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Document Number: 2013-0008081 -
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OWNERS ASSOCIATION

Grantor: ORCHARDS ON THE BRAZOS

Pages: 30

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BHB INC

6300 RIDGLEA PLACE
SUITE 700
FORT WORTH , TX 76116

RULES AND DESIGN GUIDELINES FOR ORCHARDS ON THE BRAZOS

ORCHARDS ON THE BRAZOS ("DEVELOPMENT")

AS FURTHER DESCRIBED ON EXHIBIT A ATTACHED HERETO

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THE USE OF COMMON AREAS

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ADOPTED BY

BOARD OF DIRECTORS

PART III

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ADOPTED BY

THE ACC

JUNE 28, 2013

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PART I

GENERAL PROVISIONS

Part I and Part II of these Rules are established by the Board of Directors ("Board of Directors") of the Association and Part III of these Rules are established by the ACC effective as of June 28, 2013 pursuant to the rule-making and rule-enforcement authority granted to the Board of Directors and the ACC, respectively.

These Rules are in addition to the provisions of the Restrictions and the Bylaws. In the event of a conflict among the Governing Documents, the order of governing authority shall be as follows: the Restrictions, Certificate of Formation, Bylaws, the Design Guidelines and then the remaining provisions of these Rules (lowest). The Board of Directors and the ACC are empowered to interpret, enforce, amend, and repeal Part I and Part II of these Rules and the Design Guidelines, respectively.

A. DEFINITIONS

The following terms are defined for use in these Rules and those capitalized terms not expressly defined herein have the same meaning as defined in the Restrictions:

"ACC." The Architectural Control Committee, a committee which has the rights and duties as described Part III of these Rules.

"Accessory Building." A subordinate building located on a Lot, either attached to or detached from a Dwelling, including barn, storage sheds, workhouses.

"Association." The Orchards Property Owners Association, Inc., a Texas nonprofit corporation, organized under the TNCL and created for the purposes and possessing the rights, powers and authority set forth in the Governing Documents.

"Community-Wide Standard." The standard of conduct, maintenance, or other activity generally prevailing throughout the Development. Such standard shall initially be established by the ACC pursuant to the Design Guidelines.

"Design Guidelines." The design and construction guidelines and application and review procedures applicable to the Development as a whole or specific sections within the Development promulgated and administered by the ACC, as described in Part III of these Rules.

"Dwelling". An Improvement located on each Lot that is designated for single family residential uses, whether or not such residence is actually occupied, including any attached or detached garage but excluding all subordinate buildings, attached to or detached from a Dwelling and ancillary living quarters on a Lot, such as a Guest House.

"Guest House." A secondary residential structure that may be constructed on a Tract after a Dwelling.

"Front Line." Any boundary line of a Lot which is adjacent to a public or private road and which the front of proposed Improvements face.

"Manager" or "Management Office." The management staff in the Development's management office who are employees of the Association or its managing agent.

"Owner." One or more Persons owning fee title to any Lot, including Developer but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

"Past Due Rate." The maximum lawful rate of interest under Texas law or, if no maximum lawful rate exists, the rate of 18% per annum.

"Plans." Any and all drawings and documents describing the construction or erection of any Improvement, including, but not limited to, those indicating location, size, shape, configuration, materials, site plans, excavation and grading plans, foundation plans, drainage plans, fencing plans, elevation drawings, floor plans, specifications concerning building products and construction techniques, samples of exterior colors and materials, plans for utility services, and all other documentation or information relevant to the construction or installation of any Improvement or that the ACC deems necessary.

"Posted Rules." Rules and signs posted by the Association at any time on the Property from time to time.

"Restrictions." The Declaration of Covenants, Conditions and Restrictions for the Orchards on the Brazos, and all recorded amendments thereto.

"Rules." These Rules and Design Guidelines, and the Posted Rules and Temporary Rules.

Subdivision or Development. "Subdivision" or "Development" means Orchards on the Brazos, as more particularly described on Exhibit A attached to these Rules, and as further described in the Restrictions.

"Temporary Rules." Notices communicated to the Owners by the Association from time to time or at any time which rules are seasonal or temporary in nature or notices of change affecting the use of the Development.

"Tenant." Any Person having the right to occupy a Lot pursuant to a lease or other occupancy agreement granted by an Owner, to the extent allowed by the Governing Documents.

B. COMPLIANCE

1. Compliance. Each Owner will comply with the provisions of the Governing Documents and any other policies or Rules adopted by the Board of Directors or the ACC to supplement the Governing Documents, as any of these may be revised from time to time. Additionally, each Owner shall be responsible for ensuring compliance with the Governing Documents by all Persons using or occupying such Owner's Lot, including its guests, visitors, agents, employees and invitees. If a Rule requires, prohibits or permits conduct by an "Owner" or "Tenant," each of those terms shall be deemed to include the other, and applies to all persons for whom an Owner or Tenant is responsible.

2. Additional Rules. Each Owner must comply with the Posted Rules and the Temporary Rules. The Posted Rules and the Temporary Rules are incorporated into these Rules by reference.

3. Waiver. Circumstances may warrant waiver or variance of Part I or Part II of these Rules. To obtain a waiver or variance, an Owner must make written application to the Board of Directors. The Board of Directors will consider such request and respond to the Owner in accordance with the Governing Documents. If the application is approved, the waiver or variance must be in writing, and may be conditioned or otherwise limited.

4. Right to Enforce. The Association has the right to enforce Part I and Part II of these Rules against any Person on within the Development.

C. OBLIGATIONS OF OWNERS

1. Safety. Each Owner is solely responsible for such Owner's own safety and for the safety, well-being and supervision of such Owner's guests and any person within Development to whom the Owner has a duty of due care, control, or custody.

2. Damage. Except as otherwise provided in the Governing Documents, an Owner is responsible for any loss or damage the Owner causes to its own Lot, other Lots, the Common Areas or the personal property of other Owners.

3. Insurance. An Owner assumes full risk and sole responsibility for placing such Owner's personal property in or on the Common Areas. Each Owner is solely responsible for insuring such Owner's Improvements and personal property on its Lot. The Association recommends that all Owners and Tenants purchase and maintain appropriate insurance coverage on their personal belongings, vehicles and Lots.

4. Risk Management. An Owner may not permit anything to be done or kept in its Lot, or the Common Areas that is illegal or that may result in the cancellation or increase in any insurance premiums paid by the Association or any other Owner in connection with the Development.

5. Reimbursement for Enforcement. Each Owner shall promptly reimburse the Association on demand for any expense incurred by the Association to enforce the Governing Documents against such Owner or its Lot.

6. Reimbursement for Damage. Except as otherwise provided in the Governing Documents, each Owner shall promptly reimburse the Association on demand for the cost of damage caused by the negligent or willful conduct or omission of such Owner.

D. LEASES

1. Term and Conditions of Lease. Except for those Lots owned and leased by Developer, which are not subject to these restrictions on leasing, an entire Lot (but not less than an entire Lot) may be leased for private residential purposes only and may not be leased for a term of less than one year.

2. Written Leases. Each lease of a Lot must be in writing and must be fully executed by the Owner and the Tenant.

3. Subject to Documents. The mere execution of a lease for a Lot or occupancy (for any period of time) subjects a Tenant to all pertinent provisions of the Governing Documents to the same extent as if Tenant were an Owner; provided that, notwithstanding the foregoing or any provision of the lease between Owner and a Tenant, the Owner shall not be relieved of any obligation under the Governing Documents and shall remain primarily liable thereunder. The Owner is responsible for

providing a Tenant with the Governing Documents and notifying the Tenant of any changes therein. The Association may send notices of violations by a Tenant to both the Tenant and to the Owner of the Lot Occupied by the Tenant. Whether or not it is so stated in the lease, a Tenant's violation of the Governing Documents is deemed to be a material default of the lease for which Owner has all available remedies at law or equity.

4. Landlord Owners. Owners of Tenant-occupied Lots are advised to stay informed of and to comply with federal and state laws and local ordinances regulating residential rental properties and relations between landlords and tenants. The Association has no duty to notify Owners about landlord/tenant laws and ordinances.

5. Tenant Communications. Owners shall instruct their Tenants to channel all communications (including non-emergency repair requests) through the Owner. Owners will further instruct their Tenants that the Association does not manage or repair the Lots, and that the Tenant should not contact the Association (except as may be required by the Governing Documents or to report emergencies that are within the Association's scope of responsibility pursuant to Governing Documents).

E. GENERAL USE AND MAINTENANCE OF LOT

1. Use. Except for those Lots owned by Developer, each Lot must be used solely for private residential use, and may not be used for any commercial or business purposes (including the operation of a bed and breakfast or similar activity), whether for profit or not. This restriction does not prohibit an Owner from using the Lot for personal, business, or professional purposes, provided that: (a) such use is incidental to the Lot's residential use; (b) such use conforms to all applicable Legal Requirements; (c) no exterior sign of the activity is present, (c) no additional traffic is created as a result of the activity, (d) such use does not entail excessive visits to the Lot by the public, employees, suppliers, or clients and (e) no toxic substances (as determined at the sole discretion of the Association) are stored on the Tract. The use of all Lots shall be in accordance with the Governing Documents.

2. Annoyance. An Owner may not use a Lot in a way that: (a) annoys other Owners; (b) reduces the desirability of the Development as a residential community; (c) endangers the health or safety of other Owners; or (d) violates any law or any provision of the Governing Documents. The Association shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance.

3. Right of Entry. The Association may enter a Lot in case of an emergency originating in or threatening the Lot, whether or not the Owner is present at the time. This right of entry may be exercised by directors, officers, agents, and employees, and by all police officers, firefighters, and other emergency personnel in the performance of their respective duties.

4. Combustibles. Except for those products sold for exclusive use as household cleaning products or used in the operation of lawnmowers or other equipment, an Owner may not store or maintain explosives or other combustible materials anywhere on the Property, including within its Lot.

5. Report Malfunctions. An Owner shall immediately upon discovery, report to the Association any leak, break, or malfunction in any portion of the Property which the Association has a duty to maintain. An Owner who fails to promptly report a problem may be deemed negligent and may be liable for any additional damage caused by the delay.

6. Compliance with Laws. EACH OWNER SHALL PROMPTLY AND FULLY COMPLY WITH ANY AND ALL LEGAL REQUIREMENTS WITH RESPECT TO THE OCCUPANCY AND USE OF ITS LOT.

7. Reception Interference. Owners will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, or electronic reception on or about the Development.

8. Vehicles. Automobiles and non-commercial trucks and vans shall be parked only in garages or in the driveways serving the Lots unless otherwise approved by the ACC; provided, however, Developer and/or the Association may designate certain on-street parking areas for visitors or guests subject to reasonable rules. Such vehicle shall be considered a nuisance and may be removed from the Development. Recreational vehicles, such as motor homes, boats, jet skis or other watercraft, trailers, other towed vehicles, motorcycles, "all terrain" vehicles, minibikes, scooters, go-carts, golf carts, campers, commercial trucks and commercial vans may not be parked on a driveway or other area of a Lot that is visible from the street.

F. GENERAL USE AND MAINTENANCE OF COMMON AREAS

1. Intended Use. Each area within the Development may be used only for its intended and obvious purpose. For example, walkways, paths, sidewalks and driveways are used exclusively for purposes of access and emergency egress.

2. Landscaping. No one shall harm, mutilate, alter, litter, uproot or remove any of the landscaping work on or within the Common Areas, or place or affix any planters, statues, fountains, ornamental objects or artificial plants upon any portion of the Common Areas without the prior written consent of the Association. Digging, planting, pruning, and climbing in any landscaped areas within the Common Areas are expressly prohibited.

3. Courtesy. Each Owner will endeavor to use the Common Areas in a manner calculated to respect the rights and privileges of other Owners and other users of the Property. Each Owner will refrain from conduct that may reasonably be expected to inconvenience, embarrass, or offend the average Owner in the Development and other users of the Property.

4. Code of Conduct. Owners will conduct themselves in a civil manner when dealing with the Association's officers, directors, committee members, employees, contractors, agents, and other Owners. In return, the Owners are due the same courtesy and civility. The following actions are expressly prohibited: (a) verbal abuse; (b) insults and derogatory name-calling; (c) cursing; (d) aggressive or threatening behavior; (e) hostile touching or physical contact; (f) sexual harassment; (g) posting correspondence on the doors of directors and officers; and (h) phone calls that are designed, by their tone, time, or frequency, to harass or intimidate. No person has the right to abuse another, or the duty to tolerate abuse.

5. Association Employees. Owners may not instruct, direct, or supervise the Association's employees and agents, unless directed to do so by the Board of Directors. Owners may not interfere with the performance of duties by the Association's employees, and will refrain from monopolizing the time or attention of the Association's employees.

6. No Hiring of Employees. The employees and agents of the Association are not permitted or authorized to render personal services to Owners. The Owners will not request or encourage employees or agents to violate this provision.

7. Communications among Owners. The Association bears a duty to balance the right of members to communicate with each other against the desire of the Owners and Tenants to be free of uninvited solicitations and misleading communications. To achieve that balance, oral and written communications that are intended for delivery to more than one Owner are subject to this section.

(a) Without the Board of Directors' prior written permission, Owners may not communicate with others in a manner that may give the impression of having been approved or sanctioned by the Association. In communicating with other Owners, the issuer should identify himself and state that the communication has not been sanctioned by the Association.

(b) Without the Board of Directors' prior written permission, a person may not distribute handbills or hand-deliver written communications to mailboxes, Lot doors, or car windshields.

(c) Without the Board of Directors' prior written permission, a person may not solicit information, endorsements, or money from Tenants, except via the U.S. mail.

8. Annoyance. Owners will avoid doing or permitting anything to be done that will annoy, harass, embarrass, or inconvenience other Owners, their guests, or the Association's employees and agents.

9. Noise and Odors. Each Owner will exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb other Owners.

10. Dirt Bikes. Dirt bikes and similar two-wheeled motorized vehicles are forbidden on all roads and other Common Areas within the Development and may only be used on Lots.

11. Incidental Bodies of Water. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams within or adjacent to the Development. In addition, the Association shall not be responsible for maintaining, increasing or decreasing the water level within any lake or other water body or removing vegetation from any lake or other water body.

12. Resolution by Arbitration. All disagreements between an Owner and the Association as a representative of another Owner, with regard to whether or not noises, odors or particular conduct are loud, disturbing, objectionable or otherwise annoying as contemplated in Part I and Part II of these Rules shall be resolved in accordance with the terms of the Restrictions.

G. USE OF COMMON AREAS

1. Guests. Except for Tenants, a non-Owner may not use the Common Areas unless accompanied at all times by an Owner. Each Owner agrees to assume all responsibility for the care, safety and well-being of such Owner's guest or invitee relating to the use of the Common Areas. The right of an Owner to share the use of the Common Areas with such Owner's guests or invitees is at all times subject to the immediate termination by the Board of Directors if the Governing Documents are violated, or if such termination is deemed by the Board of Directors to be in the Association's best interests.

2. Release. Although all Owners, guests and invitees may be required to sign releases of liability releasing and holding harmless the Association, Board of Directors and employees from any and

all liability, claims, losses, and actions arising out of or in connection with the use of any of the Common Areas, the mere use of such Common Areas, in and of itself, by any person shall constitute a full and complete release and indemnification of the Association, Board of Directors, employees and Manager arising out of and in connection with any such activities. **THE ASSOCIATION EXPRESSLY DISCLAIMS AND DISAVOWS ANY AND ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF FITNESS OR SAFETY FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY OF THE COMMON AREAS OR ANY EQUIPMENT ASSOCIATED WITH THE COMMON AREAS.**

3. Risk. Each Owner uses the Common Areas at such Owner's own risk. Each Owner is solely responsible for such Owner's own safety and that of such Owner's guests. The Association disclaims any and all liability or responsibility for property damage, injury or death occurring from use of the Common Areas.

H. HEALTH AND WELL-BEING

For the health, well-being and enjoyment of all Owners, the following limitations and restrictions will be observed, in addition to any Rules, Posted Rules and other warnings or notices that may be posted within the Development.

EACH OWNER AND OCCUPANT OF A LOT AND THEIR RESPECTIVE LESSEES, INVITEES, LICENSEES, AND GUESTS SHALL BE RESPONSIBLE FOR THEIR OWN PERSONAL SAFETY AND SECURITY ON THEIR LOT AND WITHIN THE DEVELOPMENT. THE ASSOCIATION MAY, BUT SHALL NOT BE OBLIGATED TO, MAINTAIN OR SUPPORT CERTAIN ACTIVITIES WITHIN THE DEVELOPMENT DESIGNED TO MAKE THE DEVELOPMENT SAFER THAN IT OTHERWISE MIGHT BE. NEITHER THE ASSOCIATION, DEVELOPER, THE BOARD OF DIRECTORS, THE MANAGER, NOR THE ACC SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE DEVELOPMENT, NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. NO REPRESENTATION OR WARRANTY IS MADE THAT ANY SECURITY SYSTEM OR MEASURE, INCLUDING ANY MECHANISM OR SYSTEM FOR LIMITING ACCESS TO THE DEVELOPMENT, CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTANDS AND COVENANTS TO INFORM ITS TENANTS AND ALL OCCUPANTS OF ITS LOT THAT NEITHER THE ASSOCIATION, DEVELOPER, THE BOARD OF DIRECTORS, THE MANAGER NOR THE ACC ARE INSURERS OR GUARANTORS OF SECURITY WITHIN THE DEVELOPMENT, AND THAT EACH PERSON USING THE DEVELOPMENT ASSUMES ALL RISKS OF PERSONAL INJURY AND LOSS OR DAMAGE TO PROPERTY, INCLUDING LOTS AND THE CONTENTS OF LOTS, RESULTING FROM ACTS OF THIRD PARTIES.

I. TRASH DISPOSAL

1. General Duty. Owners will endeavor to keep the Development clean and will dispose of all refuse in receptacles for that purpose and may not litter Common Areas.

2. Hazards. Trash may not be left anywhere on the Common Areas other than in the designated receptacles. Owners may not place lighted or smoldering items, including cigarettes, in such designated trash receptacles. Owners may not store trash inside or outside its Lot in a manner that may permit the spread of fire, odors, or seepage, or encouragement of vermin.

J. PETS AND ANIMALS

1. Subject to Legal Requirements. All pets must conform to any applicable animal control ordinances and Legal Requirements.

2. Permitted Pets. Permitted pets include domesticated dogs, cats, rabbits and caged birds. There shall be no more than four adult dogs per household. Dogs must be kept in a kennel, dog run, or fenced in area that confines such dogs to that area. Pets shall not be permitted to run loose within the Development. If required by any Legal Requirement, any such pet(s) must be appropriately vaccinated and licensed through the Governmental Authority.

3. Large Animals. Domestic livestock and exotic animals shall be allowed on any Tract so long as such animals do not exceed one (1) animal for every one (1) fenced acre and do not become a nuisance or threat to other Owners. The Association shall have the sole discretion in determining if any animal is a nuisance and make regulations on banning such animal. Pigs, hogs and peacocks are not allowed on any Tract; provided, however, that 4-H projects shall be permitted with the prior written approval of the ACC. All animals being raised by the individual Owners must be kept in a fenced area on the Owner's Tract. No overgrazing is permitted on any portion of the Tract as determined by the sole discretion of the Association. No feedlots for any type shall be permitted.

4. Prohibited Animals. No Owner may keep a dangerous, exotic animal, trained attack dog, or any other animal determined by the Board of Directors in its sole discretion to be a potential threat to the well-being of people or other animals.

5. Leashes. Pets must be leashed or carried while in Common Areas.

6. Disturbance. Pets must be kept in a manner that does not disturb another Owner's rest or peaceful enjoyment of its Lot or the Common Areas. No pet may be permitted to bark, howl, whine, yap, yip, screech or make other loud noises for extended or repeated periods of time.

7. Damage. Owners are responsible for any property damage, injury, or disturbance such Owner's pet may cause or inflict on the Common Areas and must compensate any person injured or otherwise damaged by such Owner's pet. An Owner who keeps a pet on its Lot is deemed to indemnify and agrees to hold harmless Developer, the Board of Directors, the Association, the ACC and other Owners and Tenants, from any loss, claim, or liability of any kind or character whatever resulting from any action of such Owner's pet or arising by reason of keeping or maintaining the pet on such Lot.

8. Removal. If an Owner or such Owner's pet violates these Rules, or if a pet creates a nuisance, unreasonable disturbance, or noise, the Owner or person having control of the animal may be given a written notice by the Board of Directors to correct the problem. After the first written warning, a fine in the amount of at least $50 shall be levied for all future violations. If violations occur repeatedly,

the Owner, upon written notice from the Board of Directors, may be required to remove the pet. Each Owner agrees to permanently remove the violating animal of such Owner from the Development within ten days after receipt of such removal notice from the Board of Directors.

9. Complaints. Any complaints about pets or Owners violating these Rules shall be made in writing to the Manager or Association and identify the type of infraction, the date of infraction, and must be signed by the witness to the infraction.

10. Compliance. Pets with a physical handicap or, to the extent permitted by applicable Legal Requirements, Owners who have a physical handicap which would prevent them from complying with these Rules, must receive a variance by the Board of Directors or Manager.

K. MISCELLANEOUS

1. Right to Hearing. Prior to commencement of the mediation and arbitration process in Section 11.11 of the Restrictions, an Owner may request in writing a hearing by the Board of Directors regarding an alleged breach of these Rules by the Owner or any person for whom the Owner is responsible. The Board of Directors will schedule a hearing within ten days after receiving the Owner's written request. At the hearing, the Board of Directors will consider the facts and circumstances surrounding the alleged violation. The Owner may attend the hearing in person, or may be represented by another person or written communication.

2. Mailing Address. An Owner who receives mail at an address other than the address of such Owner's Lot is responsible for maintaining with the Association such Owner's current mailing address. An Owner who changes such Owner's name or mailing address must notify the Association in writing within 15 days after the change. Notifications of change of name or change of address should be clearly marked as such. All notices required to be sent to Owners by the Governing Documents will be sent to an Owner's most recent address as shown on the records of the Association. If an Owner fails to provide a forwarding address, the address of that Owner's Lot is deemed effective for purposes of delivery.

3. No Waiver. The failure of the Association to enforce a provision of these Rules does not constitute a waiver of the right of the Association to enforce such provision in the future.

4. Severability. If any term or provision of these Rules is held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding will not affect any other term or provision of these Rules.

5. Amendment of Rules. Except for the Design Guidelines, these Rules are subject to being revised, replaced, amended or supplemented by the Board of Directors. Upon any such revision, a copy of the revisions will be delivered to each Owner. Owners are urged to contact the Association to verify the Rules currently in effect on any matter of interest. These Rules will remain effective until ten days after the Association delivers to an Owner of each Lot notice of amendment to or revocation of these Rules. The notice may be published and distributed in an Association newsletter or other community-wide publication.

6. Other Rights. These Rules are in addition to all rights of the Association under the other Governing Documents and all applicable Legal Requirements.

PART II

RULES GOVERNING COLLECTION AND FINING

A. COLLECTION RULES AND PROCEDURES

To the extent permitted by applicable Legal Requirements:

1. Due Date. An Owner will timely and fully pay all Assessments in accordance with the provisions of the Restrictions when due.

2. Delinquent. Any Assessment that is not fully paid when due is delinquent. When the account of a Lot becomes delinquent, it remains delinquent until paid in full. The defaulting Owner is liable to the Association for the cost of title reports, credit reports, certified mail, long distance calls, court costs, filing fees and other reasonable costs and attorneys' fees incurred by the Association in collecting the delinquency.

3. Assessment Payment Plan. The Association has adopted an alternative payment plan by which an Owner may make partial payments to the Association for delinquent Assessments and other amounts owed to the Association. Such payment plan is attached as Exhibit B to the Restrictions.

4. Late Fees and Interest. If the Association does not receive full payment of an Assessment by 5:00 p.m. on the fifth calendar day following the due date, the Association may collect interest at the Past Due Rate until the delinquency is paid in full.

5. Delinquency Notices. If the Association has not received full payment of an Assessment by the due date, the Association may send one or more written notices of nonpayment to the defaulting Owner stating the amount delinquent. Such delinquency-related correspondence may state that if full payment is not timely received, the Association may pursue any or all of the Association's remedies under the Governing Documents or state law at the sole cost and expense of the defaulting Owner.

6. Collection by Association's Attorney. After giving the Owner notice of the delinquency, the Association may refer the delinquent account to an attorney for collection. In that event, the defaulting Owner will be liable to the Association for its legal fees and expenses.

7. Collection Agency. The Board of Directors may employ or assign the delinquency to one or more collection agencies.

8. Notification of Mortgagee. The Association may notify the Owner's Mortgagee of the default in payment of any Assessment.

9. Notification of Credit Bureau. The Association may file a report on the defaulting Owner with one or more credit reporting services.

10. Notice of Lien. The Association shall cause a notice of the Association's assessment lien against the Lot to be publicly recorded. A copy of the notice of lien will be sent to the defaulting Owner, and may be sent to its Mortgagee.

11. Right to Accelerate. If an Assessment is payable in installments and if an Owner defaults in the payment of any installment, the Association may declare such Assessment in default and accelerate the due date on all remaining installments of that Assessment.

12. Notice to Owner. A Special Assessment or Individual Assessment payable in installments may be accelerated only after the Association gives the Owner at least 15 days prior notice of the default and the Association's intent to accelerate the unpaid balance if the default is not cured within such notice period.

13. No Duty to Reinstate. Following acceleration of an Assessment payable in installments, the Association has no duty to reinstate the installment program upon payment by the Owner of any delinquent installment.

14. Foreclosure of Lien -- Nonjudicially. The Board of Directors may instruct an attorney, officer or agent of the Association to notify the defaulting Owner of the Association's intent to foreclose its assessment lien, to post the Lot for sale at public auction, and to conduct a public auction of the Lot in accordance with the Governing Documents and all other requirements of state law.

15. Foreclosure of Lien -- Judicially. The Association may file suit against the Owner for judicial foreclosure of the Association's assessment lien. This action may be combined with a claim against the Owner for recovery of a money judgment.

16. Suit Against Owner. Whether or not the Association forecloses the Association's assessment lien, the Board of Directors may elect to file suit to recover delinquent Assessments against the defaulting Owner and the Owner shall be personally liable for any judgment obtained by the Association.

17. Possession Following Foreclosure. If the Association purchases the Lot at public sale, the Board of Directors may immediately institute appropriate actions to recover possession of the Lot.

18. Application of Payments. All payments received by the Association may be applied in the following order, starting with the oldest charge in each category, until that category is fully paid, regardless of the amount of payment, notations on checks, and the date the obligations arose: (a) collection costs and attorneys' fees; (b) fines; (c) reimbursable expenses; (d) late charges and interest; (e) delinquent Special Assessments or Individual Assessments; (f) delinquent General Assessments; (g) current Special Assessments or Individual Assessments; and (h) current General Assessments.

19. Form of Payment. The Association may require that payment of delinquent Assessments be made only in the form of cash, cashier's check, or certified funds.

20. Partial and Conditioned Payment. The Association may refuse to accept partial payment (i.e., less than the full amount due and payable) and payments to which the payor attaches conditions or directions contrary to the Board of Directors' policy for applying payments. The Association's endorsement and deposit of a payment does not constitute acceptance. Instead, acceptance by the Association occurs when the Association posts the payment to the Lot's account. If the Association does not accept the payment at that time, it will promptly refund the payment to the payor. A payment that is not refunded to the payor within 30 days after being deposited by the Association may be deemed accepted. The acceptance by the Association of partial payment of delinquent Assessments does not waive the Association's right to pursue or to continue pursuing its remedies for payment in full of all outstanding obligations or the Association's right to apply payments pursuant to any rights herein granted.

21. Notice of Payment. If the Association receives full payment of the delinquency after recording a notice of lien, the Association will cause a release of notice of lien to be publicly recorded, a copy of which will be sent to the Owner; provided, however, the Owner prepays the reasonable cost of preparing and recording the release.

22. Notification of Credit Reporting Agency. If the Association receives full payment of the delinquency after reporting the defaulting Owner to a credit reporting service, the Association will report receipt of payment to that credit reporting service.

23. Limited Right of Redemption. If the Association buys a Lot at the non-judicial foreclosure sale of its assessment lien, the Association's ownership of such Lot is subject to a right of redemption by the Owner, as provided by the Restrictions.

24. Waiver. Properly levied collection costs, late fees, and interest may not be waived by the Board of Directors, unless a majority of the Board of Directors determines that extraordinary circumstances warrant an adjustment to the account, in which case the adjustment must be described in detail in the minutes of the Board of Directors' meeting. Because of the potential for inadvertently effecting a waiver of the provisions of this policy, the Board of Directors will exercise extreme caution in granting adjustments to an Owner's account.

B. FINING RULES AND PROCEDURE

1. Policy. The Association uses fines to discourage violations of the Governing Documents and to encourage present and future compliance when a violation does occur, not to punish violators or generate revenue for the Association.

2. Owners Liable. An Owner is liable for fines levied by the Association for violations of the Governing Documents whether the Owner commits the violation or Tenants, guests or other invitees of such Owner commit the violation. Regardless of who commits the violation, the Association will direct its communications to the Owner, although the Association may also send copies of its notices to the actual violator.

3. Violation Notice. Before levying a fine, the Association will give the Owner a written violation notice and an opportunity for a hearing. The Association's written violation notice will contain the following items: (a) the date the violation notice is mailed or prepared; (b) a description of the violation; (c) a reference to the rule being violated; (d) a description of the action required to cure the violation; (e) the amount of the fine; (f) a statement that not later than the 30th day after the date of the violation notice, the Owner may request a hearing before the Board of Directors to contest the fine; and (g) the date the fine attaches or begins accruing.

4. New Violation. If the Owner was not given notice and a reasonable opportunity to cure a similar violation within the preceding 12 months, the notice will state a specific date by which the violation must be cured to avoid the fine, if the violation is ongoing or continuous. If the violation is not ongoing, but is instead sporadic or periodic, the notice must state that any future violation of the same rule may result in the levy of a fine.

5. Repeat Violation. In the case of a repeat violation, the notice will state that, because the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding 12 months, the fine attaches from the date of the violation notice.

6. Right to Hearing. Prior to commencement of the mediation and arbitration process in Section 11.11 of the Restrictions, an Owner may request in writing a hearing by the Board of Directors regarding the alleged breach of the Governing Documents. The Board of Directors has ten days after receiving the Owner's request for a hearing to give the Owner notice of the time, place and date of the hearing. The hearing must be scheduled for a date within 45 days from the date the Association receives the Owner's request and should be scheduled to provide a reasonable opportunity for both the Board of

Directors and the Owner to attend. The Owner's request for a hearing suspends only the levy of a fine. The hearing will be held in a closed or executive session of the Board of Directors. At the hearing the Board of Directors will consider the facts and circumstances surrounding the violation and the Owner may attend in person, or may be represented by another person or written communication.

7. Committee of Board of Directors. The Board of Directors may appoint a committee comprised solely of directors to serve as the Board of Directors at violation hearings. The Board of Directors will be bound by the decision of such committee. Such a committee may be appointed on an ad hoc basis.

8. Levy of Fine. Within 30 days after levying the fine, the Association must give the Owner notice of the levied fine. If the fine is levied at the hearing at which the Owner is actually present, the notice requirement will be satisfied if the Board of Directors announces its decision to the Owner at the hearing; otherwise, the notice must be in writing.

9. Amount. The Association 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 Association 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 and should be uniform for similar violations of the same provision of the Governing Documents.

10. Type of Levy. If the violation is ongoing or continuous, the fine may be levied on a periodic basis beginning on the start date. If the violation is not ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis.

11. Collection of Fines. 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 foreclose its assessment lien on a debt consisting solely of fines. The Association may not charge interest or late fees for unpaid fines.

12. Amendment of Policy. These fining rules will remain effective until ten days after the Association delivers, or causes to be delivered, to an Owner of each Lot notice of amendment to or revocation of these Rules. The notice may be published and distributed in an Association newsletter or other community-wide publication.

PART III

ARCHITECTURAL CONTROL AND DESIGN GUIDELINES

Each Owner, by accepting a deed to its Lot acknowledges that Developer has a substantial interest in ensuring that all structures and Improvements within the Development enhance Developer's reputation as a community developer and do not impair Developer's ability to market, sell or lease any portion of the Development or other real property owned by Developer. Therefore, Developer has established the ACC to be responsible for administration of the Design Guidelines and review of all applications for construction and modifications permitted hereunder. The ACC may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred by the ACC in having any application reviewed by architects, engineers or other professionals.

A. ADMINISTRATION AND PROCEDURES

1. The ACC. During the Developer Control Period, the ACC shall consist of Developer, Developer's designees or agents, who shall serve at Developer's discretion. During such time, Developer shall have full authority to designate and appoint a successor in the event of the death, resignation or removal by Developer of any member of the ACC. Upon the expiration of the Developer Control Period, or the earlier termination thereof, the Board of Directs shall appoint the members of the ACC, who may consist of one or more members of the Board of Directors. At all times, the ACC shall consist of at least three members.

2. Standards. The ACC shall have the responsibility to develop a Community-Wide Standard for the Development and shall have sole discretion with respect to taste, design standards and other guidelines and restrictions to ensure compliance with the Community-Wide Standard. One objective of the ACC is to prevent unusual, radical, curious, odd, bizarre, peculiar or irregular structures from being built within the Development. The ACC may from time to time adopt such procedural and substantive rules, to the extent not in conflict with the Governing Documents, as it may deem necessary or proper for the performance of its duties, including any additional Design Guidelines and publish and promulgate bulletins regarding such additional Design Guidelines, which shall be fair, reasonable and uniformly applied and shall carry forward the spirit and intention of the Community-Wide Standard and the Governing Documents. The ACC shall have the authority to adopt Design Guidelines which may be applicable to only specific sections within the Development.

3. Submission of Plans to ACC. No Dwelling or other Improvements, including Guest Houses, Accessory Buildings, landscaping, building, fences, signs, walls, decks, patios, wells, windmills, ponds or other structures may be placed, erected, installed or made upon any Lot, nor shall any exterior addition to or change or alteration be made until the Plans, with a $200 fee (the "Application Fee") and the Road Maintenance Assessment (as described in the Restrictions), are submitted to and approved by the a majority of the members of the ACC. Plans shall be submitted to the ACC at least 30 days prior to the commencement of any construction or modification. The ACC is authorized to request the submission of samples of proposed construction materials and to hire professional consultants to assist in the reviewing an Owner's Plans. The ACC shall have the power and authority to make any such subjective judgments and to interpret the intent and provisions of the Design Guidelines and the Governing Documents, as the ACC may deem appropriate in its sole discretion.

4. Approval of Plans. The ACC shall review the Plans and shall notify an Owner in writing of its approval or disapproval. If the ACC fails to approve or disapprove such Plans within 30 days after the same has been submitted to it, such Plans will be deemed to have been approved by the ACC. Any disapproval shall set forth the elements disapproved and the reason or reasons. The judgment of the ACC in this respect in the exercise of its sole and absolute discretion and shall be final and conclusive, and the Owner may revise the Plans (if disapproved) and resubmit them for approval. No construction, alteration, change or modification shall commence on an Owner's Lot until approval of the ACC is obtained.

5. Appeal of Final Decision. Any Owner may appeal the final decision of the ACC by submission of a written request therefor to the Board of Directors within 10 business days the Owner's receipt of such decision. Such written notice must include the set of Plans and all other information submitted to the ACC by the Owner in connection with the review process, along with a written statement by the Owner justifying approval of its Plans. The Board of Directors shall schedule a special meeting within 30 days of receipt of such written notice from the appealing Owner, which may, but need not be, attended by the Owner or the ACC, where it will consider the position advanced by the Owner and the final decision of the ACC. Within 10 business days after such hearing, the Board of Directors must vote to uphold the final decision of the ACC or approve the Plans as submitted by the Owner to the ACC; the

Board of Directors shall have no discretion to recommend or approve modifications to the Plans. A vote of not less than 2/3% of the directors of the Board of Directors shall be necessary to reverse the final decision of the ACC. Such vote of the Board of Directors shall be final and binding on the Owner and the ACC as of the date it is rendered and shall not be subject to the arbitration provisions of the Restrictions. Each Owner shall be responsible for paying the costs incurred by the Board of Directors for its review of the Plans regardless of whether such Plans are approved, including any costs incurred by the Board of Directors in employing professional consultants to assist in the reviewing such Owner's Plans.

6. Unauthorized Changes. If an Owner makes unauthorized changes to its Lot or Improvements in a manner unsatisfactory to the ACC, the ACC shall have the right, through its agents and employees, to: (i) enter upon said Lot and to repair, maintain and restore the Lot and the exterior of the Dwelling and any other Improvements erected thereon or remove any prohibited items from such Lot, or (ii) seek enforcement of the Owner's obligations under the Governing Documents in a court of competent jurisdiction located in the County. The ACC, its agents and employees shall have the right to remove any Improvement not complying with these Design Guidelines and in so doing, shall not be liable and are expressly relieved from any liability for trespass of other tort in connection therewith or rising from such removal. The cost of such exterior maintenance and the costs and attorney's fees incurred by the ACC in the enforcement of the rights under these provisions shall be added to and become a part of the Assessments to which such Lot is subject, to the extent permitted by the Act. In addition to the foregoing, the ACC shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of the Design Guidelines.

7. Alteration or Removal of Improvements. No exterior Improvements shall be altered, modified or removed without the prior written approval of the ACC. Improvements may be repainted the same color without approval of the ACC.

8. ACC Liability. Neither Developer, the Association, the Board of Directors, the ACC nor any employees, officers, directors or members thereof shall be liable for damages or otherwise to anyone submitting plans and specifications for approval or to any Owner affected by the Design Guidelines by reason of mistake of judgment, negligence or nonfeasance arising out or in connection with the approval or disapproval or failure to approve or disapprove any plans or specifications. Any errors in or omissions from the plans and specifications submitted to the ACC shall be the responsibility of the Owner of the Lot to which the Improvements relate, and the ACC shall have no obligation to check for errors in or omissions from any such plans, or to check for such plans' compliance with the general provisions of these Design Guidelines, any Legal Requirements or the common law, whether the same relate to lot lines, building lines, easements or any other issue. Similarly, no approval by the ACC of any plans and specifications shall be deemed or construed as a representation or warranty by the ACC that such plans and specifications comply with any applicable city codes, state statutes or other applicable laws, codes or ordinances. **THE OWNER, MAKING OR CAUSING TO BE MADE SUCH ADDITIONS, ALTERATIONS OR IMPROVEMENTS, AGREES, AND SHALL BE DEEMED TO HAVE AGREED, FOR SUCH OWNER, TO HOLD THE ACC, THE ASSOCIATION, DEVELOPER AND ALL OTHER OWNERS HARMLESS FROM AND TO INDEMNIFY THEM FOR ANY LIABILITY OR DAMAGE TO THE PROPERTY RESULTING FROM SUCH ADDITIONS, ALTERATIONS OR IMPROVEMENTS. ANY OTHER OWNER SUBMITTING PLANS HEREUNDER, BY DISSEMINATION OF THE SAME, AND ANY OWNER, BY ACQUIRING TITLE TO THE SAME, AGREES NOT TO SEEK DAMAGES FROM THE ACC, ARISING OUT OF THE ACC'S REVIEW OF ANY PLANS HEREUNDER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE ACC SHALL NOT BE RESPONSIBLE FOR REVIEWING, NOR SHALL ITS REVIEW OF ANY PLANS BE DEEMED APPROVAL OF, ANY PLANS FROM THE STANDPOINT OF THE STRUCTURAL SAFETY, SOUNDNESS, WORKMANSHIP, MATERIALS, USEFULNESS, CONFORMITY WITH BUILDING OR**

OTHER CODES OR INDUSTRY STANDARDS OR COMPLIANCE WITH THE GOVERNING DOCUMENTS AND ALL LEGAL REQUIREMENTS. FURTHER, EACH OWNER AGREES TO INDEMNIFY AND HOLD THE ACC AND ITS RESPECTIVE OFFICERS AND EMPLOYEES HARMLESS FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, DAMAGES, EXPENSES OR LIABILITIES WHATSOEVER, ARISING AS A RESULT OF THE REVIEW OF ANY PLANS HEREUNDER.

9. Certificate. Upon written request of an Owner, the ACC shall furnish a certificate concerning or certifying (if true) the approval of such Owner's plans and specifications, and if applicable, the grant of any deviation hereunder.

10. Variance. Circumstances may warrant waiver or variance of the Design Guidelines. To obtain a waiver or variance, an Owner must make written application to the ACC and the ACC will consider such request and respond to the Owner within 30 days. If the application is approved, the waiver or variance must be in writing, and may be conditioned or otherwise limited. If the ACC fails to approve or disapprove of an Owner's written application for a waiver within 30 days after the date of submission, such waiver shall be deemed approved.

11. No Waiver of Future Approvals. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

12. Amendment. The Design Guidelines may not be amended without Developer's written consent during the Developer Control Period. Any amendments to the Design Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced.

13. Single Family. Except as specifically set forth in these Restrictions, all Lots shall be used for single family residential purposes only. Except as expressly permitted herein, only one single family residence for each Tract is permitted.

14. Residential Construction. No building shall be erected, altered, placed or permitted to remain on any Lot other than one Dwelling and one Guest House per each Lot to be used for single family residential purposes. All Dwellings, Accessory Buildings and Guest Houses must be approved in writing by the ACC prior to being erected, altered or placed on the Lot. The term "Dwelling" does not include single or double wide or other manufactured homes, and said manufactured homes are not permitted within the Development.

15. Construction Time. Any construction of any Improvement shall have the exterior completed within six months from the construction commencement date.

16. Construction Sites. All construction sites shall have sufficient portable restroom facilities or other adequate restroom facilities as determined by the ACC. Construction Sites shall be kept neat and clean at all times and comply with such construction site guidelines as may be established by the ACC from time to time.

17. Construction Equipment Damage. Owners shall be responsible for any damage caused to any roads or streets by construction equipment or trucks making deliveries to their Tracts.

18. Re-plating and Subdividing. No Tract may be subdivided into smaller tracts.

19. Minimum Size. The total air-conditioned habitable area of a Dwelling, as measured to the outside of exterior walls but excluding garages, open porches, breezeways, patios and detached Accessory Buildings, shall be not less than 1,600 square feet in size. All Guest Houses on a Lot must have a minimum of 500 square feet of total air-conditioned habitable area and cannot be more than half the size of the Dwelling.

20. Height Restrictions. No Improvement shall be erected, altered or placed on any Tract which exceeds the lesser of thirty-five 35 feet in height (measured from the first floor elevation to the topmost part of the roof) or 2 -1/2 stories in height.

21. Maintenance and Landscaping of Lots. The Owner shall keep its Improvements in good condition and repair at all times and ensure that all Improvements are adequately painted and otherwise maintained by the Owner. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly, or unkempt condition of buildings or grounds on such Tract which would tend to substantially decrease the beauty of the Development as a whole or the specific area. Each Owner shall be required to landscape the area around its Dwelling. Grass, weeds and vegetation on each Lot must be kept mowed at regular intervals so as to maintain the Lot in a neat and attractive manner. No Owner shall permit weeds or grass to grow to a height of greater than 12 inches upon its Lot.

22. Removal of Trees. No Owner shall be permitted to remove more than twenty percent (20.0%) of the trees on its Lot without the prior written consent of the ACCT.

23. Utility Easements. As described in the Restrictions, each Lot shall be subject to one or more Utility Easements. In general, there will be a 20 foot easement along the Front Line of each Lot, and a five foot easement along the side line and rear line of each Lot.

24. Walls and Fences. Walls, fences and light posts, if any, must be approved prior to construction by the ACC and must be constructed of new material, and unless otherwise permitted by the ACC, constructed of masonry, wrought iron, wood, metal or pipe. Wood privacy fences and galvanized chain link fences are prohibited, unless such chain link fencing is used as a dog run and only if such fencing is not visible from any road. Fence heights shall not exceed five feet.

25. Roof. Only the following roofing materials may be used for the Dwellings, Guest Houses and garages: slate, stone, concrete tile, clay tile, or other tile of ceramic nature, metal or composition shingles with a 30 year or more warranty. Colors of roofing material are subject to the approval of the ACC. The ACC shall have the authority and sole discretion to approve other roof treatments and materials which are harmonious with the surrounding homes and the Development as a whole. The materials and colors of roofs on all other structures must be approved by the ACC. Owners may install roof shingles that are wind and hail resistant, energy efficient or solar generating, if the quality and appearance are comparable to the Community-Wide Standard. All such materials will need approval from the ACC.

26. Satellite Dishes and Antenna. Antennas, towers, satellite dishes or other sound or data receivers or transmitters of any kind shall not exceed ten feet above the roof of the Dwelling or Accessory Building upon which they are attached. Any antenna, tower or satellite dishes or other sound or data receivers or transmitters must be located to the side or the rear of the Dwelling, Guest House or Accessory Building. The ACC must approve all exterior antennas, towers, satellite dishes or other sound or data receivers or transmitters. Notwithstanding the foregoing, the ACC shall not prohibit the installation, maintenance or use of antennae used to receive video programming as described in the Over-the-Air Reception Devices Rule adopted by the Federal Communications Commission.

27. Exterior Lighting. Landscape uplights are effective for accentuating plant material and other features. Except for holiday season lights (which are appropriate from Thanksgiving through the first week of January). Light fixtures and standards should be chosen to blend into and enhance the Lot it is illuminating. Spillage of light or glare from one property to another should be avoided. Light shields and timer/sensor systems should be used in areas where spill-over is a potential problem. No high or low pressure sodium light shall be permitted.

28. Masonry. Any Dwelling or Guest House shall be constructed from at least sixty percent (60.0%) masonry materials, glass or natural wood. Masonry materials includes masonry veneer, stucco, brick, rock and all other materials commonly referred to in the Hood County, Texas, area as masonry, and specifically excludes hardiboard or any synthetic material. Owners are encouraged to use hardiboard materials where non-masonry materials are permitted.

29. Construction Materials. All Improvements must be built with new construction materials and must be built in place on the Tract. All construction materials used shall be of materials such as wood, rock, brick, hardiplank or stucco. The use of aluminum siding or vinyl siding is prohibited. The ACC may authorize the use of other materials on a case by case basis. Accessory Buildings may be constructed of metal or materials listed above.

30. Exterior Dwelling Materials. Dwellings shall not be adorned with stylistic ornamentation or details that are out of character with the image of the Development. All painted Improvements and other painted structures (where the paint color and texture were originally approved by the ACC) on each Lot shall be repainted by the Owner(s) thereof at their own expense as often as is reasonably necessary to ensure the attractiveness and aesthetic quality of such Improvement. The subsequent approval of the ACC for such repainting shall not be required so long as neither the color scheme nor the arrangement of the colors of any Improvements, nor the color of any paint thereon is materially altered. The ACC shall have the right to review and approve exterior screen doors, storm doors and security gates and bars as exterior residential materials.

31. Color. All exterior color schemes for Improvements are subject to the prior written approval of the ACC.

32. Consolidated Building Site. Any Owner of one or more adjoining Tracts may, with the prior written approval of the ACC and with the approval of the applicable Governmental Authorities, if required, consolidate two or more Tracts into one Tract or building site, in which case the common boundary line between any combined Tract shall be eliminated and the setback lines shall be measured from the remaining exterior boundary lines. Any portion of any utility easement located within the common boundary lines of any combined Tract shall be eliminated if such utility easements are not being used at the time any Tracts are combined. No Tract shall be deemed to be combined with another Tract until such time as an appropriate re-plat of the combined Tracts is filed with the Hood County Plat Records and all necessary approvals have been obtained. Any Tracts which are combined as provided above shall be assessed as one Tract for Assessment purposes. Neither the ACC, the Association nor Developer shall not be liable for any fees associated with Tract consolidation.

33. Mechanical Equipment. Propane fuel storage for residential use may be located on the Tracts and may be placed above ground or below ground. All propane tanks, equipment, garbage receptacles, swimming pool pumps and filters, etc. must be visually screened (so as not to be visible from any Lot, street or other Common Area). No overhead electric lines shall be permitted on the Lots. All electric lines on a Lot connecting to the overhead electric lines on the road must be located underground.

34. Garbage. No Tract shall be used to maintain as a dumping ground for rubbish, landscape trimmings or other debris. All Tracts shall be kept in a neat and orderly condition. No refrigerators, freezers, washing machines, dryers, furniture, tools, equipment, toys or other such items shall be stored outside of a building on any Tract. No junk of any kind or character shall be kept on any Tract. Trash, garbage, landscape trimmings or other debris shall not be allowed to accumulate on any Tract, shall be kept in sanitary containers and shall be disposed of regularly and in accordance with all applicable laws, rules and regulations. All equipment for the storage or disposal of trash and other debris shall be kept in a clean and sanitary condition. Except on established garbage collection days and in connection solely with that collection process, all trash containers shall be stored in enclosed structures or screened from view from the road. Controlled burn piles which are concealed from public view are permitted in accordance with applicable laws, rules and regulations.

35. Unregistered or Junked Motor Vehicles Prohibited. No Tract shall be used as a depository for abandoned, junked or unregistered motor vehicles, boats, airplanes, trailers or other similar items.

36. Guest Houses. Guest Houses may not be built until construction of the appurtenant Dwelling has commenced and may not be built or occupied until the Dwelling is occupied Guest Houses must be built along with or after the construction of the main dwelling and may not be built or occupied prior to the main dwelling unit being occupied.

37. Barns, Workshops & Storage Buildings. Barns, workshops and storage buildings approved by the ACC are permitted. Barns, workshops and storage buildings need to specify specifications and may be constructed on the Tracts prior to the Dwelling being constructed or occupied.

38. Barns as Temporary Living Space. One permanent metal, rock, and/or hardiplank barn, storage building or workshop shall be allowed. Any building constructed under this paragraph must have a minimum 4 to 12 roof pitch that has to be approved by the ACC. Such structure must be located behind the main dwelling site and may be constructed on the Property prior to the main dwelling being built. Guest quarters located inside of a barn which is constructed on the Property shall be allowed with the approval of the ACC, so long as the guest quarters are not used as a permanent residence, are not rented for income and compromise no more than thirty percent of the interior space of such barn. Such guest quarters may be used as the Owner's temporary residence during the construction of the Dwelling or as a "weekend getaway" for such Owner prior to the construction of such Owner's Dwelling.

39. Garages. All Dwellings shall include at least a two-car attached, or detached garage. All garages must be constructed out of the same materials as used for the Dwelling. All garages shall be located on the Tract as indicated by the ACC approved site plan.

40. Driveways. The first 25 linear feet of any driveway which is connected to any road shall be constructed of concrete or asphalt. All driveways shall begin where the paved portion of any road ends. All driveways must be shown on the plans submitted to the ACC, completed no later than 30 days after the completion of the main residence and approved by the ACC prior to construction.

41. No Prefabricated or Mobile Homes. No prefabricated structures or mobile homes are permitted to be located on any Tract except as permitted by Section III(37) hereof.

42. Temporary Structures & Use of RVs.

(a) No structure of a temporary character, whether trailer, motor home, recreational vehicle, tent, basement, shack, garage, barn or other outbuilding shall be maintained or used on

any Tract at any time as a residence, either temporarily or permanently, except as provided below. No Tract shall be used as a camping ground. Prior to the construction of a residence on a Tract, an Owner may use a recreational vehicle camper or motor home ("Recreation Vehicle" or "RV") for camping purposes no more than seven days out of any 30 day period and no more than 25 days per year. TEMPORARY CAMPING BY USING ANY TYPE OF RECREATIONAL VEHICLE WILL NO LONGER BE PERMITTED, ONCE DWELLINGS HAVE BEEN BUILT ON 25 PERCENT OF THE LOTS IN THE DEVELOPMENT. With written approval from the ACC, an RV may be used as a temporary residence during construction, not to exceed 12months, provided an approved septic system has been installed for the RV and the RV is placed at the rear of the construction site.

(b) Temporary structures, including a business office, portable restroom facilities, or construction storage facilities may be located on a Tract while the main residence for a Tract is actively under construction, provided that such are removed upon substantial completion of construction and are not located on a Tract for longer than the time allowed for construction of a Dwelling pursuant to Section III(14) hereunder.

(c) Developer reserves the exclusive right to install and make use of a temporary office or temporary storage facilities within Development while Developer is selling Tracts or building homes in the Development.

43. Storage of Trailers, RVs and Boats. All trailers, RVs, trucks (other than pickups with a rated capacity of one ton or less), boats, personal water craft, tractors, wagons, buses, motorcycles, motor scooters, all-terrain vehicles, golf carts and other recreational vehicles, lawn or garden equipment, farm or ranch equipment, construction equipment and other similar items shall be stored in enclosed structures or reasonably screened from view from the road.

44. Setback Lines. Except for fencing, light posts, driveways, walkways and landscaping, no improvements shall be located nearer than (a) 25 feet from the Front Line of each Lot and 5 feet along the side line and rear line of each Lot, or as indicated on the recorded plat. No light post shall be located closer than ten feet from the nearest edge of the road or the property line, whichever distance is further. The ACC may waive or alter any setback line, if in the ACC's sole discretion, such waiver or alteration is necessary to permit effective utilization of a Tract due solely to drainage or land contour related concerns.

45. Drainage. Natural established drainage patterns for drainage will not be impaired by any Owner. Driveway culverts must be installed and shall be of sufficient size to afford proper drainage of ditches without allowing water to pool, back up or be diverted from its natural course. Drainage culvert installation is subject to the inspection and approval of the ACC and shall comply with any applicable Legal Requirements. All water retainage structures (ponds, dams and other facilities) not already existing within the Development must be reviewed and approved by ACC prior to construction and must comply with all applicable Legal Requirements.

46. Mailboxes. All mailboxes will be erected at the Development entrance. The construction of mailboxes will be coordinated with the United States Postal Service. The ACC shall have the right to make such other rules and regulations regarding the location and construction of mailboxes as may be reasonable and necessary.

47. Signs and Billboards. No signs, including for-sale signs, billboards, posters, or advertising devices of any character shall be erected, permitted or maintained on any Lot or on the Common Areas without the express prior written consent of the ACC. All signs, billboards, posters and other advertising devices shall conform to the ACC's pre-determined signage policy.

48. Mineral Development. No Owner shall be allowed to permit on their own behalf, commercial drilling, mineral development operations, mineral refining, quarrying or mining operations of any kind in, on or under any Tract owned by such Owner.

49. Water Extraction. Subject to the prior consent of the ACC, an Owner may construct a windmill or water well on its Lot for the extraction of water for its personal non-potable or agricultural uses.

50. Additional Approval Rights. The ACC reserves the right to review, approve, and prescribe limitations on the following: (a) pavement surfaces (e.g., the use of stone, gravel, concrete, washed aggregate, wood, brick, asphalt); (b) mulch; (c) driveway reflectors; (d) woodpiles; (e) awnings; (f) decking; (g) outdoor carpeting; (h) screened-in patio and yard areas; (i) rock gardens; (j) grading; and (k) retaining walls.

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Adopted by the Board of Directors on June 30TH, 2013 pursuant to that certain Consent in Lieu of Directors' Meeting, executed by all members of the Board of Directors.

SIGNED this 2ND day of July, 2013.

The Orchards Property Owners Association, Inc.,
a Texas non-profit corporation

By: _____
Oscar Rohne, President

STATE OF TEXAS §
§
COUNTY OF Tarrant §

This instrument was acknowledged before me on the 2 day of July, 2013, by Oscar Rohne, President of The Orchards Property Owners Association, Inc., a Texas non-profit corporation, on behalf of corporation.

CANDI RATH
Notary Public, State of Texas
My Commission Expires
April 29, 2017

_____
NOTARY PUBLIC, State of Texas

Return to:
BHB, Inc.
6300 Ridglea Place, Suite 700
Fort Worth, TX 76116

EXHIBIT A

SUBDIVISION

BEING a tract of land situated in the Thomas Stewart Survey, Abstract Number 857, Hood County, Texas same being described by deed to The Orchards on the Brazos and recorded in Document Number 2013-0000409, of the Deed Records of Hood County, Texas (D.R.H.C.T.), said tract of land being more particularly described by metes and bounds as follows: (Bearings referenced to State Plane Grid - Texas North Central Zone (4202) NAD83 as established using GPS Technology in conjunction with the RTK Cooperative Network.)

BEGINNING at set 5/8 inch iron rod with yellow cap marked "BHB" (set iron rod) being along the southern bank of the Brazos river and being the northwest corner of the said The Orchards on the Brazos tract, same being the northeast corner of a tract of land described by deed to Perry J. Adams and recorded in Volume 63, Page 817, of the Deed Records of Somervell County, Texas (D.R.S.C.T.). From said set iron rod a found concrete monument with aluminum disc marked "RPS 314 Mon. No. 1373 bears South 41°59'54" East, a distance of 22.64 feet;

THENCE along the southern bank of the Brazos river the following bearings and distances:

North 42°21'32" East, a distance of 764.05 feet to a point from which a found 4 inch metal pipe post bears South 46°13'07" East, a distance of 16.04 feet;

North 47°44'48" East, a distance of 498.73 feet to a point from which a found 2 inch metal pipe post bears South 42°08'31" East, a distance of 17.92 feet;

North 51°35'00" East, a distance of 167.53 feet to a point from which a found 4 inch metal pipe post bears South 38°30'19" East, a distance of 15.98 feet;

North 64°55'17" East, a distance of 267.62 feet to a point from which a found 2 inch metal pipe post bears South 24°30'23" East, a distance of 20.26 feet;

North 73°07'22" East, a distance of 341.14 feet to a point from which a found 4 inch metal pipe post bears South 16°02'34" East, a distance of 25.03 feet;

North 85°38'12" East, a distance of 272.90 feet to a point from which a found 2 inch metal pipe post bears South 05°00'52" East, a distance of 22.21 feet;

North 83°27'50" East, a distance of 286.19 feet to a point from which a found 2 inch metal pipe post bears South 00°14'59" East, a distance of 54.19 feet;

South 69°28'07" East, a distance of 126.69 feet to a point from which a found 4 inch metal pipe post bears South 05°07'59" West, a distance of 21.10 feet;
South 85°55'00" East, a distance of 367.81 feet to a point from which a found 5/8 inch iron rod with yellow cap marked "RPS 314" bears South 31°44'18" West, a distance of 19.58 feet;

South 77°45'26" East, a distance of 480.65 feet to a point from which a found 5/8 inch iron rod with yellow cap marked "RPS 314" bears South 13°55'17" West, a distance of 32.20 feet;

South 67°53'44" East, a distance of 423.22 feet to a point from which a found 5/8 inch iron rod with yellow cap marked "RPS 314" bears South 22°32'59" West, a distance of 34.00 feet;

South 60°13'18" East, a distance of 397.70 feet to a point from which a found 5/8 inch iron rod with yellow cap marked "RPS 314" bears South 30°34'48" West, a distance of 39.06 feet;

South 49°03'41" East, a distance of 349.31 feet to a point from which a found 5/8 inch iron rod with yellow cap marked "RPS 314" bears South 37°58'31" West, a distance of 22.15 feet;

South 32°45'20" East, a distance of 339.89 feet to a point for the northeast corner of the aforementioned The Orchards on the Brazos tract, same being the northwest corner of a land described by deed to Byron Stinson and recorded in Volume 45, Page 789, D.R.S.C.T.;

THENCE South 41°57'35" West, departing said southern bank and with the common property line between the said The Orchards on the Brazos tract and the said Stinson tract at a distance of 13.06 feet passing a found concrete monument with aluminum disc marked "RPS 314 Mon. No. 1344", and pass at a distance of 29.95 feet a found 5/8 inch iron rod with yellow cap marked "Vaughn 1807" in all a total distance of 480.10 feet to a found 5/8 inch iron rod with aluminum cap, illegible;

THENCE South 43°11'33" West, continuing with the said common property line, a distance of 902.42 feet to a found concrete monument with aluminum disc marked "RPS 314 Mon. No. 1472"'

THENCE South 43°35'15" West, continuing with the said common property line, a distance of 1465.03 feet to set iron rod being on the Hood and Somervell County line. From said iron rod, a found 5/8 inch iron rod with aluminum cap, illegible, bears South 43°35'15" West, a distance of 496.53 feet being the southernmost property corner of the aforesaid The Orchards on the Brazos tract and being the southwest property corner of the aforesaid Stinson tract and being in the easternmost line of the aforementioned Adams tract;

THENCE South 88°33'49" West, departing said common line, and with the said County line, a distance of 651.64 feet to a set iron rod being in the common line between the said Adams tract and the said The Orchards on the Brazos tract from the said iron rod the said found 5/8 inch iron rod with aluminum cap bears South 41°59'54" East, a distance of 461.96 feet;

THENCE North 41°59'54" West, departing the said County line and with the said common line between the Adams tract and the said The Orchards on the Brazos tract, a distance of 2511.71 feet to the **POINT OF BEGINNING** and **CONTAINING** 190.636 acres or 8,304,110 square feet of land more or less.