Hood County Clerk
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PO BOX 339
Granbury Texas, 76048
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RESTRICTION

Grantor: ORCHARDS ON THE BRAZOS

Pages: 26

Recorded On: 07/08/2013 09:32 AM

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Amount:	$112.00
Recorded By:	Jeannie Ingram

Notes:

Any provision herein which restricts the Sale, Rental, or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

I hereby certify that this instrument was filed and duly recorded in the Official Records of Hood County, Texas

Mary Burnett
County Clerk
Hood County, Texas

COUNTY CLERK OF HOOD COUNTY, TEXAS

Return To: In Office

BHB INC

6300 RIDGLEA PLACE
SUITE 700
FORT WORTH , TX 76116

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARDS ON THE BRAZOS

STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS
COUNTY OF HOOD §

These Restrictions made on the date hereinafter set forth by ORCHARDS ON THE BRAZOS, LLC, a Texas limited liability company, hereinafter referred to as "Developer".

RECIALS:

A. Developer is the Owner of that certain tract of land located in Hood County, Texas, containing approximately 190.64 acres of real property located in Hood County, Texas, as more particularly described on Exhibit A attached hereto.

B. It is the desire and purpose of Developer to place certain restrictions, easements, covenants, conditions and reservations upon the Subdivision in order to establish a uniform plan for its development, insure the use of the subdivision for residential purposes only, prevent nuisances, prevent the impairment of the value of the Subdivision, maintain the desired character of the community, and insure the preservation of such uniform plan for the benefit of the present and future Owners of the Tracts within the Subdivision.

C. It is estimated that the Subdivision will contain 60 Lots.

NOW, THEREFORE, Developer hereby adopts, establishes and imposes upon the Subdivision, the following Restrictions for the purposes of enhancing and protecting the value, desirability and attractiveness of the Subdivision, which Restrictions shall run with the land and inure to the benefit of each Owner and his invitees:

ARTICLE I
DEFINITIONS

1.01 ACC. The Architectural Control Committee, a committee which has the rights and duties as described in Section 4.04 of these Restrictions.

1.02 Act. The Texas Residential Property Owners Protection Act, Title 11, Chapter 209 of the Texas Property Code, as amended from time to time.

1.03 Annual Assessment. Assessments levied on all Tracts, which are established and collected by the Board of Directors pursuant to Article VI of these Restrictions for payment of the Common Area Expenses and other charges when due.

1.04 Assessment. Collectively, the Annual Assessments, Special Assessments, Road Maintenance Assessments or other charges, interest, penalties and fees authorized by these Restrictions, together with the cost and expense incurred in collecting Assessments, including, but not limited to court costs and attorney's fees.

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

1.06 Board of Directors. The Board of Directors of the Association named in the Certificate of Formation and their successors and duly elected and qualified from time to time.

1.07 Board Transfer Date. The date that is 120 days after 75% of all Lots that may be created have been sold to third party Owners, at which time at least 1/3 of the Board of Directors shall be elected by the Owners, as further described in Section 7.06 of these Restrictions.

1.08 Bylaws. The bylaws of the Association, adopted by the Board of Directors, as amended from time to time.

1.09 Certificate of Formation. The Certificate of Formation of the Association, as filed with the Secretary of State of the State of Texas, as amended from time to time.

1.10 Common Area. "Common Area" means the portions of the Subdivision, including Lot 12 of the Subdivision, which is intended to be developed as a private park, any applicable easements, owned by the Association or Developer for the common use and enjoyment of the Owners, which includes all real property in the Subdivision except the Tracts and the Improvements Constructed thereon.

1.11 Common Area Expense. Expenses for which the Association is responsible, including those related to: (i) maintenance and repair of the Common Areas; (ii) casualty, public liability and other insurance coverages required or permitted to be maintained by the Association under the Governing Documents; (iii) real estate and personal property taxes or assessments, with all interest thereon, levied and assessed against the Common Areas; (iv) utilities relating to the Common Areas; and (v) such other costs and expenses as may be reasonably related to the proper maintenance, care, operation and management of the Common Areas and the administration of the Association.

1.12 Community-Wide Standard. The standard of conduct, maintenance, or other activity generally prevailing throughout the Development, established by the ACC in the Design Guidelines.

1.13 Design Guidelines. The design and construction guidelines and application and review procedures applicable to the Subdivision promulgated and administered by the ACC.

1.14 Developer. Orchards on the Brazos, LLC, a Delaware limited liability company or any successor, successor-in-title, or assigns of Developer evidenced in a recorded instrument assigning the rights, powers, authority and obligations of Developer hereunder.

1.15 Developer Control Period. The period during which Developer shall control the operation and management of the Association, which commences on the date of these Restrictions and continues until the earlier of the date that Developer no longer owns any part of the entire Subdivision, including but not limited to Common Areas or the date that Developer, in its sole discretion, voluntarily relinquishes its rights as set forth in Section 7.01 of these Restrictions

1.16 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.

1.17 Governmental Authority. Any and all applicable courts, boards, agencies, commissions, offices or authorities of any nature whatsoever for any governmental entity (federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

1.18 Governing Documents. Individually and collectively, the Act, Declaration, Bylaws, Certificate of Formation, the Design Guidelines, the Plat and the Rules.

1.19 Guest House. A secondary residential structure that may be constructed on a Tract in accordance with the Rules.

1.20 Improvement. Every structure and all appurtenances of every type and kind, including but not limited to buildings, patios, storage sheds, garages, decks, retaining walls, fences, landscaping exterior air conditioning units, and man-made objects of every type, existing or placed on a Lot, Common Area or elsewhere in the Subdivision.

1.21 Legal Requirements. Any other matters of record and any and all then-current judicial decisions, statutes, rulings, rules, regulations, permits, certificates or ordinances of any Governmental Authority in any way applicable to any Owner's use and enjoyment of its Lot, Dwelling, the Common Areas or the Subdivision, including zoning ordinances, subdivision and building codes, flood disaster laws and applicable architectural barrier, health and environmental laws and regulations.

1.22 Member. All present and future Owners of any Lot in the Subdivision.

1.23 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.

1.24 Person. Any individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, joint venture, estate, trust, unincorporated association, any other legal entity, including any Governmental Authority and any fiduciary acting in such capacity on behalf of any of the foregoing.

1.25 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.

1.26 Plat. That certain plat map for the Development to be recorded in the real property records of Hood County, Texas.

1.27 Restrictions. This Declaration of Covenants, Conditions and Restrictions for Orchards on the Brazos, as amended from time to time.

1.28 Road Maintenance Assessments. Has the meaning set forth in Section 6.06 of these Restrictions.

1.29 Rules. The rules and regulations of the Association initially adopted by the Board of Directors and as amended from time to time, relating to the appearance, use and occupancy of the Property and the Common Areas.

1.30 Special Assessment. Assessments established and collected from time to time by the Board of Directors pursuant to Section 6.05 of these Restrictions, when due.

1.31 Subdivision or Development. "Subdivision" or "Development" means Orchards on the Brazos, as more particularly described on Exhibit A attached to these Restrictions, together with all and singular the rights and appurtenances pertaining thereto, including any additional real property that becomes part of the Property, as such exhibit may be amended or supplemented from time to time to reflect any additions or removal of real property in accordance with Article X of these Restrictions.

1.32 Supplemental Declaration. An instrument filed in the real property records of Hood County, Texas for the purpose of adding real property to the Subdivision, withdrawing real property from the Subdivision and for such other purposes as provided in the Governing Documents.

1.33 Tract or Lot. A portion of the Property, including the Improvements thereon, if any, which may be independently owned and conveyed and which is intended for development, use, and occupancy as an attached or detached residence for a single family, as shown upon the Plat.

1.34 Vote of the Members. "Vote of the Members" means the affirmative vote of two thirds (2/3) of the Members entitled to vote who are present at a meeting of Members, either in person or by written proxy. In accordance with Section 5.03 of these Restrictions, only one Member is entitled to vote for each Tract and only one vote shall be counted for each Tract even though a Tract may have several Owners.

ARTICLE II
PROPERTY RIGHTS

2.01 Property Subject to Restrictions. The Subdivision, including all the individual Tracts, are subject to these Restrictions which shall run with the land and be binding on all parties having or acquiring any right, title or interest therein, or any part thereof, and shall inure to the benefit of each Owner thereof.

2.02 Common Area. Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Areas, which right and easement shall be appurtenant to such Owner's Lot, and shall pass with the title to each Lot. In addition, each Owner shall have the right to the undisturbed and quiet enjoyment of such Owner's Lot. Likewise, each Owner shall have the right to use the easements described in Article III of these Restrictions. Notwithstanding the forgoing, the Owner's right to use and enjoy the Common Areas, its Lot and the easement rights described in Article III of these Restrictions shall be subject to the following:

(a) The terms and conditions of the Governing Documents;

(b) Any restrictions or limitations contained in any deed conveying a Lot to an Owner or conveying the Common Areas to the Association;

(c) The Board of Directors' right to regulate or limit use of the Common Areas;

(d) To the extent permitted by the Act, the Board of Directors' right to suspend an Owner's right to use and enjoy any recreational facilities within the Common Areas;

(e) The Board of Directors' right to impose reasonable requirements and charge reasonable admission or other use fees for the use of any recreational facility within the Common Areas;

(f) The Board of Directors' right to permit use of any recreational facilities situated on the Common Area by Persons other than Owners, their families, lessees and guests;

(g) The Board of Directors' right to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(h) Developer's right to conduct activities within the Common Areas, such as tournaments, charitable events, and promotional events and to restrict Owners from using certain portions of the Common Areas during such activities; and

(i) The Association's right to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes, subject to such conditions, as may be agreed to by the Members.

2.03 Title to the Common Areas. Developer hereby covenants for itself and its successors and assigns, that it will convey to the Association fee simple title to the Common Areas on or before the date that 100.0% of the Lots that may be created in the Subdivision are sold to third party purchasers. Following said conveyance to the Association, Developer shall receive reimbursement from the Association or a credit against future Assessments for any prepaid expenses or other amounts paid by Developer that are attributable to any period of time after the date of such conveyance. The Common Areas shall be conveyed without any express or implied warranties, which such warranties are hereby expressly disclaimed by Developer.

2.04 No Partition. Except as permitted in these Restrictions, there shall be no judicial partition of the Common Areas. This Section 2.04 shall not prohibit the Board of Directors from acquiring and disposing of tangible personal property or from acquiring and disposing of real property which may or may not be subject to these Restrictions.

2.05 Compliance. Every Owner and occupant of any Lot shall comply with the Governing Documents. Failure to comply shall be grounds for an action by the Association or by any aggrieved Owner(s) to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, in addition to those enforcement powers granted to the Association in Section 4.03 or Article X of these Restrictions. All provisions of the Governing Documents governing the conduct of Owners and establishing sanctions against Owners shall also apply to all occupants even though occupants are not specifically mentioned. Fines may be levied against Owners or occupants. If a fine is first levied against an occupant and is not paid timely, the fine may then be levied against the Owner. Any Owner may extend his or her right of use and enjoyment to the Members of his or her family, lessees, and social invitees, as applicable, subject to reasonable regulation by the Board of Directors. An Owner who leases its Lot shall be deemed to have assigned all such rights appurtenant to its Lot to the occupant of such Lot; provided, however, the Owner shall remain responsible for payment of all Assessments and other charges.

ARTICLE III
EASEMENTS

3.01 Generally. Each Owner accepts a deed conveying title to a Lot subject to the easements granted and reserved, as applicable, in Article III of these Restrictions, which easements (and all related rights and obligations related to such easements arising on or after the date of any transfer) shall run with the Property.

3.02 Access Easement. Developer hereby grants and reserves a perpetual, irrevocable, assignable and non-exclusive Access Easement over, on and across each Lot: (a) for its own benefit, for

the benefit of the ACC and the Association for the maintenance, repair or replacement of the Common Areas or Improvements thereon or accessible therefrom which they are obligated to maintain or review and for the making of emergency repairs therein necessary to prevent damage to the Subdivision or any other Lot; (b) for its own benefit for the exercise of any rights Developer has reserved in these Restrictions; (c) for the benefit of each Owner for the use of a Lot by its Owner, provided no other reasonable means of access exists; (d) the evacuation of all or any part of the Subdivision in the event of an emergency; and (e) such other reasonable purposes as are deemed by the Association or the ACC to be necessary for the performance of their obligations as described in the Governing Documents, including for emergency, security, and safety reasons. Such right may be exercised by the authorized agents, employees and managers of the Association and the ACC, by any member of the Board of Directors and by all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their duties. The Association and the ACC will endeavor to provide prior notice of entry to an Owner's Lot to the extent practical. The portion of the Lots subject to the Access Easement shall be maintained by the Owners of such Lots in accordance with Section 8.07 of these Restrictions, provided that the Association shall be responsible for the maintenance of all areas of the Common Areas subject to the Access Easement.

3.03 Common Areas Easement. Developer hereby grants a perpetual, irrevocable, non-exclusive Common Area Easement on, over and across the Common Areas for the benefit of each Owner and the Association for ingress to and egress from its Lot to the Common Areas, together with the non-exclusive right to use and enjoy the Common Areas. Developer further reserves an irrevocable, non-exclusive easement on, over and across the Common Areas for its own benefit and for the benefit of its successors and assigns and employees and agents, for the purpose of construction of Improvements within the Subdivision, including the right of temporary storage of construction materials on said Common Areas.

3.04 Development Easement. Developer hereby grants and reserves a perpetual, assignable and non-exclusive Development Easement: (a) for the benefit of the ACC and its designees for ingress and egress at all times on, over and across the Development for the performance of its rights, duties and obligations under these Restrictions; and (b) for its own benefit over the Development as may be necessary in conjunction with the orderly development of the Development, including the marketing of Lots and the leasing, planning, construction and management of Improvements thereon. The portion of the Lots subject to the Development Easement shall be maintained by the Owners of such Lots in accordance with Section 8.07 of these Restrictions, provided that the Association shall be responsible for the maintenance of all areas of the Common Areas subject to the Development Easement.

3.05 Drainage Easement. Developer hereby grants and reserves a perpetual, irrevocable, assignable and non-exclusive Drainage Easement over, on and across the Subdivision for its own benefit and for the benefit of all Owners for the flow of surface and subsurface waters across each Lot and to maintain and correct drainage of surface waters and other erosion controls in order to maintain reasonable standards of health, safety and appearance, which may be accomplished by: (a) grading and planting or removing vegetation (without liability for replacement or damages) from any area of a Lot which is or may be subject to soil erosion; (b) drainage of natural or man-made water flow and water areas from any portion of the Subdivision; (c) changing, modifying or altering the natural flow of water, water courses or waterways on or adjacent to any Lot or Common Area; (d) dredging, enlarging, reducing or maintaining any water areas or waterways within the Subdivision; and (e) installing such pipes, lines, conduits or other equipment as may be necessary for slope control, drainage and waterway maintenance of any portion of the Subdivision, including, without limitation, the installation of such equipment within the 20 foot drainage easement located on Lot 8 and the 10 foot drainage easement on Lots 18 and 19, as shown on the Plat. No Owner may perform or cause to be performed any act which would alter or change the course of such Drainage Easements in a manner that would divert, increase, accelerate or impede the

natural flow of water over and across such easements. More specifically, and without limitation, no Owner may, without written approval of the ACC: (i) alter, change or modify the existing natural vegetation or design of the Drainage Easements in a manner that changes the character of the design or original environment of such easements, alter, change or modify the existing configuration of the Drainage Easements, or fill, excavate or terrace such easements or remove trees or other vegetation therefrom; (ii) construct, erect or install a fence or other structure of any type or nature within or upon any portion of the Drainage Easement; provided however, fences may be permitted in the event proper openings are incorporated therein to accommodate the natural flow of water over said easement; (iii) permit storage, either temporary or permanent, of any type upon or within such Drainage Easements; or (iv) place, store or permit to accumulate trash, garbage, leaves, limbs or other debris within or upon the Drainage Easements, either on a temporary or permanent basis. The portion of the Lots subject to the Drainage Easement shall be maintained by the Owners of such Lots in accordance with Section 8.07 of these Restrictions, provided that the Association shall be responsible for the maintenance of all areas of the Common Areas subject to the Drainage Easement.

3.06 Temporary Construction Easement. Developer hereby grants and reserves a temporary, assignable and non-exclusive Temporary Construction Easement for its own benefit and for the benefit of each Owner and their contractors, subcontractors, employees and successors over, on and across those portions of the Subdivision for: (a) construction staging for Improvements; (b) pedestrian and vehicular ingress and egress during the construction of such Improvements; (c) performing all work necessary to complete such Improvements; and (d) erecting, maintaining, repairing, and replacing appropriate construction fencing for such Improvements. Each Temporary Construction Easement shall automatically terminate upon completion of construction of an Owner's Dwelling. The portion of the Lots subject to a Temporary Construction Easement shall be maintained by Person using such Temporary Construction Easement.

3.07 Utility Easement. Developer hereby grants and reserves a perpetual, assignable and non-exclusive Utility Easements over, on and across those portions of the Subdivision as shown on the Plat: (a) for its own benefit and the benefit of utility companies for ingress, egress, installation, replacement, repair, maintenance, use and operation of any and all utility and service lines and service systems, public and private, including, telephone, cable, fiber optic and any other cable or wiring system or any satellite, "broadband", cellular or other wireless communication designed to provide or deliver communication of any form, video or telephone communications, computer access, "Internet" or e-mail access, security monitoring or other services to any Lot; and (b) for its own benefit for the right to grant additional Utility Easements. Developer reserves the right to retain or transfer title to any and all wires, pipes, conduits, lines, cables, transmission towers or other Improvements installed on or in such easements and to enter into franchise or other agreements with private or public providers of telecommunication type packages that are designed to provide such services to the Subdivision. Developer hereby reserves for itself, prior to the termination of Developer Control Period, and grants to the Association, after the termination of Developer Control Period, the right to grant such additional easements for purpose of utilities over any portion of the Common Areas as it deems necessary. In addition, Developer may record an easement agreement or easement relocation agreement in the real property records of the County, specifically locating or relocating any utility easement subsequent to the recordation of these Restrictions, and the Owners of each Lot, by acceptance of the deed to a Lot, hereby grant Developer during Developer Control Period and to the Association thereafter, an irrevocable power of attorney, coupled with an interest, with full power and authority to locate or relocate such utility easements. The portion of the Lots subject to the Utilities Easement shall be maintained by the Owners of such Lots in accordance with Section 8.07 of these Restrictions, provided that the Association shall be responsible for the maintenance of all areas of the Common Areas subject to the Utilities Easement.

3.08 Additional Easements. Developer shall have the right, in its sole discretion, to reserve, create and grant easements on the Common Areas, in its own name, during such period as it shall hold title to the Common Areas, or in the name of the Association, if such Common Areas have been conveyed to the Association, for its own benefit, the benefit of the Owners, their tenants and the Association for the use and enjoyment of the Property, without the approval or joinder of any other Person, including the Association, during Developer Control Period. After the expiration of the Developer Control Period, provided Developer has conveyed the Common Areas to the Association, the Association shall have the power and authority to grant and establish upon, over, under, and across the Common Areas, such further easements as are requisite for the convenient use and enjoyment of the Development.

3.09 Liability for Use of Easements. No Owner shall have a claim or cause of action against Developer, the Association, the ACC or their agents or employees arising from the exercise or non-exercise of any easement reserved hereunder or shown on the Plat, except in cases of gross negligence or willful misconduct. In exercising the easements granted herein, neither Developer, the Association nor the ACC shall be liable to any Owner for an action in trespass.

ARTICLE IV
USE RESTRICTIONS FOR TRACTS

4.01 Residential Use. All Lots shall be used only for single family residential purposes and for ancillary business or home office uses. A business or home office shall be considered ancillary so long as: (a) the existence or operation of the activity is not apparent or detectable by sight, sound, or smell from outside the Lot; (b) the activity limits the number of employees on the premises to not more than two at any given time; provided, further, that there is reasonable parking to accommodate such employees; (c) the activity does not involve regular visitation of the Lot by clients, customers, suppliers, or other invitees or door-to-door solicitation of residents within the Subdivision; (d) the activity does not increase traffic or include frequent deliveries within the Subdivision; and (e) the activity is consistent with the residential character of the Subdivision and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents within the Subdivision, as may be determined in the sole discretion of the Board of Directors.

4.02 Use of Common Areas. Common Areas may be used by Owners and their invitees and licensees only for recreation, exercise, congregation, relaxation, diversion or social interaction. Any portion of the Common Areas designed in a park-like fashion may be used for meetings, picnicking, exercising, and any other use consistent with the uses allowed in this Article IV and the Governing Documents.

4.03 Rules. The Board of Directors shall have the power to formulate, publish and enforce reasonable Rules concerning the use and enjoyment of the Common Areas and the Lots. Such Rules shall provide for imposition or fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in these Restrictions. All portions of the Subdivision shall be used in accordance with the Legal Requirements.

4.04 ACC. Developer has designated certain individuals to comprise the initial ACC, each of whom are generally familiar with the residential and community development design matters and knowledgeable about Developer's concern for consistent design standards in the Subdivision. Developer and/or the ACC has prepared the Design Guidelines, which sets forth the duties and obligations of the ACC, as well as certain rules and guidelines with respect to the construction on any Improvements within the Subdivision. The ACC shall have the power and authority to make any such subjective judgments and to interpret the intent and provisions of these Restrictions, the Design Guidelines and the other Governing Documents, as the ACC may deem appropriate in its sole discretion. All development of the

Lots and construction of Improvements thereon shall be in accordance with the Design Guidelines. During the Developer Control Period, the ACC shall consist of Developer and Developer's designees or agents. After the Developer Control Period, the ACC shall be appointed by the Board of Directors.

4.05 Mineral Rights. Portions of the Subdivision shall be subject to certain reservations, leases or conveyances of oil, gas or mineral rights pursuant to one or more deeds or other instruments, which may grant or convey rights to all oil, gas or mineral rights lying on, in or under the Property and surface rights of ingress and egress thereon to third parties. These interests are superior and prior to these Restrictions and by accepting title to or an interest in a Lot, each Owner acknowledges the existence of the mineral rights and reservations referenced herein and the rights in favor of the owner and lessees of such mineral interests.

4.06 Use of Other Property. Developer makes no representation of any kind as to the current or future uses of any property that is located near or adjacent to the Subdivision, whether such property is owned by Developer or otherwise.

4.07 Firearms. The discharge of firearms in the Subdivision, including for hunting purposes, is strictly prohibited, unless for purposes of personal safety or protection of property. The term "firearms" includes "B-B" guns, pellet guns, and firearms of all types.

ARTICLE V
THE ORCHARDS PROPERTY OWNERS ASSOCIATION, INC.

5.01 Non-Profit Corporation. The Orchards Property Owners Association, Inc., a non-profit corporation, has been (or will be) organized and it shall be governed by the Certificate of Formation and Bylaws of said Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

5.02 Bylaws. The Association has adopted, or may adopt, whatever Bylaws it may choose to govern the organization and operation of the Association, provided that the same are not in conflict with the terms and provisions hereof.

5.03 Membership. Every person or entity who is a record Owner of any Tract shall be a "Member" of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation or those only having an interest in the mineral estate. Memberships shall be appurtenant to and may not be separated from the Tracts. Regardless of the number of persons who may own a Tract, there shall be but one membership for each Tract and, except with respect to Developer, one vote for each Tract. Ownership of the Tracts shall be the sole qualification for Membership.

5.04 Voting Rights. The Association shall have two classes of voting memberships. Developer shall be entitled to ten votes for each Lot owned. Each Tract, other than those owned by Developer, shall have only one vote regardless of the number of Owners of the Tract. In the event that more than one person owns a Tract and the group of Owners do not have a unified vote for purposes hereunder, then the Association shall not recognize the vote for that Tract and such vote shall not be counted when the calculating membership votes. Notwithstanding the foregoing, the presence of any Owner of a Tract at a meeting of Members permits the inclusion of the Tract represented when calculating any necessary quorum.

5.05 Limitation of Liability of Officers and Directors of the Association. No officer or director of the Association shall be liable to any Owner of any Lot for any claims, actions, demands,

costs, expenses (including attorneys' fees), damages or liability, of any kind or nature, except as otherwise expressly set forth in the Governing Documents and such officers and directors shall be indemnified in accordance with the provisions of the Governing Documents.

ARTICLE VI
ASSESSMENTS

6.01 Assessments. Each Owner by acceptance of a deed therefore, whether or not it shall be expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association the Assessments provided herein. The Assessments shall be a charge on the Tracts and shall be a continuing lien upon the Tract against which each such Assessment is made. Both Annual and Special Assessments must be fixed at a uniform rate for all Tracts subject to assessment and may be collected on a monthly basis or on an annual basis at the discretion of the Board of Directors.

6.02 Duty to Prepare Annual Budgets. The Association shall prepare an annual budget for the Association and deliver a copy of the annual budget to the Members along with, or prior to, the delivery of the invoice sent to each Owner for the Annual Assessment. The Association shall strive to deliver the annual budget and the Annual Assessment invoice at least 30 days before the start of each calendar year.

6.03 Commencement of Obligation to Pay Assessments. Each Owner, other than Developer, shall be obligated to commence payment of all Assessments against such Lot on the date the Lot is conveyed to the Owner. If such date is other than the first day of a month, then such Owner shall be obligated to pay only a pro rata share of the Assessment against such Lot based on the number of days during such month that the Owner will hold title to the Lot. Nothing contained in these Restrictions shall prevent Developer from collecting from the purchaser of a Lot at closing any expenses, such as insurance premiums, to the extent that Developer prepaid such expenses on behalf of the Lot being purchased.

6.04 Annual Assessment.

(a) An Annual Assessment shall be paid by each of the Owners and the Annual Assessment shall be used to pay all reasonable and necessary operating expenses and reserve requirements of the Association as herein provided. The Annual Assessment for the year of purchase shall be pro-rated as of the purchase date and then shall be paid annually.

(b) The initial amount of the Annual Assessment applicable to each Tract will be $600.00 per Tract. The Annual Assessment is payable in advance and is due on the first day of January during each calendar year. All other matters relating to the collection, expenditure and administration of the Annual Assessment shall be determined by the Board of Directors of the Association, subject to the provisions hereof.

(c) The Board of Directors of the Association, from and after the Developer Control Period, shall have the further right at any time to adjust, alter, increase or decrease the Annual Assessment from year to year as it deems proper to meet the reasonable operating expenses and reserve requirements of the Association and to enable the Association to carry out its duties hereunder. However, the Board of Directors shall not increase the Annual Assessment by more than twenty percent (20.0%) from the previous year without the affirmative Vote of the Members.

6.05 Special Assessments. In addition to the Annual Assessment, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted.

6.06 Road Maintenance Assessments. Each Owner who desires to construct a Dwelling shall submit to the ACC along with their Plans a non-refundable Road Maintenance Assessment Fee in the amount of $500.00 to offset wear and tear on the Subdivision roads by construction equipment and construction traffic ("Road Maintenance Assessment"). The Road Maintenance Assessment funds may not be used for any purpose other than maintenance of the roads. The ACC shall not be required to take any action with respect to Plans submitted by an Owner until such Owner has paid the Road Maintenance Assessment. The Board of Directors shall have the further right, not more than once in any calendar year, to assess a Road Maintenance Assessment fee as it deems reasonable and necessary to cover the cost of wear and tear on the roads from traffic. The payment of the Road Maintenance Assessment does not relieve any Owner from liability from damage caused to the roads· by the Owner's contractors and subcontractors from construction traffic in excess of normal wear and tear. Any additional assessments will be determined by the ACC.

6.07 Interest of Assessment. Any Assessment which is not paid within 30 days after the due date shall bear interest from the due date at the lesser of (i) the rate of eighteen (18%) per annum or (ii) the maximum rate permitted by law.

6.08 Creation of Lien and Personal Obligation.

(a) In order to secure the payment of the Assessments, each Owner of a Tract hereby grants the Association a contractual lien on such Tract and each Owner, by acceptance of a deed to its Tract, hereby agrees that the Association shall have the right to foreclose such contractual lien by non-judicial foreclosure, pursuant to the provisions of Section 51.022 of the Texas Property Code (and any successor statute); and each such Owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Section 51.002 of the Texas Property Code, designate in writing a Trustee to post or cause to be posted all required notices -of such foreclosure sale and to conduct such foreclosure sale. The Trustee may be changed at any time and from time to time by the association by means of written instrument executed by the President or any Vice-President of the Association and filed for record in the real property records of Hood County, Texas. If the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions of said Section 51.002 of the Texas Property Code and to exercise the power of sale hereby granted, the Association, or the Association's agent, shall give notice of the foreclosure sale as provided by the Texas Property Code as then amended. Upon request by the Association, the Trustee shall give any further notice of foreclosure sale as may be required by the Texas Property Code as then amended, and shall convey such Tract to the highest bidder for cash by Trustee's Deed. Out of the proceeds of such sale, if any, there shall first be paid all expenses incurred by the Association in connection with collecting the Assessments and foreclosing on the Tract, including reasonable attorney's fees and a reasonable trustee's fee; second, from such proceeds there shall be paid to the Association and amount equal to the amount of the Assessment in default; and third, the remaining balance shall be paid to the Owner or Lien Holder for the benefit of the Owner. Following any such foreclosure, each occupant of a Tract which is foreclosed upon shall be deemed a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action for forcible detainer.

(b) In the event of non-payment by any Owner of any Assessment or other charge, fee, assessment levied hereunder, the Association may, in addition to foreclosing the lien hereby retained, and exercising the remedies provided herein, exercise all other rights and

remedies available at law or in equity, including but not limited to bringing an action at law against the Owner personally obligated to pay the same.

(c) Notwithstanding anything contained this Article VI, all notices and procedures relating to foreclosures shall comply with the Act.

6.09 Notice of Lien. To evidence any unpaid Assessment, the Association may file a claim of lien against the Tract of the delinquent Owner by recording a Notice ("Notice of Lien") in the real property records of Hood County, Texas setting forth (a) the amount of the claim of delinquency, (b) the interest thereon, (c) the costs of collection which have been accrued thereon, (d) the legal description and street address of the Tract against which the lien is claimed, and (e) the name of the Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien shall continue until the amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been paid or satisfied, the Association shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Association to cover the preparation and recordation of such release of lien instrument.

6.10 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 these Restrictions and may be amended from time to time as provided therein.

6.11 Lien Priority. The lien described in this Article VI attach to the Lot as of the date of the recording of these Restrictions and shall be superior to all liens other than (a) a mortgage on the Lot of an Owner recorded prior to these Restrictions or (b) the lien securing real estate taxes. The Association shall have the power to subordinate the aforesaid contractual lien to any other lien. Any consensual lien holder who obtains title to any Tract pursuant to the remedies provided in a deed of trust or mortgage or by judicial foreclosure shall take title of the Tract free and clear of any claims for unpaid assessments or other charges against said Tract which accrued prior to the time such holder acquired title to such Tract. No such sale or transfer shall relieve such holder from liability for any Assessments or other charges or assessments thereafter becoming due. Any other sale or transfer of a Tract shall not affect the Association's lien for Assessments or other charges or assessments. The Association shall make a good faith effort to give each such mortgage 60 days advance written notice of the Association's foreclosure of an Assessment lien, which notice shall be sent to the nearest office of such mortgage by prepaid United State registered or certified mail, return receipt requested, and shall contain a statement of delinquent Assessment or other charges or assessments upon which the said action is based, provided however, the Association's failure to give such notice shall not impair or invalidate any foreclosure conducted by the Association pursuant to the provisions of this Article VI.

6.12 Purpose of the Assessments. The Annual Assessments and Special Assessments shall be used exclusively for the purpose of promoting the health, safety, security and welfare of the Subdivision and the maintenance of the Common Areas. In particular, the Assessments shall be used for any Improvement or services in furtherance of these purposes and the performance of the Association's duties described herein, including the maintenance of any drainage easements, maintenance of the Subdivision Landscape and Access Easement described herein, Common Areas, the enforcement of these Restrictions and the establishment and maintenance of reserve funds. The Assessments may be used by the Association for any purpose which, in the judgment of the Association's Board of Directors, is necessary or desirable to maintain the property value of the Subdivision, including but not limited to, providing funds to pay all taxes, insurance, repairs, utilities and any other expense incurred by the Association.

Except for the Association's use of the Assessments to perform its duties as described in these Restrictions, the use of the Assessments for any of these purposes is permissive and not mandatory. It is understood that the judgment of the Board of Directors as to the expenditure of Assessments shall be final and conclusive so long as such judgment is exercised in good faith.

6.13 Handling of Assessments. The collection and management of the Assessment shall be performed by Developer until the Transfer Control Date, at which time Developer shall deliver to the Association all funds on hand together with all books and records of receipt and disbursements. Developer, and upon transfer, the Association, shall maintain a separate account for these funds.

6.14 Developer Exemption. In consideration of the Subdivision infrastructure, Developer shall be exempt from the payment of all Assessments. During the Developer Control Period, Developer shall be responsible for funding the difference between the Association's actual operating expenses and the Assessments received from the other Owners. During such time, all Lots owned by Developer shall not subject to Assessments. Upon the expiration of the Developer Control Period, Developer shall be liable for the full payment of Assessments on all Lots Developer owns, in the same manner as any other Owner, and shall no longer be obligated to fund the deficit between the Association's actual operating expenses and the Assessments collected by the Association. Nothing in these Restrictions, however, shall preclude Developer from electing to pay Assessments on any Lot it owns during the Developer Control Period.

ARTICLE VII
DEVELOPER'S RIGHTS AND RESERVATIONS

7.01 Period of Developer's Rights and Reservations. Developer shall have, retain and reserve certain rights as set forth in these Restrictions with respect to the Association from the date hereof, until the earlier of the date Developer gives written notice to the Association of Developer's termination of the rights described in this Article VII or the Developer Control Period. Notwithstanding the foregoing, Developer rights set forth in this Article VII shall not be released until such time as a document relinquishing said rights is filed of record or Developer no longer holds record title to any Tracts in the Subdivision. The rights and reservations hereinafter set forth shall be deemed accepted and reserved in each conveyance by Developer whether or not specifically stated therein. The rights, reservations and easements set forth herein shall be prior and superior to any other provisions of these Restrictions and may not, without Developer's prior written consent, be modified, amended, rescinded or affected by any amendment to these Restrictions. Developer's consent to any amendment shall not be construed as consent to any other amendment.

7.02 Developer Rights. Developer reserves the right to: (a) to market and sell the Lots and to use or place advertising signs, banners and lighting in connection therewith and other promotional facilities at such locations and in such forms as Developer shall determine; (b) use parking in and through the Common Areas for such sales purposes; (c) assign its interests to third parties; (e) construct Improvements and do all things reasonably necessary or convenient for the completion thereof; (d) alter, subtract from, or designate additional portions of the Subdivision as Common Areas, regardless of whether Developer owns such portions of the Property, and (f) maintain on the Property without expense appropriate parking facilities for the employees of Developer's agents and contractors. Developer's aforesaid reserved rights shall exist at all times during the Developer Control Period and no charge shall be made with respect thereto.

7.03 Developer's Rights to Grant and Create Easements. Developer shall have and hereby reserves the right, without the consent of any Owner or the Association, to grant or create temporary or permanent easements throughout the Subdivision, for ingress, egress, utilities, cable and satellite

television systems, communication and security systems, drainage, water and other purposes incidental to the development, sale, operation and maintenance of the Subdivision.

7.04 Developer's Rights to Convey Common Areas to the Association. Developer shall have and hereby reserves the right, but shall not be obligated to, convey real property and Improvements thereon, if any, to the Association for use as Common Areas at any time and from time to time in accordance with these Restrictions, without the consent of any other Owner or Association.

7.05 Annexation. During the Developer Control Period, Developer may, in its sole discretion and from time to time, unilaterally, subject to the provisions of these Restrictions to any other real property. Such annexation shall be accomplished by filing a Supplemental Declaration in the real property records of Hood County, Texas describing such real property being annexed. Such Supplemental Declaration shall not require the consent of Members, but shall require the consent of the owner of such property, if other than Developer. Nothing in these Restrictions shall be construed to require Developer to develop any of such real property made subject to these Restrictions or to limit the uses thereon to single family residential purposes. Prior to the termination of the Developer Control Period, no real property may be annexed within the Development without the prior written consent of Developer.

7.06 Developer Control of Association. Except as is provided below, Developer shall have the right to appoint and remove members of the Board of Directors until the Board Transfer Date. On or before the Board Transfer Date, an election shall be held by the Association, pursuant to the Bylaws, for the election of not less than one-third of the members of the Board of Directors by Owners other than Developer. Thereafter, to the extent permitted by the Act, Developer shall have the right to appoint the remaining 2/3 of the Board of Directors during the Developer Control Period and 1/3 of the Board of Directors shall continue to be elected by the Owners.

7.07 Withdrawal of Property. Developer reserves the right to amend these Restrictions during the Developer Control Period for the purpose of removing any portion of the Property from the terms and conditions of these Restrictions. Such amendment shall not require the consent of any Person other than the Owner of the property to be withdrawn, if not Developer. If the property is Common Area, the Association shall consent to such withdrawal.

7.08 Amendment. This Article VII shall not be amended during the Developer Control Period without the prior written consent of Developer.

7.09 Transfer or Assignment. Any or all of the special rights and obligations of Developer set forth in the Governing Documents may be transferred or assigned in whole or in part to the Association or to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that which Developer has under these Restrictions or the Bylaws. Upon any such transfer, Developer shall be automatically released from any and all liability arising with respect to such transferred rights and obligations. No such transfer or assignment shall be effective unless it is in a written instrument signed by Developer and duly recorded in the real property records of Hood County, Texas.

7.10 Additional Covenants. No Person shall record any declaration of covenants, conditions and restrictions, declaration of condominium, easements or similar instrument affecting any portion of the Subdivision without: (a) Developer's prior written consent during the Developer Control Period; or (b) the prior written consent of the Association thereafter. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect.

ARTICLE VIII
MAINTENANCE

8.01 Maintenance of Common Areas. The Association shall maintain and repair the Common Areas, including:

(a) all landscaping and other flora, parks, lakes, ponds, structures, and Improvements, including any entry features, private streets, bike and pedestrian pathways or trails;

(b) all private streets and roadways;

(c) certain easements described in Article III of these Restrictions;

(d) all furnishings, equipment and other personal property of the Association; and

(e) any property and facilities owned by Developer and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members.

8.02 Maintenance of Other Areas. The Association may, as a Common Expense, maintain certain areas or Improvements other than the Common Areas, including property dedicated to the public, or provide a level of maintenance related to such property over and above the level being provided by the current owner of such property, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard within the Subdivision. For example, the Association may maintain any fence, wall, entry feature or sign serving to enhance or designate the entry to the Subdivision regardless of whether such Improvements are located within the Common Areas or the Subdivision.

8.03 Relief from Maintenance Obligations. The Association may be relieved of all or any portion of its maintenance responsibilities herein to the extent that (a) such maintenance responsibility is otherwise assumed by or assigned to an Owner or (b) such Property is dedicated to a Governmental Authority unless the Association reserves the right or obligation to perform such maintenance responsibilities.

8.04 Maintenance Costs. The cost and expense of such maintenance shall constitute a Common Expense and shall be payable as set forth in Article VI of these Restrictions. The Association may establish and maintain an adequate reserve fund for such purposes, to be funded by Annual Assessments rather than by a Special Assessment; provided, however, that the Association may require Special Assessments for such purposes, in accordance with Section 6.05 of these Restrictions. Nothing in these Restrictions shall be deemed or construed as relieving any Owner from liability or responsibility for damage to the Common Areas caused by the negligence or misconduct of an Owner or an Owner's occupants or invitees.

8.05 Failure of Association to Maintain. If the Association fails to properly perform its maintenance responsibilities hereunder and to comply with the Community-Wide Standard, Developer may, upon not less than ten days' notice and opportunity to cure such failure, cause such maintenance to be performed and, in such event, shall be entitled to reimbursement from the Association for all costs incurred.

8.06 Limitation of Liability. The Association shall not be liable: (a) for injury or damage to any Person or property caused by the elements or by the Owner of any Lot or any other Person, or resulting from any utility, rain, snow or ice which may leak or flow from or over any portion of the

Common Areas; (b) to any Owner or occupant of any Lot for loss or damage, by theft or otherwise, of any person property which may be stored in or upon any of the Common Areas; or (c) to any Owner or occupant of any Lot for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities under Article VIII of these Restrictions.

8.07 Owner's Responsibility. Each Owner shall maintain its Lot, and all Improvements and landscaping thereon in a manner consistent with the Community-Wide Standard and all Governing Documents. With respect to any Lot upon which a Dwelling has not yet been constructed, such maintenance responsibility shall include the removal of all litter and trash on a regular basis. Each Owner shall replace worn and rotted portions of the Improvements on its Lot and shall not permit the roofs, rain gutters, downspouts, exterior walls, windows, doors, walks, driveways, parking areas or other exterior portions of the Improvements to deteriorate in an unattractive manner. Owners shall keep grass, weeds and vegetation in a clean, attractive and well maintained condition. The Owner of each Lot shall, upon occupation of a Dwelling, establish grass front and side yards, maintain such yards in a sanitary and attractive manner and edge the street curbs that run along the property line of the Lot, as well the sidewalks and along all flowerbeds and treewells. 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. Trees, shrubs, vines and plants which die shall be promptly removed from the Lot. No Owner shall permit weeds or grass to grow to a height of greater than 12 inches upon its Lot.

8.08 Failure of Owner to Maintain. If any portion of a Lot or any Improvement thereon, in the reasonable judgment of the Board of Directors: (a) constitutes a public or private nuisance; (b) substantially detracts from the appearance or quality of the surrounding Lots, the Common Areas, other areas of the Subdivision or any adjacent land owned by Developer; or (c) constitutes a breach of any of the terms of the Governing Documents, the Board of Directors may give such Owner written notice thereof and a deadline by which such Owner's Lot or Improvements must be brought into compliance or such breach must be cured and such Owner must, within ten days after receiving such notice, commence to perform the care and maintenance specified in such notice and pursue the same with due diligence to completion. Should any such Owner fail to fulfill this duty and responsibility within such time period, the Board of Directors shall have the right and power to enter onto such defaulting Owner's Lot and perform the repairs or maintenance without any liability for damages. Such defaulting Owner shall jointly and severally be liable for the cost of such work and shall promptly reimburse the Association for such cost. If such Owner shall fail to reimburse the Association within 30 days after receipt of a statement for such work from the Association, then such costs shall constitute an Individual Assessment. Entry by the Association or its designee under this Section 8.08 shall not constitute a trespass.

8.09 Standard of Performance. Unless otherwise specifically provided herein or in other instruments creating and assigning such maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all Governing Documents. Neither the Association nor any Owner shall be liable for any damage or injury occurring on, or arising out of the condition of, property which such they do not own except to the extent that that the Association or an Owner, as applicable, has been negligent in the performance of its maintenance responsibilities.

ARTICLE IX
INSURANCE, CASUALTY AND CONDEMNATION

9.01 Association Insurance. The Board of Directors shall obtain and continue in effect such types of insurance as required by all applicable Legal Requirements, including the following types of insurance, if reasonably available, or if not reasonably available, in such amounts and upon such conditions as may be reasonably determined by the Board of Directors:

(a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable Improvements on the Common Areas;

(b) Commercial general liability insurance on the Common Areas, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf.

(c) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(d) Directors and officers liability coverage;

(e) Fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the best business judgment of the Board of Directors but not less than an amount equal to one-sixth of the Annual Assessments on all Lots plus reserves in possession of the Association.

(f) Such additional insurance as the Board of Directors, in its best business judgment, determines advisable, which may include flood insurance if any portion of the Common Areas are or shall become located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards, which shall include "blanket" policy of flood insurance on the Common Area must be maintained in the amount of 100% of current "replacement cost" of all affected Improvements and other insured property or the maximum limit of coverage available, whichever is less.

9.02 Casualty. The following provisions shall govern if the Common Areas or any part thereof, are damaged or destroyed by fire or other casualty: (a) prompt written notice of any substantial damage or destruction shall be given by the Association to all Owners; (b) the Association shall promptly proceed with the full restoration and repair of such damage or destruction unless (i) repair or replacement would be illegal under any Legal Requirement; or (ii) during the Developer Control Period, Developer, and after the Developer Control Period, at least 80% of the Owners, vote not to rebuild; (c) the amount by which such restoration and repair costs exceed collectible insurance proceeds shall be and constitute a Special Assessment payable by the Owners within 60 days of the date notice of such Special Assessment is delivered by the Association, in accordance with Section 6.05 of these Restrictions; and (d) any excess insurance proceeds remaining after such restoration and repair, or any insurance or sales proceeds available absent such restoration and repair, shall be disbursed to the Association and used for such purposes as the Board of Directors shall determine.

9.03 Condemnation of Common Areas. The Association shall be the sole representative with respect to condemnation proceedings concerning Common Areas and shall act as attorney in fact for all Owners in such matters. If any part of the Common Areas shall be taken (or conveyed in lieu of and under threat of condemnation by the Board of Directors acting on a Vote of the Members and, during the Developer Control Period, the written consent of Developer) by any Governmental Authority, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds. Such award or proceeds shall be payable to the Association. If the taking or conveyance involves a portion of the Common Area on which Improvements have been constructed, the Association shall restore or replace such Improvements on the remaining property within the Common Area to the extent practical, unless within 60 days after such taking Developer, during the Developer Control Period, and the Vote of the Members after the Developer Control Period vote not to reconstruct such Improvements. Any such construction shall be in accordance with Plans approved by the

Board of Directors and the ACC. If the taking or conveyance does not involve any Improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors shall determine.

ARTICLE X
DUTIES AND POWERS OF THE PROPERTY OWNERS ASSOCIATION

10.01 General Duties and Powers of the Association. The Association has been formed to further the common interest of the Members. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has designated those powers set forth in the Bylaws, shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the Members and to improve and enhance the attractiveness, desirability and safety of the Subdivision.

10.02 Enforcement of Restrictions. The Association (or any Owner if the Association fails to do so after reasonable written notice) shall enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of these Restrictions. Failure by the Association or any Owner to enforce any covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter. If it becomes necessary for any Owner or the Association to file a Court action to enforce these Restrictions, the defaulting Owner shall be liable for all reasonable attorney's fees and costs incurred by the enforcing Owner or the Association to obtain compliance by the defaulting Owner. The defaulting Owner shall be liable for all damages suffered by the enforcing Owner or the Association which shall be in an amount established by the Court.

10.03 Remedies. In the event an Owner fails to remedy any violation of these Restrictions within ten days after written notice by the Association, the Association, or its authorized representatives, may take any one or more of the following actions:

(a) Enter upon the Owner's property and remove the violating condition, or cure the violation, at the expense of the Owner, and the violating Owner shall pay on demand all costs and expenses, including reasonable attorney's fees, incurred by the Association in removing such violating condition;

(b) Assess a charge of $50.00 per day against any Owner and/or his Tract until the violating condition is corrected. The Violation charge may be increased by the Association in accordance with increases in the National Consumer Price Index using 2012 as a base year. Failure to pay such assessment by the violating Owner within ten days from receipt of assessment will result in a lien against the Tract with the same force and effect as the lien for Annual or Special assessments;

(c) File suit in order to enforce the above remedies and/or pursue any other remedy which may be available at law or in equity;

After a Owner receives a written notice of a violation of these Restrictions, the violating Owner shall not be entitled to any further notice of the same violation in any one calendar year. The Association reserves the easement across each Owner's Tract for the purpose of correcting or removing conditions in violation of these Restrictions, and in doing so, shall have no liability for trespass or other tort in connection therewith, or arising from such correction or removal of a violating condition. The Association shall further have the right to have any vehicle or other property stored or used in violation of these

Restrictions removed from the Owner's Tract at the expense of the Owner and stored at the expense of the Owner.

10.04 Authority to Combine ACC and Board. In order to efficiently manage the Association, and to perform the duties of the Association, the Association may elect to combine the duties of the Board of Directors and the duties of the ACC into one body to be known as the ACC/Board.

ARTICLE XI
GENERAL PROVISIONS

11.01 Term. The provisions hereof shall run with the land and shall be binding upon all Owners, their guests and invitees and all other persons claiming under them for a period of 40 years from the date these Restrictions are recorded. These Restrictions shall be automatically extended for successive periods of 20 years each time unless these Restrictions are cancelled by a Vote of the Members and an appropriate document is recorded evidencing the cancellation of these Restrictions.

11.02 Amendments. Except for any amendment affecting any existing Improvements, these Restrictions may be amended or changed, in whole or in part, at any time by a Vote of the Members. Copies of any records pertaining to such amendments shall be retained by the Association permanently. No amendment shall take effect until thirty days after the amendment may be made to these Restrictions which would result in an existing Improvement being in violation of these Restrictions without the express written consent of the affected Owner.

11.03 Amendment by Developer. Developer shall have and reserve the right at any time prior to the termination of the Developer Control Period, without the joinder or consent of any Owner or other party, to amend these Restrictions by an instrument in writing duly signed, acknowledged, and filed for record so long as Developer owns at least one Tract of land and provided that any such amendment shall be consistent with and is furtherance of the general plan and scheme of development of the Subdivision and evidenced by these Restrictions.

11.04 Severability. Each of these provisions of these Restrictions shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partially unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

11.05 Liberal Interpretation. The provisions of these Restrictions shall be liberally construed as a whole to effectuate the purpose of these Restrictions.

11.06 Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners, Developer and the Association, and their respective guests, invitees, heirs, legal representatives, executors, administrators, successors and assigns.

11.07 Effect of Violation on Mortgages. No violation of the provisions herein contained or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgage under any such mortgage, the holder of any such lien or beneficiary of any such mortgage, lien or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

11.08 Terminology. All personal pronouns used in these Restrictions, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural and vice versa. Title of Articles and Sections are for convenience only and neither limit nor amplify the provisions of these Restrictions. The terms "herein", "hereof" and similar terms, as used in this

instrument, refer to the entire agreement and are not limited to referring only to the specific paragraph, Section or Article which such terms appear. All references in these Restrictions to Exhibits shall refer to the Exhibits attached hereto which Exhibits are incorporated herein for all purposes.

11.09 Notices. All notices or other communications required or permitted to be given pursuant to these Restrictions shall be in writing and shall be considered properly given if (a) mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested, (b) by delivering same in person to the intended addressee; (c) by delivery to an independent third party commercial delivery service for same day or next day delivery and providing for evidence of receipt at the office of the intended addressee; or (d) by facsimile to the addressee. Notice so mailed shall be effective upon its deposit with the United States Postal Service or any successor thereto; notice sent by such a commercial delivery service shall be effective upon delivery to such commercial delivery service; notice given by personal delivery shall be effective only if and when received by the addressee; and notice given by other means shall be effective only if and when received at the office or designated place or machine of the intended addressee. For purposes of notice, the addresses of Developer and the Association shall be as set forth below, the address of each Owner shall be the address of the Lot; provided, however, that any party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of 30 days' notice to the Association in the manner set forth herein:

Developer:	Orchards on the Brazos, LLC 11431 State Hwy 337, Graford, Texas 76449 Phone: 1.800.710.0977 Fax: 940.664.5809
The Association:	The Orchards Property Owners Association, Inc. 11431 State Hwy 337, Graford, Texas 76449 Phone: 1.800.710.0977 Fax: 940.664.5809

Notwithstanding the foregoing, any notice required to be given under the Act shall be governed by the notice provisions contained therein.

11.10 Conflicts. If any of the provisions of the Governing Documents shall be in conflict with the provisions of the Texas Nonprofit Corporation Law, as amended from time to time or the Act, the provisions of such statutes shall control. If a conflict exists between the provisions of the Governing Documents, the Governing Documents shall control in the following order:

(a) These Restrictions;

(b) The Certificate;

(c) The Bylaws;

(d) The Design Guidelines; and

(e) The Rules.

The provisions of the Governing Documents embody the entire final documentation to which the Subdivision and any Owners will be subject in relation to the Subdivision and supersede any and all agreements, representations, and understandings, whether written or oral, between Developer and the Owners.

11.11 Dispute Resolution. It is the intent of the Association and Developer to encourage the amicable resolution of disputes involving the Subdivision and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, the Association, Developer and each Owner covenants and agrees that it shall attempt to resolve all claims, grievances or disputes involving the Subdivision, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of these Restrictions, the Bylaws, the Rules or the Certificate of Formation through alternative dispute resolution methods, such as mediation and arbitration. To foster the amicable resolution of disputes, the Board of Directors may adopt alternative dispute resolution procedures. Participation in alternative dispute resolution procedures shall be voluntary and confidential. Should either party conclude that such discussions have become unproductive or unwarranted, then the parties may proceed with litigation subject to any limitations set forth elsewhere herein and in the Bylaws.

11.12 Exculpation. It is expressly understood and agreed that nothing contained in these Restrictions shall be interpreted or construed as creating any liability whatsoever, directly or indirectly, against Developer or any of its officers, members, managers, employees, agents or attorneys, or any of its or their heirs, executors, legal representatives, successors or assigns (collectively the "Developer Related Parties"), for monetary relief or damages. In particular, and without limiting the generality of the foregoing, if any proceeding shall be brought to enforce the provisions of these Restrictions, the party instituting such proceeding shall not be entitled to take any action to procure any money judgment against any of Developer Related Parties.

11.13 Governing Law. THESE RESTRICTIONS SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS. VENUE FOR ANY ACTION BROUGHT IN CONNECTION WITH THESE RESTRICTIONS SHALL BE IN PALO PINTO COUNTY, TEXAS OR YOUNG COUNTY, TEXAS.

11.14 Binding Effect. Each of the covenants, conditions, restrictions and agreements herein contained is made for the mutual benefit of, and is binding upon, each and every Person acquiring any part of the Subdivision, it being understood that such covenants, conditions, restrictions and agreements are not for the benefit of the Owner of any Lot except Lots in the Subdivision.

11.15 Counting of Days. As used herein and in the Governing Documents, all references to "days" shall refer to calendar days, provided, however, if the time period by which any action required hereunder must be performed expires on a Saturday, Sunday or legal holiday, then such time period shall be automatically extended to the close of business on the next regular business day.

[The Remainder of this Page is Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned, being Developer, herein, has hereunto set its hand on this 2nd day of July 2013.

ORCHARDS ON THE BRAZOS, LLC,
a Delaware limited liability company,

By: National Land Partners II, LLC
a Delaware limited liability company,
its sole member

By: American Land Partners, Inc.
a Delaware corporation,
its Manager

By: _____
Oscar Rohne, Authorized Agent

STATE OF TEXAS §
§
COUNTY OF Tarrant §

This instrument was acknowledged before me on the 2 day of July, 2013, by Oscar Rohne, Authorized Agent American Land Partners, Inc., a Delaware corporation, manager of National Land Partners II, LLC, a Delaware limited liability company, the sole member of ORCHARDS ON THE BRAZOS, LLC, a Delaware limited liability company, on behalf of said limited liability company.

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.

EXHIBIT B

PAYMENT PLAN AND APPLICATION OF PAYMENTS POLICY

1. Application of Payments. After the Association notifies the Owner of a delinquency and the Owner's liability for late fees or interest, and collection costs, any payment received by the Association will 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. Delinquent Assessments;
b. Current Assessments;
c. Attorney fees and costs associated with delinquent assessments;
d. Other attorney fees;
e. Fines; and
f. Any other amount.

2. Fines. Payment of fines shall not be given priority over any other amounts owed.

3. Payment Plans. The Association shall offer a payment plan to a delinquent Owner with a minimum term of at least three months and a maximum term of 18 months from the date the payment plan is requested for which the Owner may be charged reasonable administrative costs and interest. An Owner is not entitled to a payment plan if the Owner has defaulted on a previous payment plan in the last two years. If an Owner is in default at the time the Owner submits a payment, the Association is not required to follow the application of payments schedule set forth in Paragraph 1.

4. 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.

5. 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 payer 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 Owner's account. If the Association does not accept the payment at that time, it will promptly refund the payment to the payer. A payment that is not refunded to the payer within 30 days after being deposited by the Association may be deemed accepted as to payment, but not as to words of limitation or instruction accompanying the payment. 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.

6. 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. The Association may require the Owner to prepay the cost of preparing and recording the release.

7. Correction of Credit Report. 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 the credit reporting service.