisions of this document or its enforcement, or may create rights or duties not anticipated by this document.*

14.2 CONFLICTING PROVISIONS. If any provision of these Bylaws conflicts with any provision of the applicable laws of the State of Texas, the conflicting Bylaws provision is null and void, but all other provisions of these Bylaws remains in full force and effect. If a provision of the Association's certificate of formation or Certificate of Formation conflicts with these Bylaws, the certificate of formation controls. In the case of any conflict between the Declaration and these Bylaws, the Declaration controls.

14.3 SEVERABILITY. Whenever possible, each provision of these Bylaws will be interpreted in a manner as to be effective and valid. Invalidation of any provision of these Bylaws, by judgment or court order, does not affect any other provision which remains in full force and effect.

14.4 CONSTRUCTION. The effect of a general statement is not limited by the enumerations of specific matters similar to the general. The captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. The singular is construed to mean the plural, when applicable, and the use of masculine or neuter pronouns includes the feminine.

14.5 EFFECTIVE COMMUNICATIONS. These Bylaws are drafted in an era of expanding and distracting modes of communication - written, voice, visual, and electronic - with emerging security and screening technologies that impede some transmissions without the sender's knowledge. In such an era, the burden may be on the sender (1) to bring important pieces of information to the attention of the recipient in a manner that helps the recipient recognize the importance and purpose of the communication, and (2) to confirm that the message was received and its importance recognized. For example, a change of address that is buried in the fifth paragraph of an owner's letter about a potpourri of issues may be overlooked by the Association. Similarly, a notice of assessment increase that is buried in a chatty Association newsletter or website may be overlooked by the owner. Although there is no way to guaranty what will be noticed by another person, each sender should try to communicate effectively. If the Association specifies a mode of communications for a certain purpose, it benefits the owner to use the specified mode for the intended purpose.

14.6 FISCAL YEAR. The fiscal year of the Association shall be the calendar year unless otherwise set by resolution of the board, and is subject to change from time to time as the board determines. In the absence of a resolution by the board, the fiscal year is from January 1 through December 31 of each calendar year.

14.7 WAIVER. No restriction, condition, obligation, or covenant contained in these Bylaws may be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

14.8 EXHIBIT. The attached Exhibits are hereby incorporated into these Bylaws by reference as if fully stated herein.

*(Signatures on next page.)*

**CERTIFICATION & ACKNOWLEDGMENT**

As the Declarant of Crescent Lewisville, I certify that the foregoing Bylaws of Crescent Lewisville Homeowner's Association, Inc. were adopted for the benefit of the Crescent Lewisville Homeowner's Association, Inc. by Declarant and by the Declarant-appointed Board of Directors of Crescent Lewisville Homeowner's Association, Inc., and that these Bylaws are one of the initial Governing Documents of Crescent Lewisville Homeowner's Association, Inc.

SIGNED this 5<sup>th</sup> day of February, 2015.

CTMGT Lewisville 14, LLC,  
a Texas limited liability company,

By: Centamtar Terras, LLC,  
a Texas limited liability company,  
Its Manager,

By: CTMGT, LLC,  
a Texas limited liability company,  
Its Sole Manager and Member,

By: [Signature]  
Name: Mehrdad Moayed, i

Its: Sole Manager and Member

STATE OF TEXAS           §  
                                          §  
COUNTY OF DENTON     §

This instrument was acknowledged before me on the 5 day of Feb. 2015, by Mehrdad Moayed, the Manager of CTMGT Lewisville 14, LLC, as the Manager of Centamtar Terras, LLC, as the Sole Manager and Member of CTMGT, LLC, a Texas limited liability company on behalf of said company.

[Signature]  
Notary Public, State of Texas

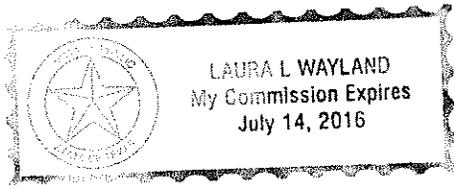


EXHIBIT A TO BYLAWS

RECORDS PRODUCTION AND COPYING POLICY

CRESCENT LEWISVILLE

1. **Standard paper copy.** The charge for standard paper copies reproduced by means of an office machine copier or a computer printer is \$.10 per page or part of a page. Each side that has recorded information is considered a page.

2. **Nonstandard copy.** The charges in this subsection are to cover the materials onto which information is copied and do not reflect any additional charges, including labor, that may be associated with a particular request. The charges for nonstandard copies are:

- (A) Diskette--\$1.00;
- (B) Data cartridge--actual cost;
- (C) Rewritable CD (CD-RW)--\$1.00;
- (D) Non-rewritable CD (CD-R)--\$1.00;
- (E) Digital video disc (DVD)--\$3.00;
- (F) JAZ drive, Thumb Drive, or other external hard drive --actual cost;
- (G) Other electronic media--actual cost;
- (H) All other mediums for copying data not provided herein – actual cost;
- (I) Oversize paper copy or specialty paper (e.g.: 11 inches by 17 inches, greenbar, bluebar)--\$.50 per page;

3. **Labor charge for programming.** If a particular request requires the services of a programmer in order to execute an existing program or to create a new program so that requested information may be accessed and copied, the Association may charge a reasonable fee for the location of the Property for the programmer's time.

4. **Labor charge for locating, compiling, manipulating data, and reproducing public information.**

(A) The charge for labor costs incurred in processing a request for public information is \$15 an hour. The labor charge includes the actual time to locate, compile, manipulate data, and reproduce the requested information.

(B) A labor charge shall not be billed in connection with complying with requests that are for 50 or fewer pages of paper records.

5. **Labor charge for third parties.** A labor charge shall not be recovered for any time spent by an attorney, legal assistant, or any other person who reviews the requested information to determine whether the Association will raise any exceptions to disclosure of the requested information under applicable law.

6. **Miscellaneous supplies.** The actual cost of miscellaneous supplies, such as labels, boxes, and other supplies used to produce the requested information, may be added to the total charge for public information.

7. **Postal and shipping charges.** The Association may add any related postal or shipping expenses which are necessary to transmit the reproduced information to the requesting party.

8. **Payment.** The Association that accepts payment by credit card for copies of public information and that is charged a "transaction fee" by the credit card company may recover that fee. The Association may require advance payment of the charges in this Policy. The Association will provide an invoice to the Owner within 30 days after delivering the requested information. In the event the invoiced amount is less than the pre-paid amount, the Association will refund the excess amount to the Owner within 30 days after the invoice is sent to the Owner. If the actual cost invoiced is greater than the pre-paid amount, the Owner will pay such excess within 30 days of receipt of the invoice. In the event such excess is not paid by the owner timely, the Association may add such unpaid amounts to the Owner's assessment account.

9. **Savings Clause.** This Policy is subject to periodic reevaluation and update. Notwithstanding anything to the contrary, the Association will not in any event be entitled to receive or collect the charges in this Policy in amounts greater than the maximum allowed by applicable law. In the event the Association receives amounts charged which are in excess of the maximum charges permitted by law, the excess amount will be returned to the Owner.

[Remainder of page left blank intentionally]

**EXHIBIT B TO BYLAWS**  
**RECORD RETENTION POLICY**  
**CRESCENT LEWISVILLE**

The Record Retention Policy of Crescent Lewisville ensures that necessary records and documents are adequately protected and maintained and that records that are no longer needed or are of no value are discarded at the proper time.

1. **Policy.** This Policy represents the Association's policy regarding the retention and disposal of records and the retention and disposal of electronic documents.

2. **Administration.** The Record Retention Schedule herein is approved as the initial maintenance, retention and disposal schedule for physical records of the Association and the retention and disposal of electronic documents. The Board or Secretary of the Association ("Administrator") is the officer in charge of the administration of this Policy and the implementation of processes and procedures to ensure that the Record Retention Schedule is followed. The Administrator is also authorized to: make modifications to the Record Retention Schedule from time to time to ensure that it is in compliance with local, state and federal laws and includes the appropriate document and record categories for the Corporation; monitor local, state and federal laws affecting record retention; annually review the record retention and disposal program; and monitor compliance with this Policy.

3. **Suspension of Record Disposal In Event of Litigation or Claims.** In the event the Association is served with any subpoena or request for documents or any employee becomes aware of a governmental investigation or audit concerning the Association or the commencement of any litigation against or concerning the Association, such employee shall inform the Administrator and any further disposal of documents shall be suspended until such time as the Administrator, with the advice of counsel, determines otherwise. The Administrator will take such steps as is necessary to promptly inform all staff of any suspension in the further disposal of documents.

4. **Applicability.** This Policy applies to all physical records generated in the course of the Association's operation, including both original documents and reproductions. It also applies to the electronic documents described above.

(Record Retention Schedule begins on next page)

## Record Retention Schedule

The Record Retention Schedule is organized as follows:

### **SECTION TOPIC**

- A. Accounting and Finance
- B. Contracts
- C. Corporate Records
- D. Electronic Documents
- E. Payroll Documents
- F. Personnel Records
- G. Property Records
- H. Tax Records

The following are the Association's retention periods. These apply to both physical and electronic documents. If no physical copy of an electronic document is retained, the means to 'read' the electronic document must also be retained. If a record does not fall within the following categories, Board approval must be obtained to dispose of such record.

### **A. ACCOUNTING AND FINANCE**

<u>Record Type</u>	<u>Retention Period</u>
Accounts Payable & Accounts Receivable ledgers and schedules	7 years
Annual Audit Reports and Financial Statements	Permanent
Annual Audit Records, including work papers and other documents that relate to the audit	7 years after completion of audit
Bank Statements and Canceled Checks	7 years
Employee Expense Reports	7 years
General Ledgers	Permanent
Notes Receivable ledgers and schedules	7 years
Investment Records	7 years after sale of investment

## B. CONTRACTS

<u>Record Type</u>	<u>Retention Period</u>
Contracts and Related Correspondence (including any proposal that resulted in the contract and all other supportive documentation)	4 years after expiration or termination

## C. ASSOCIATION RECORDS

<u>Record Type</u>	<u>Retention Period</u>
Corporate Records (unless otherwise specifically addressed in this Policy - Governing Documents, Dedicatory Instruments, minute books, signed minutes of the Board and all committees, corporate seals, annual corporate reports)	Permanent
Licenses and Permits	Permanent
Account records of current owners	5 years

## D. ELECTRONIC DOCUMENTS

1. **Electronic Mail:** Not all email needs to be retained, depending on the subject matter.
  - All e-mail—from internal or external sources—is to be deleted after 12 months.
  - Staff will strive to keep all but an insignificant minority of their e-mail related to business issues.
  - The Corporation will archive e-mail for six months after the staff has deleted it, after which time the e-mail will be permanently deleted.
  - The Corporation's business-related email should be downloaded to a service center or user directory on the server, when determined by the Board.
  - Staff will not store or transfer the Corporation's related e-mail on non-work-related computers except as necessary or appropriate for the Corporation's purposes.
  - Staff will take care not to send confidential/proprietary information to outside sources.
2. **Electronic Documents:** Retention depends on the subject matter and follows D.1 above
3. **Web Page Files: Internet Cookies**
  - All workstations: Internet Explorer should be scheduled to delete Internet cookies once per month.

**E. PAYROLL DOCUMENTS**

<b><u>Record Type</u></b>	<b><u>Retention Period</u></b>
Employee Deduction Authorizations	4 years after termination
Payroll Deductions	Termination + 7 years
W-2 and W-4 Forms	Termination + 7 years
Garnishments, Assignments, Attachments	Termination + 7 years
Payroll Registers (gross and net)	7 years
Time Cards/Sheets	2 years
Unclaimed Wage Records	6 years

**F. PERSONNEL RECORDS**

<b><u>Record Type</u></b>	<b><u>Retention Period</u></b>
Commissions/Bonuses/Incentives/Awards	7 years
EEO- 1/EEO-2 - Employer Information Reports	2 years after superseded or filing (whichever is longer)
Employee Earnings Records	Separation + 7 years
Employee Handbooks	1 copy kept permanently
Employee Personnel Records (including individual attendance records, application forms, job or status change records, performance evaluations, termination papers, withholding information, garnishments, test results, training and qualification records)	6 years after separation
Employment Contracts – Individual	7 years after separation
Employment Records - Correspondence with Employment Agencies and Advertisements for Job Openings	3 years from date of hiring decision
Employment Records - All Non-Hired Applicants (including all applications and resumes - whether solicited or unsolicited, results of post-offer, pre-employment physicals, results of background investigations, if any, related correspondence)	2-4 years (4 years if file contains any correspondence which might be construed as an offer)
Job Descriptions	3 years after superseded
Personnel Count Records	3 years
Forms I-9	3 years after hiring, or 1 year after separation if later

### G. PROPERTY RECORDS

<u>Record Type</u>	<u>Retention Period</u>
Correspondence, Property Deeds, Assessments, Licenses, Rights of Way	Permanent
Property Insurance Policies	Permanent

### H. TAX RECORDS

<u>Record Type</u>	<u>Retention Period</u>
Tax-Exemption Documents and Related Correspondence	Permanent
IRS Rulings	Permanent
Tax Bills, Receipts, Statements	7 years
Tax Returns - Income, Franchise, Property	Permanent
Tax Workpaper Packages - Originals	7 years
Annual Information Returns - Federal and State	Permanent
IRS or other Government Audit Records	Permanent
All other Tax Records	7 years

**EXHIBIT C**  
**ARTICLES OF INCORPORATION**  
**OF**  
**CRESCENT LEWISVILLE HOMEOWNERS ASSOCIATION, INC.**  
**(A Non-Profit Corporation)**

The undersigned natural person of the age of eighteen (18) years or more, acting as the sole incorporator of a corporation under the Texas Non-Profit Corporation Act, does hereby adopt the following Articles of Incorporation for such corporation:

**ARTICLE ONE**

The name of the corporation is Crescent Lewisville Homeowners Association, Inc.

**ARTICLE TWO**

The corporation is a non-profit corporation.

**ARTICLE THREE**

The period of its duration is perpetual.

**ARTICLE FOUR**

The purposes for which the corporation is organized are to exercise all powers and privileges and perform all duties and obligations of the corporation as granted and required in the Declaration of Covenants, Conditions and Restrictions for Crescent Lewisville Homeowners Association Inc. (to be) recorded in the Records of Denton County, Texas (the "**Declaration**"), and to be treated as a homeowners' association within the meaning of the Internal Revenue Code, and to do all other things necessary and proper to accomplish any and all of the purposes and to exercise such of the general powers of a non-profit corporation.

**ARTICLE FIVE**

The corporation shall have members as provided in the Declaration.

**ARTICLE SIX**

The address of its initial registered office is 1800 Valley View Lane, Suite 300, Farmers Branch, Texas 75234 and the name of its initial registered agent at such address is Mehrdad Moayedi.

## ARTICLE SEVEN

The number of directors constituting the initial Board of Directors is three (3) and the name and address of the person who is to serve as the director of the corporation for the term set forth opposite his name or until his successor is elected and qualified is:

<u>NAME</u>	<u>ADDRESS</u>	<u>INITIAL TERM OF OFFICE</u>
Mehrdad Moayed	1800 Valley View Ln, Suite 300 Farmers Branch, TX 75234	Until first election
Michael Dees	1512 Crescent Drive, Suite 112 Carrollton, Texas 75006	Until first election
Victor Tannous	1512 Crescent Drive, Suite 112 Carrollton, Texas 75006	Until first election

The right of members to cumulative voting in the election of directors is expressly prohibited.

## ARTICLE EIGHT

The address of the incorporator is 1800 Valley View Lane, Farmers Branch, Texas 75234.

## ARTICLE NINE

Except as may be provided in the By-Laws of the corporation, the power to alter, amend, or repeal the By-Laws or to adopt new By-Laws of the corporation shall be by the affirmative vote or written consent, or combination thereof, of Voting Members representing two-thirds (2/3rds) of the total votes in the Association, provided however, the By-Laws made by the Board of Directors and the power so conferred may be repealed or changed by action of the members.

## ARTICLE TEN

Any action authorized or required by the Texas Non-Profit Corporation Act to be taken at any annual or special meeting of members, board of directors, or any committee thereof, or any action which may be taken at any annual or special meeting of members, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall have been signed by the holder or holders of a sufficient number of voted to take such action at a meeting at which all members were present and voted.

**ARTICLE ELEVEN**

No director of the corporation shall be liable to the corporation or its members for monetary damages for an act or omission in the director's capacity as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its members, (2) for acts or omissions not in good faith that constitute a breach of duty of the director to the corporation or an act or omission that involves intentional misconduct or a knowing violation of law, (3) for any transaction from which the director received an improper benefit, whether or not the benefit resulted from an act taken within scope of the director's office, and (4) for acts or omissions for which the liability of a director is expressly provided by statute. Any repeal or amendment of this Article by the members of the corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the corporation existing at the time of such repeal or amendment. In addition to the circumstances in which a director of the corporation is not personally liable as set forth in the preceding sentences, a director shall not be liable to the fullest extent permitted by any amendment to the Texas statutes hereafter enacted that further limits the liability of a director.

**ARTICLE TWELVE**

The corporation is a non-profit corporation, without capital stock, organized solely for the purposes specified in Article Four, and no part of its property, whether income or principal, shall ever inure to the benefit of any director, officer, or employee of the corporation, or any individual having a personal or private interest in the activities of the corporation, nor shall any such director, officer, employee, or individual receive or be lawfully entitled to receive any profit from the operations of the corporation except a reasonable allowance for salaries and other compensation for personal services actually rendered in carrying out the corporation's stated purposes.

**ARTICLE THIRTEEN**

These articles may be amended by the affirmative vote or written consent of Owners (all Classes) owning at least 67% of the votes, provided that so long as the Class B membership provided for in the Declaration exists, Declarant may determine whether any amendment of these Articles shall require a prior written approval.

Feb 9 IN WITNESS WHEREOF, the undersigned has set his hand on 9 of \_\_\_\_\_, 2015.

Sole incorporator of the  
Crescent Lewisville Homeowners Association, Inc.

Mehrdad Moayedi 21/9 /2015  
Mehrdad Moayedi, Declarant and Board of Director

**EXHIBIT D**

CONSENT IN LIEU OF A SPECIAL MEETING  
RESOLUTION APPOINTING BOARD OF DIRECTORS AND OFFICERS OF THE COMPANY

CRESCENT LEWISVILLE HOMEOWNERS ASSOCIATION, INC.

EXHIBIT D COVER PAGE CONSENT IN LIEU OF SPECIAL MEETING - BYLAWS

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CRESCENT LEWISVILLE HOMEOWNERS ASSOCIATION, INC.

CONSENT IN LIEU OF SPECIAL MEETING

The CTMGT Lewisville 14, LLC, a Texas limited liability company (hereafter called the "Declarant") is the current Declarant under that certain Declaration of Covenants, Conditions and Restrictions for Crescent Lewisville recorded February \_\_\_\_\_, 2015, under Instrument Number \_\_\_\_\_ of the Official Public Records of Denton County, Texas, (hereafter called the "CC&Rs"), does hereby waive notice of the time, place and purpose of a meeting, and does hereby consent, in lieu of holding a special meeting of the Board of Directors of Crescent Lewisville (hereafter called the "Company"), to the adoption of the following Resolutions, which shall have the same force and effect as if adopted at a formal special meeting of the Board of Directors of the Company, duly called and held for the purposes of acting upon proposals to adopt the following Resolutions:

**WHEREAS**, Declarant accepted an assignment of the Declarant Rights related to the Company; and

**WHEREAS**, the Class "B" and/or Declarant Control Period (as defined in the CC&Rs) is still in effect; and

**WHEREAS**, the Declarant is authorized under the Covenants, Conditions and Restrictions, during the Declarant Founder Control Period, to appoint and remove all members of the Board at its sole discretion; and

**WHEREAS**, according to the Articles of Incorporation, the current Board of Directors is as follows:

Mehrdad Moayedi  
Michael Dees  
Victor Tannous

**WHEREAS**, Michael Dees has resigned as a member of the Board of Directors and as authorized under the Covenants, Conditions and Restrictions, the Declarant desires to appoint a replacement.

**RESOLVED**, that the Declarant hereby appoints the following Director and Officer of the Company to serve as the replacement:

Alvin Jackson

**RESOLVED**, the following shall serve as the Board of Directors and Officers of the Company:

Mehrdad Moayedi, Vice President and Board of Director  
Alvin Jackson, President and Board of Director  
Victor Tannous, Secretary and Board of Director

WHEREAS, the undersigned believes that it is in the best interest of the Company to appoint Board Members; and

RESOLVED, that any of the appointed Officers listed above shall be authorized to execute all the powers of the Board of Directors as set forth in the Declaration of Covenants, Conditions and Restrictions; and

FURTHER RESOLVED, that all actions heretofore taken by the Board of Directors or any of the Officers of the Company on behalf of and to the extent consistent with the foregoing resolutions, and all things done by their authority with respect to the foregoing, be, and the same are hereby ratified and approved.

Declarant:

CTMGT Lewisville 14, LLC,  
a Texas limited liability company

By: [Signature] 2-5-15  
Name: Mehrdad Moayedí Date

STATE OF TEXAS

COUNTY OF Dallas

Before me, the undersigned authority, on this day personally appeared Mehrdad Moayedí personally known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the Sole Manager and Member of CTMGT Lewisville 14, LLC, a Texas limited liability company and acknowledged to me that he executed the same for the purpose and consideration therein expressed and as the act of said limited liability company.

GIVEN under my hand and seal of office this 5 day of February, 2015.

[Signature]  
Notary Public in and for the State of Texas  
My commission Expires \_\_\_\_\_  
