THE ARBOR AT WILLOW GROVE

HOMEOWNERS ASSOCIATION

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I.
WELCOME TO
THE **ARBOR** AT WILLOW GROVE
HOMEOWNERS ASSOCIATION, INC.

We're happy to have you as a neighbor and would like to be the first to Welcome You Home!

We are confident that the days and years ahead will be exciting and fulfilling as you enjoy your new home.

As a homeowner, you are automatically a member of The Arbor At Willow Grove Homeowners Association, Inc. and you will enjoy planned community living at its best. Some of the advantages of choosing a planned community lifestyle include: amenities and services that are shared at a low cost, the enhancement of property values and the enforcement of protective standards.

We are pleased to present you with this "Welcome Package", which has been designed to answer any questions you may have about community association life. It will explain how you may become involved in the day-to-day activities of the community. This welcome package was prepared to make reference information easily accessible. Please take your time to review its contents and keep it handy. In the event that you decide to sell your home, you will want to pass this information along to the new homeowners.

Enclosed in this package are: the Declaration, Bylaws and Articles of Incorporation which define your rights and the rights of your neighbors. Please refer to these documents when questions regarding assessments, voting rights, architectural regulations, annual meetings, insurance requirements and any other community governing concerns arise.

The "Owners Survey Form" is also enclosed in your welcome package and was designed to help us learn a little about you and enables us to maintain efficient record keeping.

Your property manager is available to answer questions relating to common area oversight, deed restriction enforcement, and architectural application.

Your accounting manager is available to answer questions relating to your HOA account, and the association's fiscal operation.

II.
HOMEOWNER'S ASSOCIATION CONCEPT

The homeowner's association is the cornerstone of a planned residential community. The association gives continuity to the community, preserves architectural integrity and maintains the common properties. In addition, the association promotes the community concept and protects the community's property values. And in many cases, makes available recreational and other facilities that might not otherwise be affordable or available to homeowners and residents. The homeowner' s association can be the vehicle for community communication and can protect and maintain the common easements and common services that exist for the benefit of each member of the association.

Automatic and mandatory homeowner' s associations are part of the overall concept of residential property ownership. Purchase of the home or lot brings with it membership in the association which provides the structure for operation and management of the residential community concept. Membership includes certain mandatory obligations, financial responsibilities and commitment to abide by the use restrictions and rules of the association.

Members of the homeowner' s association have two responsibilities: one to themselves and to their individually owned property, and the other to the association and the community concept. The individual responsibility requires the member to occupy, maintain and use the property in accordance with the restrictive covenants. The collective goal of the members of the homeowners association is to maintain the quality of the property and the lifestyle envisioned by the planned residential development.

III.
BOARD OF DIRECTORS AND OTHER OFFICERS

The Arbor At Willow Grove Homeowners Association, Inc. acts through its officers and agents. The board of directors makes the policies for the association, but the officers and agents carry out these policies and administrative functions for the community. All of the officers have an affirmative obligation to act with utmost good faith towards the association and cannot deal in the funds of the property of the association to their own advantage.

President: The president assumes general charge of the day-to-day administration of the association. It is generally presumed that he or she will preside at all meetings of the board and the membership. The president will execute contracts, orders and other documents in the name of the association as agent.

Vice President: The vice president is vested with all of the powers which are required to perform the duties of the association president in the absence of the president.

Secretary: The secretary is responsible for keeping and maintaining a record of all meetings of the board and the membership and is the custodian for most of the office records of the association.

Treasurer: The treasurer is the custodian of the funds, securities and financial records of the homeowner' s association.

Registered Agent and Office: The registered agent is a ministerial office of the association and it is an office that is required of all corporations by statute. The registered agent receives all formal service of legal papers on behalf of the homeowner' s association.

IV.
DECLARATION

DECLARATION

The declaration of covenants, conditions and restrictions is the document or set of documents that establish the formal regulations for all of the property in the residential community. They restrict its use and govern the conduct and activity of its residents. The declaration of covenants and restrictions is the foundation document for the planned and well-ordered residential housing concept. The declaration establishes the basic rights and responsibilities for each owner, resident and guest. The restrictions and covenants grant easements and use rights to owners and guests, they provide services and privileges to residents of the community and they set the standards for maintenance and upkeep of all the property. As a member and owner, each individual must abide by the policies of the association and the conditions imposed by the restrictions.

The declaration of covenants, conditions and restrictions outlines the financial obligations of each owner and the right which each owner has to take in the affairs of the community. The recorded declaration creates the owners association and generally the organizational document of the association is attached as an exhibit or is incorporated by reference.

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AMENDED & RESTATED
DECLARATION
OF
COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
THE ARBOR AT WILLOW GROVE

Waxahachie, Ellis County, Texas

AMENDING, RESTATING, AND ENTIRELY REPLACING
the Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove,
recorded on December 10, 2007, as Instrument No. 0735026,
in Volume 02355, Page 2115, Real Property Records, Ellis County, Texas.

The Arbor at Willow Grove **SPECIFICATIONS SUPPLEMENT,** to be recorded contemporaneously with this instrument, is part of the amendment and restatement.

Declarant

Hedgewood Partners, Limited

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FILED FOR RECORD - ELLIS COUNTY, TEXAS
INST NO. 1008308 FILING DATE/TIME: Apr 09, 2010 at 09:55:00 AM

AMENDED & RESTATED

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE **ARBOR** AT WILLOW GROVE

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ACKNOWLEDGMENT OF DECLARATION BY D. R. HORTON-TEXAS, LTD.

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AMENDED & RESTATED

DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

THE ARBOR AT WILLOW GROVE

Hedgewood Partners, Limited, a Texas limited partnership, is the **Declarant** of The Arbor at Willow Grove. On December 10, 2007, Declarant subjected The Arbor at Willow Grove Phase One to the Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded as Instrument No. 0735026, in Volume 02355, Page 2115, Real Property Records, Ellis County, Texas (the **"2007 Declaration").**

In 2010, recognizing that the 2007 Declaration has limitations and features that are not suited to a successful buildout of the Property and its perpetual operation by the homeowners, Declarant deems it necessary and in the best interests of the current and future owners of the Property, and their mortgagees, to amend and restate the 2007 Declaration with a document that is more flexible and suitable for the furtherance of the general plan and scheme of development contemplated by the 2007 Declaration.

Declarant desires to establish a general plan of development for the planned community of The Arbor at Willow Grove. Declarant also desires to provide a reasonable and flexible procedure to maintain certain development rights that are essential for the successful completion and marketing of the Property.

Declarant further desires to provide for the preservation, administration, and maintenance of portions of The Arbor at Willow Grove, and to protect the value, desirability, and attractiveness of The Arbor at Willow Grove. As an integral part of the development plan, Declarant deems it advisable to create a property owners association to perform these functions and activities more fully described in this Declaration and the other Governing Documents described below.

Pursuant to its authority under the 2007 Declaration to amend the 2007 Declaration without joinder of any person until January 1, 2017, Declarant hereby adopts this Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove and DECLARES that the property described in Appendix & and any additional property made subject to this Declaration, will be owned, held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms, covenants, conditions, restrictions, and easements of this Declaration, including Declarant's rights and reservations in the attached Appendix B, which run with the real property and bind all parties having or acquiring any right, title, or interest in any part of the property, their heirs, successors, and assigns, and inure to the benefit of each owner of any part of the property.

ARTICLE 1
DEFINITIONS

The following words and phrases, whether or not capitalized, have specified meanings when used in the Governing Documents, unless a different meaning is apparent from the context in which the word or phrase is used.

1.1. **"Applicable Law"** means the statutes and public laws and ordinances in effect at the time a provision of the Governing Documents is applied, and pertaining to the subject matter of the Governing Document provision. Statutes and ordinances specifically referenced in the Governing Documents are "Applicable Law" on the

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date of the Governing Document, and are not intended to apply to the Project if they cease to be applicable by operation of law, or if they are replaced or superceded by one or more other statutes or ordinances.

1.2. **"Architectural Reviewer"** means the entity having jurisdiction over a particular application for architectural approval. During the Development Period, the Architectural Reviewer is Declarant, Declarant's designee, or Declarant's delegatee. Thereafter, the board-appointed Architectural Control Committee is the Architectural Reviewer.

1.3. **"Assessment"** means any charge levied against a lot or owner by the Association, pursuant to the Governing Documents or public law, including but not limited to Regular Assessments, Special Assessments, Individual Assessments, and Deficiency Assessments, as defined in the Covenant for Assessments Article of this Declaration.

1.4. **"Association"** means the association of owners of lots in the Property, and serving as the "property owners' association" defined in Section 202.001(2) of the Texas Property Code. The initial name of the Association is The Arbor at Willow Grove Homeowners Association, Inc.

1.5. **"Board"** means the board of directors of the Association.

1.6. **"Builder"** is defined in Appendix B of this Declaration.

1.7. **"City"** means the City of Waxahachie, Texas, in which the Property is located.

1.8. **"Common Area"** means portions of real property and improvements thereon that are owned and/or maintained by the Association, as described in the Common Area Article below. Portions of the common area may be allocated to certain lots as limited common area.

1.9. **"Specifications Supplement"** means a supplement of this Declaration that is or will be recorded separately from the Declaration, containing the covenants, conditions, and restrictions pertaining to the use, appearance, maintenance, and improvement of the house lots.

1.10. **"Declarant"** means Hedgewood Partners, Limited, a Texas limited partnership, which developed the Property, or the successors and assigns of Hedgewood Partners, Limited, which are designated by Hedgewood Partners, Limited, or by any such successor and assign, in a recorded document, executed pursuant to the Successor Declarant Section of Appendix B of this Declaration. A co-Declarant or successor Declarant may be referred to as "the Declarant."

1.11. **"Declarant Control Period"** is defined in Appendix B of this Declaration.

1.12. **"Declaration"** means this Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded or to be recorded in the Real Property Records of Ellis County, Texas, as It may be further amended from time to time, which amends, restates, supercedes, and wholly replaces the Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded on December 10, 2007, as Instrument No. 0735026, in Volume 02355, Page 2115, Real Property Records, Ellis County, Texas.

During the Development Period, Appendix B has priority over the main body of this Declaration.

1.13. **"Development Period"** is defined in Appendix B of this Declaration.

1.14. **"Governing Documents"** means, singly or collectively as the case may be, the Plat, this Declaration, the Specifications Supplement, the Bylaws of the Association, the Articles of Association, and (if any) the Rules of

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the Association, as any of these may be amended from time to time. An appendix, exhibit, schedule, or certification accompanying a Governing Document is a part of that Governing Document.

1.15. **"Lot"** means a portion of the Property intended for independent ownership, on which there is or will be constructed a dwelling, as shown on the Plat. As a defined term, "lot" does not refer to common areas, even if platted and numbered as a lot. Where the context indicates or requires, "lot" includes all improvements thereon and any portion of a right-of-way that customarily is used exclusively by and in connection with the lot.

1.16. **"Member"** means a member of the Association, each member being an owner of a lot, unless the context indicates that member means a member of the board or a member of a committee of the Association. In the context of votes and decision-making, each lot has only one membership, although it may be shared by co-owners of a lot.

1.17. **"Owner"** means a holder of recorded fee simple title to a lot. Declarant is the initial owner of all lots. Contract sellers and mortgagees who acquire title to a lot through a deed in lieu of foreclosure or through judicial or nonjudicial foreclosure are owners. A Builder who acquires title to a lot for the purpose of constructing a house for sale to homebuyers is an owner. Persons or entities having ownership interests merely as security for the performance of an obligation are not owners. Every owner is a member of the Association. A reference in any Governing Document or applicable law to a percentage or share of owners or members means owners of at least that percentage or share of the lots, unless a different meaning is specified. For example, "a majority of owners" means owners of at least a majority of the lots.

1.18. **"Plat"** means all plats, singly and collectively, recorded in the Real Property Records of Ellis County, Texas, and pertaining to the real property described in Appendix A of this Declaration, including all dedications, limitations, restrictions, covenants, easements, notes, and reservations shown on the plat, as it may be amended from time to time. The initial plat, titled "Final Plat for The Arbor at Willow Grove, Phase One," was recorded in cabinet H, Slide 498, Plat Records, Ellis County, Texas.

1.19. **"Property"** means all the land subject to this Declaration and all improvements, easements, rights, and appurtenances to the land. The name of the Property is The Arbor at Willow Grove. The Property is located on land described in Appendix A to this Declaration, as it may be amended or supplemented from time to time, and includes every lot and any common area thereon.

1.20. **"Resident"** means an occupant of a dwelling, regardless of whether the person owns the lot.

1.21. **"Rules"** means rules and regulations of the Association adopted in accordance with the Governing Documents or applicable law. The initial Rules may be adopted by Declarant for the benefit of the Association.

ARTICLE 2
SUBJECT TO DOCUMENTS

2.1. SUBJECT TO DECLARATION & OTHER DOCUMENTS. The real property described in Appendix A is held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms of all publicly recorded instruments, each of which is incorporated herein by reference, all of which run with the Property and bind all parties having or acquiring any right, title, or interest in the Property, their heirs, successors, and assigns, and inure to the benefit of each owner of the Property. Publicly recorded instruments include (without limitation) (1) all restrictions, easements, licenses, leases, and encumbrances of record, (2) the terms, covenants, conditions, restrictions, liens, and easements of this Declaration, including Declarant's rights and reservations in the attached Appendix B, (3) all notes, easements, covenants, and restrictions shown or referenced on the plat, and (4) the Specifications Supplement.

2.2. OWNER AGREES TO BE BOUND. Each owner, by impliedly or expressly accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to be bound

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by prior-recorded instruments affecting the Property. Each owner further agrees to be bound by subsequently-recorded instruments affecting the Property that are properly adopted and enacted pursuant to this Declaration, applicable law, or the amendment provision of a prior-recorded instrument. Each owner also agrees to maintain any easement that crosses his lot and for which the Association does not have express responsibility.

ARTICLE 3
PROPERTY FEATURES

3.1. LAND USE. Although this Declaration contains a limited number of disclosures about the Property and its location on the date of this Declaration, neither Declarant nor the Association makes any representation that these are the only noteworthy features of the Property or its location. A prospective owner or resident must make his own inspection of the Property and its location, and make Inquiries of anything that concerns him. Except for the express disclosures stated in this Declaration, Declarant makes no representation of any kind as to current or future uses - actual or permitted - of any land that is adjacent to or near the Property, regardless of what the plat shows as potential uses of adjoining land. Declarant, Builders, and the Association can not and do not guaranty scenic views, volumes of traffic on streets around and through the Property, availability of schools or shopping, or any other aspect of the Property that is affected by the uses or conditions of adjacent or nearby land, water, or air.

3.2. CHANGE OF CIRCUMSTANCE. This Declaration discloses some characteristics of the Property that may change or that may cease to apply. If the change of circumstance is of public record or is capable of independent verification by any interested person, the board of directors, without a vote of the owners, may issue a Notice of Change that references the provision of this Declaration that ceases to apply to the Property. The Notice may be recorded In the Real Property Records of Ellis County, Texas, and does not constitute an amendment of this Declaration. If such a Notice is issued, the Association will notify owners of its existence and will make it available to owners as a record of the Association. This provision may not be construed to give the board unilateral amendment powers, nor to prevent an amendment of this Declaration by a vote of the owners to achieve the same purpose.

3.3. ENVIRONMENTAL CONDITIONS. In the era in which this Declaration is written, the public is increasingly aware of environmental conditions affecting health and quality of life. A resident may be or become sensitive to environmental conditions that now exist or that come into existence at a future time on a lot, on a neighboring lot, or elsewhere in the Property or near the Property. A resident may mitigate those conditions within his home and on his lot, at the resident's expense, provided (1) the method of mitigation does not damage or interfere with the use of another lot or common area, and (2) changes to the appearance of the Property are subject to applicable the architectural provisions of this Declaration. The Association has no duty to intervene on behalf of an owner or resident who complains of adverse environmental conditions unless the Association has reason to believe the condition adversely affects residents of a significant portion of the lots.

3.4. ENTRY FEATURES ALONG HEDGEWOOD DRIVE TO HWY 77. This Section pertains to certain improvements on and along Hedgewood Drive, between Highway 77 and Lariope Lane. In connection with the initial marketing the Property, Declarant obtained the consent of adjoining land owners for installation of a white wood open-rail fence along both sides of Hedgewood Drive. Declarant also obtained the City's approval for median landscaping. As long as the fence and landscaping are allowed to remain, the Association will maintain them as a common expense. If the adjoining land owner requires removal of the fence, the Association will effect the removal at its expense. Because neither Declarant nor the Association owns the land on which the fence and landscaping are located, neither Declarant nor the Association can guarantee that these features will be allowed to remain. They are not permanent features of the Property.

3.5. STORAGE TANK DISCLOSURE. On the date of this Declaration, an industrial facility with three large storage tanks is located directly west of Block 1. The nature of the facility and the purpose of the tanks is not known to the drafter of this document. This disclosure is made to give inquiry notice to prospective owners and residents, who may make their own determinations.

During the Development Period, Appendix B has priority over the main body of this Declaration.

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3.6. THRU-STREET DISCLOSURE. On the date of this Declaration, none of the public streets within the Property serve other subdivisions. However, as land around the Property is developed, one or more of the streets in the Property may serve as a portal to Highway 77 for future developments in the area. The owners of lots in the Property are the only ones required to pay the costs of maintaining the Property's entry features, although those features may be visually enjoyed by a larger geographic area and population. By acquiring an ownership or occupancy interest in the Property, each owner and resident acknowledges that the streets in the Property may eventually be thoroughfares to other subdivisions and that Declarant, the Association, and their respective directors, officers, committees, agents, and employees have no control over adjacent land uses, including without limitation, the City's street system.

3.7. STREETS WITHIN PROPERTY. Because streets within the Property may be capable of being converted from publicly dedicated to privately owned, and vice versa, this Section addresses both conditions. Private streets, if any, are part of the common area which is governed by the Association. Public streets are part of the common area only to the extent a governmental body, such as the City or County, authorizes or delegates to the Association.

3.7.1. Public Streets. As to public streets, the Association, acting through the board, is specifically authorized (1) to accept from a governmental body any delegation of street-related duties, and (2) to act as attorney in fact for the owners in executing instruments required by public ordinance or public law to impose, modify, enforce, or remove restrictions or traffic devices (such as speed bumps) on public streets in the Property.

3.7.2. Private Streets. The Association, acting through the board, is specifically authorized to adopt, amend, repeal, and enforce rules, regulations, and procedures for use of any private streets in the Property - including but not limited to (1) designation of parking or no-parking areas, (2) limitations or prohibitions on curbside parking, (3) removal or prohibition of vehicles that violate applicable rules and regulations, (4) fines for violations of applicable rules and regulations, and (5) programs for controlling access through entrance gates, if any.

ARTICLE 4
PROPERTY EASEMENTS AND RIGHTS

4.1. GENERAL. In addition to other easements and rights established by the Governing Documents, the Property is subject to the easements and rights contained in this Article.

4.2. EASEMENT FOR ENTRY FEATURE ON LOT 1, BLOCK 10. The Association is hereby granted a perpetual easement (the **"Entry Easement")** the over the northwest corner of **LOT 1, BLOCK 10, THE ARBOR AT WILLOW GROVE PHASE ONE** (the **"Entry Lot")** for the Property's entry monument and any appurtenant improvement reasonably related to the entrance of a residential subdivision, for the purposes stated in this Section, regardless of whether or how the plat shows the easement or entry feature. The purpose of the Entry Easement is to provide for the existence, repair, improvement, and replacement of the Property's entry feature, to be maintained by the Association as a common area. In exercising this Entry Easement, the Association may construct, maintain, improve, and replace improvements reasonably related to the entrance of a residential subdivision, such as planter beds, landscaping, and plant material; electrical and water meters and equipment, including light fixtures and sprinkler systems; and signage relating to the Property. The owner of the Entry Lot will have the continual use and enjoyment of the lot for any purpose that does not interfere with and prevent the Association's use of the Entry Easement. In addition to the easement granted herein, the Association has the temporary right, from time to time, to use as much as the surface of the Entry Lot as may be reasonably necessary for the Association to perform its contemplated work on the Entry Easement. This easement is perpetual. The Entry Easement will terminate when the purpose of the easement ceases to exist, is abandoned by the Association, or becomes impossible to perform. The Association may assign this easement, or any portion thereof, to the City if the City agrees to accept the assignment. This Entry Easement applies only to the original entry features installed by Declarant and replacements thereof, and does not pertain to Improvements on the Entry Lot installed by the lot owner.

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4.3. OWNER'S EASEMENT OF ENJOYMENT. Every owner is granted a right and easement of enjoyment over the common areas and to use of improvements therein, subject to other rights and easements contained in the Governing Documents. An owner who does not occupy a lot delegates this right of enjoyment to the residents of his lot. Notwithstanding the foregoing, if a portion of the common area, such as a recreational area, is designed for private use, the Association may temporarily reserve the use of such area for certain persons and purposes.

4.4. OWNER'S INGRESS/EGRESS EASEMENT. Every owner is granted a perpetual easement over the Property's streets, as may be reasonably required, for vehicular ingress to and egress from his lot.

4.5. OWNER'S RIGHT TO BUILD. That a house lot remains vacant and unimproved for a period of years, even decades, does not diminish the right of the lot owner to construct improvements on the lot. Nor does a vacant lot enlarge the rights of owners of neighboring lots, who may have become so accustomed to the open space that they expect it to remain unimproved forever.

4.6. RIGHTS OF CITY. The City, including its agents and employees, has the right of immediate access to the common areas at all times if necessary for the welfare or protection of the public, to enforce City ordinances, or to improve the appearance of or to preserve public property, pubic easements, or public rights of way. If the Association fails to maintain the common areas to a standard acceptable to the City, the City may give the Association a written demand for maintenance. If the Association fails or refuses to perform the maintenance within a reasonable period of time after receiving the City's written demand (at least 90 days), the City may maintain the common areas at the expense of the Association after giving written notice of its intent to do so to the Association. The City may give its notices and demands to any officer, director, or agent of the Association, or alternatively, to each owner of a lot as shown on the City's tax rolls. To fund the City's cost of maintaining the common areas, the City may levy an assessment against every lot in the Property In the same manner as if the Association levied a special assessment against the lots. The Association hereby indemnifies and holds harmless the City of Waxahachie from any and all costs, expenses, suits, demands, liabilities or damages, including attorney's fees and costs of suit, incurred or resulting from the City's exercise of its rights under this Declaration or under the City's Code. The rights of the City under this Section are in addition to other rights and remedies provided by law.

4.7. ASSOCIATION'S ACCESS EASEMENT. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, grants to the Association an easement of access and entry over, across, under, and through the Property, induding without limitation all common areas and the owner's lot and all improvements thereon - including the house and yards - for the below-described purposes.

4.7.1. Purposes. Subject to the limitations stated below, the Association may exercise this easement of access and entry for the following express purposes:

a. To inspect the property for compliance with maintenance and architectural standards.

b. To perform maintenance that is permitted or required of the Association by the Governing Documents or by applicable law.

c. To perform maintenance that is permitted or required of the owner by the Governing Documents or by applicable law, if the owner fails or refuses to perform such maintenance.

d. To enforce architectural standards, including the construction, fence, and landscape specifications.

e. To enforce use restrictions.

f. The exercise of self-help remedies permitted by the Governing Documents or by applicable law.

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g. To enforce any other provision of the Governing Documents.

h. To respond to emergencies.

i. To grant easements to utility providers as may be necessary to install, maintain, and inspect utilities serving any portion of the Property.

j. To perform any and all functions or duties of the Association as permitted or required by the Governing Documents or by applicable law.

4.7.2. No Trespass. In exercising this easement on an owner's lot, the Association is not liable to the owner for trespass.

4.7.3. Limitations. If the exercise of this easement requires entry onto an owner's lot, Including into an owner's fenced yard, the entry will be during reasonable hours and after notice to the owner. This Subsection does not apply to situations that - at time of entry - are deemed to be emergencies that may result in imminent damage to or loss of life or property.

4.8. UTILITY EASEMENT. The Association may grant permits, licenses, and easements over common areas for utilities, roads, and other purposes necessary for the proper operation of the Property. A company or entity, public or private, furnishing utility service to the Property, is granted an easement over the Property for ingress, egress, meter reading, installation, maintenance, repair, or replacement of utility lines and equipment, and to do anything else necessary to properly maintain and furnish utility service to the Property. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, master or cable television, and security.

PLEASE PAY HEED TO THE SECURITY SECTION

4.9. SECURITY. The Association may, but is not obligated to, maintain or support certain activities within the Property designed, either directly or indirectly, to improve safety in or on the Property. Each owner and resident acknowledges and agrees, for himself and his guests, that Declarant, Builders, the Association, and their respective directors, officers, committees, agents, and employees are not providers, insurers, or guarantors of security within the Property. Each owner and resident acknowledges and accepts his sole responsibility to provide security for his own person and property, and assumes all risks for loss or damage to same. Each owner and resident further acknowledges that Declarant, Builders, the Association, and their respective directors, officers, committees, agents, and employees have made no representations or warranties, nor has the owner or resident relied on any representation or warranty, express or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire, burglar, and/or intrusion systems recommended or installed, or any security measures undertaken within the Property. Each owner and resident acknowledges and agrees that Declarant, Builders, the Association, and their respective directors, officers, committees, agents, and employees may not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

4.10. MINERAL INTERESTS. In the era in which this Declaration is written, there is renewed interest in oil and gas exploration.

4.10.1. Mineral Interests Reserved. On the date of this Declaration, it is expected that all mineral interests and water rights will have been reserved by a prior owner of the Property or conveyed pursuant to one or more deeds or other instruments recorded in the Real Property Records of Ellis County, Texas, including but not limited to rights to all oil, gas, or other minerals and water lying on, in, or under the Property and surface rights of ingress and egress. Because the instruments conveying or reserving mineral Interests and water rights were recorded prior to this Declaration, those interests in the Property are superior

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and are not affected by any provision to the contrary in this Declaration. By accepting title to or interest in a lot, every owner acknowledges the existence of the mineral and water rights and/or reservations referenced in this Section and the attendant rights in favor of the owner or owners of the mineral interests.

4.10.2. Mineral Reservation by Declarant. In the event (1) a mineral interest or water right for any part of the Property has not been reserved or conveyed prior to Declarant's conveyance of the Property, or (2) a reservation or conveyance of mineral interests and water rights is determined to be invalld or to have terminated, Declarant hereby reserves for itself all right, title, and interest in and to the oil, gas, and other minerals and water in, on, and under and that may be produced from the Property, to have and to hold forever.

4.10.3. Association as Trustee. By accepting title to or interest in a lot, each owner acknowledges that any oil, gas, mineral, water, or other natural element in, on, under, or over any part of the Property that has not previously been reserved or conveyed is owned by the Association for the collective and undivided benefit of all owners of the Property. In support of that purpose, each owner - by accepting title to or interest in a lot - irrevocably appoints the Association, acting through the board, as his trustee to negotiate, receive, administer, and distribute the proceeds of any interest in oil, gas, mineral, water, or other natural element in, on, under, or over the owner's lot and that may be produced from the owner's lot for the collective and undivided benefit of all owners of the Property.

ARTICLE 5
COMMON AREA

5.1. OWNERSHIP. The designation of real property as a common area is determined by the plat and this Declaration, and not by the ownership of the property. This Declaration contemplates that the Association will eventually hold title to every common area capable of independent ownership by the Association. Declarant may install, construct, or authorize certain improvements on common areas in connection with the initial development of the Property, and the cost thereof is not a common expense of the Association. Thereafter, all costs attributable to common areas, including maintenance, property taxes, insurance, and enhancements, are automatically the responsibility of the Association, regardless of the nature of title to the common areas, unless this Declaration elsewhere provides for a different allocation for a specific common area.

5.2. ACCEPTANCE. By accepting an interest in or title to a lot, each owner is deemed (1) to accept the common area of the Property, and any improvement thereon, in its then-existing "as is" condition; (2) to acknowledge the authority of the Association, acting through its board of directors, for all decisions pertaining to the common area; (3) to acknowledge that transfer of a common area's title to the Association by or through the Declarant is a ministerial task that does not require acceptance by the Association; and (4) to acknowledge the continuity of maintenance of the common area, regardless of changes in the Association's board of directors or management.

5.3. RECREATION LOT. Lot 1 of Block 4 (the **"Amenity Center")** is the common area lot that is intended for recreational use by residents of the Property. Initially, the Amenity Center contains a community swimming pool and an open-air cabana. Toe Association has the right to modify use of the Amenity Center over time, to respond to changing lifestyles, economies, and recreational values. A change of use does not require an amendment of this Declaration or of the plat. The Association may, but is not required to, extend seasonal use of the Amenity Center to non-residents in exchange for a prepaid annual fee that contributes to maintenance of the Amenity Center.

5.4. OPEN SPACES ARE "AS IS" COMMON AREAS. The Property contains three significant open spaces that are to be owned and maintained by the Association, but which are subject to easements for water drainage or utilities. The three open spaces - Tracts A & B of Block 1, and Tract A of Block 4 - are behind house lots, and none are visually prominent to the community of residents. On the date of this Declaration, the intention is for the three open space tracts to be left in a natural state with periodic mowing and without irrigation, consistent with

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their function as utility and drainage easements. This explanation is for persons who wonder wh¥f1i'e-open spl: are not more extensively improved, landscaped, or used.

5.4.1. Water Detention Area. Tract B of Block 1 on the north side of the Property is a water detention area required by the City for the management of surface water runoff. A water detention area is designed to detain surface water for short periods during heavy rainfalls and to be a "dry pond" the rest of the time. It is not engineered to be a lake or to hold water on a regular basis. It can be challenging to permanently landscape a terrain that purposefully rotates between being a water pond and a dry pond. The water detention area must be maintained by the Association, and may require periodic de-silting to remove silt that accumulates during wet periods. Without the City's approval, a water detention area may not be used for any purpose that interferes with its role in surface water management.

When is a pond not a pond?
Water detention areas, by design, are sometimes water-filled and mostly bone-dry.

5.4.2. Water District Easement. The 130-foot wide open space that bisects the Property- Tract A of Block 4 - is subject to an easement created by the Tarrant County Water Control District Judgement No. C-241, published in Volume 27-165 of the District's Civil Minutes, as shown on the plat. The Association and its members should be informed about Plat Note 1, which reads in part: "No structures may be placed in Tarrant Regional Water District (TRWD) easement. Fence and lot line encroachments into TRWD's easement ... must be approved in writing by TRWD. TRWD will not be held liable for any damages to said improvements resulting from TRWD's operation, maintenance, repair or replacement of the two existing pipelines or construction of a future third pipeline."

5.4.3. Electric Easement. The approximately 40-feet wide open space on the west side of Block 1 - behind Lots 10 - 25 of Block 1 - is subject to an easement and right-of-way in favor of Texas Power & Light, pursuant to the instrument recorded in Volume 654, Page 306, Real Property Records, Ellis County, Texas, as shown on the plat.

S.S. CONVEYANCE. The Association, acting through its board of directors, may accept or convey real property interests from or to, as the case may be, a governmental entity or agency, if the conveyance is required by a governmental entity or agency, or if the board deems such a conveyance to be in the best interests of the Association. Property interests capable of conveyance include fee title to all or part of a common area, an easement across real property, and a lease or license of real property.

5.6. COMPONENTS. The common area of the Property consists of the following components on or adjacent to the Property, even if located on a lot, a public right-of-way, or adjoining private property with the owner's permission:

a. All of the Property, save and except the house Lots.

b. The land described in Appendix A as common area and all improvements thereon.

c. Any area shown on the plat as common area or an area to be maintained by the Association.

d. The formal entrance to the Property, induding (if any) the signage, landscaping, electrical and water installations, and planter boxes.

e. Landscaping on islands on Hedgewood Drive, to the extent rt is not maintained by the City.

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f. The wood open-rail fence along each side of Hedgewood Drive from the TP&L eas rit toHig/w y 77, to the extent the owner of the land allows the fence to exist and be maintained.

g. Any modification, replacement, or addition to any of the above-described areas and improvements.

h. Personal property owned by the Association, such as books and records, office equipment, and supplies.

5.7. LIMITED COMMON AREA. If it is in the best interest of the Association, a portion of the common area may be licensed, leased, or allocated to one or more lots for their sole and exclusive use, as a limited common area, whether or not the area is so designated on the plat. Inherent in the limiting of a common area, maintenance of the limited common area becomes the responsibility of the lot owner, rather than the Association. For example, a common area that is difficult to access and maintain except via the adjoining house lot might be a candidate for limited common area.

5.8. PERSONAL RESPONSIBILITY. Each owner, by accepting an interest in or title to a lot in The Arbor at Willow Grove, whether or not it is so expressed in the instrument of conveyance, and each resident of The Arbor at Willow Grove, by occupying a home in The Arbor at Willow Grove, acknowledges, understands, and agrees to each of the following statements, for himself, the members of his household, and his and their guests:

a. Each owner and resident agrees to be informed about and to comply with the published or posted common area rules of The Arbor at Willow Grove.

b. The use and enjoyment of any recreation amenity on a common area of The Arbor at Willow Grove involves risk of personal injury, risk of death, and risk of damage or loss to property.

c. Each person using any common amenity in The Arbor at Willow Grove assumes all risks of personal injury, death, and loss or damage to property resulting from the use and enjoyment of any common area in The Arbor at Willow Grove.

d. Parents, guardians, hosts, caretakers, and supervisors are at all times responsible for the well being and safety of their 'children and guests in their use of the common areas of The Arbor at Willow Grove. The parent, guardian, host, caretaker, and supervisor assumes responsibility for having skills appropriate for the common area improvement being used by his charges.

e. Declarant, the Builders, the Association, and their respective directors, officers, committees, agents, and employees are not providers, insurers, or guarantors of personal safety in or on the common areas of The Arbor at Willow Grove.

f. Declarant, the Builders, the Association, and their respective directors, officers, committees, agents, and employees have made no representations or warranties - verbal or written - relating to safety or lack of risks pertaining to the common areas of The Arbor at **Willow** Grove.

g. Each owner and resident agrees to educate the members of his household and his and their guests about the risks, responsibilities, and releases from liability contained in this Article.

5.9. LIABILITY RELEASE. Each owner and resident of The Arbor at Willow Grove further acknowledges, understands, and agrees to each of the following statements, for himself, the members of his household, and his and their guests:

5.9.1. Consideration. Each owner and resident grants the releases from liability contained in this Article as consideration for, and as a condition to, the owner and resident's use and enjoyment of the common areas of The Arbor at Willow Grove. Each owner and resident acknowledges and agrees that the

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releases from liability contained in this Article are a material inducement to Declarant and t:flli 'Builders G. sell, convey, lease, or allow the use of lots and homes in The Arbor at Willow Grove.

5.9.2. Release for Injury or Loss. Declarant, the Builders, the Association, and their respective directors, officers, committees, agents, and employees may not be held liable to any person claiming any loss or damage including, without limitation, indirect, special, or consequential loss or damage arising from personal injury or death, destruction of property, trespass, loss of enjoyment, or any other wrong or entitlement to remedy based upon, due to, arising from, or otherwise relating to the design, construction, maintenance, or use of any common area, expressly including every recreational facility and item of equipment used in connection with The Arbor at Wlllow Grove's common areas, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, the Association, or any Builder.

5.9.3. Indemnity for Common Area Operations. The Association indemnifies, defends, and holds harmless Declarant against any loss, claim, demand, damage, cost, and expense relating to or arising out of the management and operation of the Association, including without limitation, the collection of assessments, the enforcement of the Governing Documents, and the operation and maintenance of The Arbor at Willow Grove's common areas. Indemnified expenses include, without limitation, reasonable attorneys fees, whether or not a lawsuit is filed, and costs at all court levels, including expenses incurred by Declarant in establishing the right to be indemnified, defended, and held harmless pursuant to this Declaration.

THE DECLARANT, BUILDERS, & ASSOCIATION ARE RELEASED FROM LIABILITY, EVEN IF NEGLIGENT.

5.9.4. Negligence. The releases and indemnities contained in this Article are intended to release and indemnify the specified parties from liability for their own negligence.

5.9.5. Violation. Each owner and resident understands and agrees that the owner or resident's violation of the release agreement contained in this Article may result in suspension or termination of the use of a common area amenity by the owner or resident, the members of his household, and his and their guests.

ARTICLE 6
ARCHITECTURAL COVENANTS AND CONTROL

6.1. PURPOSE. Because the lots are part of a single unified community, this Declaration creates rights to regulate the design, use, and appearance of the lots and common areas in order to preserve and enhance the Property's value and architectural integrity. One purpose of this Article is to promote and ensure the level of taste, design, quality, and harmony by which the Property is developed and maintained. Another purpose is to prevent improvements and modifications that may be widely considered to be radical, curious, odd, bizarre, or peculiar in comparison to then existing improvements. A third purpose is to regulate the appearance of every aspect of proposed or existing improvements on a lot, including but not limited to dwellings, fences, landscaping, yard art, sidewalks and driveways, and further including replacements or modifications of original construction or installation. During the Development Period, a primary purpose of this Article is to reserve and preserve Declarant's right of architectural control.

6.2. SPECIFICATIONS SUPPLEMENT. The Construction, Fence, and Landscape Specifications and Use Restrictions contained in the Specifications Supplement of this Declaration are specifically incorporated into this Article and the next Article by reference because of their relevance to these two articles in particular. Although each owner is bound by all the Governing Documents, for purposes of this Article and the next Article, each owner, by impliedly or expressly accepting an interest in or title to a lot, expressly covenants and agrees to be bound by the specifications and restrictions of the Specifications Supplement.

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6.3. ARCHITECTURAL CONTROL DURING THE DEVELOPMENT PERIOD. During the DeveM nt Periof, G. neither the Association, the board of directors, nor a committee appointed by the Association or board (no matter how the committee is named) may involve itself with the approval of new homes on vacant lots. During the Development Period, the Architectural Reviewer for new homes on vacant lots is the Declarant or its delegatees.

6.3.1. Declarant's Rights Reserved. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees that Declarant has a substantial interest in ensuring that the improvements within the Property enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market its property or the ability of Builders to sell homes in the Property. Accordingly, each owner agrees that - during the Development Period - no improvements will be started or progressed on owner's lot without the prior written approval of Declarant, which approval may be granted or withheld at Declarant's sole discretion. In reviewing and acting on an application for approval, Declarant may act solely in its self-interest and owes no duty to any other person or any organization. Declarant may designate one or more persons from time to time to act on its behalf in reviewing and responding to applications.

6.3.2. Delegation by Declarant. During the Development Period, Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under this Article to (1) a modifications or architectural committee appointed by Declarant or by the board, (2) a modifications or architectural committee elected by the owners, or (3) a committee comprised of architects, engineers, or other persons who may or may not be members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant (1) to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (2) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason.

THE "DO'S AND DON'TS" ARE IN THE SPECIFICAllONS SUPPLEMENT.

6.4. ARCHITECTURAL CONTROL BY ASSOCIATION. Unless and until such time as Declarant delegates all or a portion of its reserved rights to the Architectural Control Committee (the **"ACC"),** or the Development Period is terminated or expires, the Association has no jurisdiction over architectural matters. On termination or expiration of the Development Period, or earlier if delegated in writing by Declarant, the Association, acting through the ACC will assume jurisdiction over architectural control. The ACC will consist of at least 3 but not more than 7 persons appointed by the board, pursuant to the Bylaws. Members of the ACC serve at the pleasure of the board and may be removed and replaced at the board's discretion. At the board's option, the board may act as the ACC, in which case all references in the Governing Documents to the ACC are construed to mean the board. Members of the ACC need not be owners or residents, and may but need not include architects, engineers, and design professionals whose compensation, if any, may be established from time to time by the board.

6.5. LIMITS ON LIABILITY. The Architectural Reviewer has sole discretion with respect to taste, design, and all standards specified by this Article and by the Specifications Supplement. The Architectural Reviewer and each of its members has no liability for decisions made in good faith by the Architectural Reviewer, and which are not arbitrary or capricious. The Architectural Reviewer is not responsible for: (1) errors in or omissions from the plans and specifications submitted to the Architectural Reviewer, (2) supervising construction for the owner's compliance with approved plans and specifications, or (3) the compliance of the owner's plans and specifications with governmental codes and ordinances, state and federal laws.

6.6. PROHIBmON OF CONSTRUCTION. ALTERATION & IMPROVEMENT. Without the Architectural Reviewer's prior written approval, a person may not construct a dwelling or make an addition, alteration, improvement, installation, modification, redecoration, or reconstruction of or to the Property, if it will be visible from a street, another lot, or the common area. The Architectural Reviewer has the right but not the duty to evaluate

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every aspect of construction, landscaping, and property use that may adversely affect the general value or appearance of the Property.

6.7. ARCHITECTURAL APPROVAL. To request architectural approval, an owner must make written application to the Architectural Reviewer and submit 2 identical sets of plans and specifications showing the nature, kind, shape, color, size, materials, and locations of the work to be performed. In support of the application, the owner may but is not required to submit letters of support or non-opposition from owners of lots that may be affected by the proposed change. The application must clearly identify any requirement of this Declaration or its Specifications Supplement for which a variance is sought. The Architectural Reviewer will return one set of plans and specifications to the applicant marked with the Architectural Reviewer's response, such as "Approved," "Denied," or "More Information Required." The Architectural Reviewer will retain the other set of plans and specifications, together with the application, for the Architectural Reviewer's files. Verbal approval by an Architectural Reviewer, the Declarant, an Association director or officer, a member of the ACC, or the Association's manager does not constitute architectural approval by the appropriate Architectural Reviewer, which must be in writing.

BEFORE MAKING AN IMPROVEMENT OR ALTERATION TO THE STRUCTURE OR EXTERIOR APPEARANCE OF A LOT OR HOME, A BUILDER OR OWNER MUST APPLY FOR WRITTEN APPROVAL.

6.7.1. Deemed Approval. Under the following limited conditions, the applicant may presume that his request has been approved by the Architectural Reviewer:

a. If the applicant or a person affiliated with the applicant has not received the Architectural Reviewer's written response - approving, denying, or requesting additional information - within 60 days after delivering his complete application to the Architectural Reviewer.

b. If the proposed improvement or modification strictly conforms to requirements and construction specifications contained in this Declaration and its Specifications Supplement, and in any design guidelines for the Property in effect at the time of application.

If those conditions are satisfied, the owner may then proceed with the improvement, provided he adheres to the plans and specifications which accompanied his application, and provided he initiates and completes the improvement in a timely manner. In exercising deemed approval, the burden is on the owner to document the Architectural Reviewer's actual receipt of the owner's complete application. Under no circumstance may approval of the Architectural Reviewer be deemed, implied, or presumed for an improvement or modification that would require a variance from the requirements and construction specifications contained in this Declaration or its Specifications Supplement, and in any design guidelines for the Property in effect at the time of application.

6.7.2. No Approval Required. No approval is required to repaint exteriors in accordance with the color scheme approved by the Architectural Reviewer, or to rebuild a dwelling in accordance with originally approved plans and specifications. Nor is approval required for an owner to remodel or repaint the interior of a dwelling.

6.7.3. Building Permit. If the application is for work that requires a building permit from a governmental body, the Architectural Reviewer's approval is conditioned on the issuance of the appropriate permit. The Architectural Reviewer's approval of plans and specifications does not mean that they comply with the requirements of the governmental body. Alternatively, governmental approval does not ensure Architectural Reviewer approval.

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6.7.4. Neighbor Input. The Architectural Reviewer may solicit comments on pplicatio !, · including from owners or residents of lots that may be affected by the proposed change, or from which the proposed change may be visible. Whether to solicit comments, from whom to solicit comments, and whether to make the comments available to the applicant is solely at the discretion of the Architectural Reviewer. The Architectural Reviewer is not required to respond to the commenters in ruling on the application.

6.7.5. Declarant Approved. Notwithstanding anything to the contrary in this Declaration or its Specifications Supplement, any improvement to the Property made or approved by Declarant during the Development Period is deemed to have been approved by the Architectural Reviewer. If the improvement is of a nature that would require a variance by the Architectural Reviewer, such variance is deemed to have been granted.

6.8. MODEL HOME NOTICE. In connection with Its development and marketing of the Property, Declarant may create or authorize the creation of one or more marketing centers in the Property, with homes that serve as models of what may be constructed in any part of the Property. Declarant may use or authorize a model home lot in one part of the Property to market homes in other parts of the Property, or outside the Property, even though the sizes, styles, appearances, materials, and construction specifications of model homes may differ significantly from other homes in the immediate vicinity. The designation of a lot as a model is entirely within the discretion of Declarant. The existence of a model home creates no duty to reproduce a home for which a model is constructed. Declarant (or a Builder with Declarant's consent) may substantially remodel a model home, or may remove a model home and construct a different home in its place. All aspects of an authorized model home are deemed to have been approved by the Architectural Reviewer, with variances if necessary to allow the home to remain in a neighborhood with different construction specifications. Neither the Association nor the Architectural Reviewer may enact rules, guidelines, or specifications that - by intent or effect - are disproportionally adverse to the homes that are or have been used as models. This Section may not be amended without the prior written consent of Declarant and the owner of any model home lot that would be affected by the amendment.

THE TIMES THEY ARE A-CHANGING.

6.9. ENERGY CONSERVATION FEATURES. In the era in which this Declaration Is written, the public is becoming interested in energy conserving technologies. Nothing in this Declaration or its Specifications Supplement may be construed to prohibit (1) the Association from adopting an energy conservation policy for the Property, or (2) the use of energy conserving practices, materials, and technologies by the Association and by individual owners, subject to the continuing right of the Association to regulate the overall appearance of the Property. The Architectural Reviewer may approve materials and technologies that are designed to enhance energy conservation, and may impose reasonable requirements for quality, location, and appearance to balance competing interests in the Property and to ensure that changes and improvements are integrated into the Property in a manner that is suitable for the neighborhood. In case of a conflict between a provision of a Governing Document and an express public policy for energy conservation, the public policy will control.

6.10. ARCHITEcrtJRAL GUIDELINES. Declarant during the Development Period, and the Association thereafter, may publish architectural restrictions, guidelines, and standards, which may be revised from time to time to reflect changes in technology, style, and taste.

ARTICLE 7
GENERAL CONSTRUCTION AND USE RESTRICTIONS

7.1. VARIANCE. The use of the Property is subject to the restrictions contained in this Article and in the Specifications Supplement of this Declaration, and subject to rules adopted pursuant to this Article. The board or the Architectural Reviewer, as the case may be, may grant a variance or waiver of a restriction or rule on a case-by-case basis when unique circumstances dictate, and may limit or condition its grant. To be effective, a

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variance must be in writing. The grant of a variance does not effect a waiver or estoppel of the Association's right to deny a variance in other circumstances. Approval of a variance or waiver may not be deemed, implied, or presumed under any circumstance.

7.2. SPECTFICATION SOURCES. All specifications for the construction of the initial improvements in The Arbor at Willow Grove are purposefully not published in this Declaration or in the Specifications Supplement, and may be part of a private agreement between Declarant and a Builder. The specifications contained in the Specifications Supplement were selected from the multitudes because of their potential applicability to the daily use of the Property and the expectation that owners may try to modify their houses, fences, and yards. Additional specifications or variations of the requirements in the Specifications Supplement may be included in an amendment of annexation or supplemental declaration, by which a phase or section of real property is added to The Arbor at Willow Grove, or in neighborhood-specific restrictions. The Association may also publish Design Guidelines for use by owners of The Arbor at Willow Grove. This Section serves as notice of multiple sources of specifications pertaining to the construction or modification of improvements in The Arbor at Willow Grove.

THE "DO'S AND DON'TS" ARE IN THE SPECIFICATIONS SUPPLEMENT.

7.3. SITUATIONAL VARIATIONS. All lots are not similarly situated. One lot may be more visible than others because of its location, size, or elevation. For example, a corner lot or a lot at the Property's entrance is typically more visible than an interior lot. The Architectural Reviewer may vary its interpretation and enforcement of construction specifications and use restrictions based, in part, on a lot's location or visibility - provided similarly situated lots are treated in like manner.

7.4. CONSTRUCTION RESTRICTIONS. Without the Architectural Reviewer's prior written approval for a variance, improvements constructed on every lot must have the characteristics described in the Construction, Fence, and Landscape Specifications contained in the Specifications Supplement, which are expressly incorporated into this Article by reference. In case of conflict between the terms of this Article or a Property-wide specification and a restriction or guideline that pertains directly to certain lots in the Property, the more lot-specific restriction controls. The Architectural Reviewer and the board (after the Development Period) may promulgate additional rules and restrictions, as well as interpretations, additions, and specifications of the restrictions contained in this Article and in the Specifications Supplement. An owner should review the Association's architectural restrictions, if any, before planning improvements, repairs, or replacements to his lot and dwelling.

7.5. LIMITS TO RIGHTS. No right granted to an owner by this Article, the Specifications Supplement, or any provision of the Governing Documents is absolute. The Governing Documents grant rights with the expectation that the rights will be exercised in ways, places, and times that are customary for the neighborhood. This Article and the specifications and restrictions of the Specifications Supplement, as well as the Governing Documents as a whole, do not try to anticipate and address every creative interpretation of the restrictions. For example, an owner's right to have a sign advertising the home for sale is not the right to mount the sign on the chimney and illuminate it with pulsating neon lights. The right of access to a home is not the right to land helicopters on the lot. The rights granted by this Article, the Specifications Supplement, and the other Governing Documents are at all times subject to the board's determination that a particular interpretation and exercise of a right is significantly inappropriate, unattractive, or otherwise unsuitable for the neighborhood, and thus constitutes a violation of the Governing Documents. In other words, the exercise of a right or restriction must comply with the spirit of the restriction as well as with the letter of the restriction.

7.6. SUBJECTIVE STANDARDS. Standards for some rules and restrictions are Inherently subjective, such as what is unattractive or offensive. The Association is not required to honor every resident's Individual tolerances. On lifestyle-related rules, the Association may refrain from acting on a perceived violation unless the board determines the violation to be significant or a community-wide problem. The Association may not be compelled by

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one resident to enforce rules and restrictions against another resident. Residents are expected to deal directly and peaceably with each other about their differences.

DON'T PUSH THE ENVELOPE, PLEASE.

7.7. ASSOCIATION'S RIGHT TO PROMULGATE RULES. The Association, acting through its board, is granted the right to adopt, amend, repeal, and enforce reasonable Rules, and penalties for infractions thereof, regarding the occupancy, use, disposition, maintenance, appearance, and enjoyment of the Property. The right to make rules, or to regulate, includes the right to prohibit or to restrict. In addition to the restrictions contained in this Article and in the Specifications Supplement, each lot Is owned and occupied subject to the right of the board to establish Rules, and penalties for infractions thereof, governing:

a. Use of common areas.
b. Hazardous, illegal, or annoying materials or activities on the Property.
c. The use of Property-wide services provided through the Association.
d. The consumption of utilities billed to the Association.
e. The use, maintenance, and appearance of exteriors of dwellings and lots.
f. Landscaping and maintenance of yards.
g. The occupancy and leasing of dwellings.
h. Animals.
i. Vehicles.
j. Disposition of trash and control of vermin, termites, and pests.
k. Anything that interferes with maintenance of the Property, operation of the Association, administration of the Governing Documents, or the quality of life for residents.

ARTICLE 8
ASSOCIATION OPERATIONS

8.1. THE ASSOCIATION. The existence and legitimacy of the Association is derived from this Declaration and the Bylaws of the Association.

8.1.1. Type. The Association must be a nonprofit organization, and may be unincorporated or incorporated, as the Association decides from time to time. If the Association is incorporated, the subsequent failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association.

8.1.2. Applicability. The Association is subject to the Texas Business Organizations Code **("TBOC").** Because provisions of this Declaration address issues covered by the TBOC, this Declaration is a "Governing Document" as defined by TBOC, and any such provision herein is a "Bylaw" as defined by TBOC. When incorporated, the Association Is subject to TBOC Chapter 22 - the Nonprofit Corporation Law. When unincorporated, the Association is subject to TBOC Chapter 252 - the Uniform Unincorporated Nonprofit Association Act.

8.1.3. Name. A name is not the defining feature of the Association. Although the initial name of the Association is The Arbor at Willow Grove Homeowners Association, Inc., the Association may operate under any name that is approved by the board and (1) registered by the board with the County Clerk of Ellis County, Texas, as an assumed name, or (2) filed by the Association with the Secretary of State as the name of the filing entity. The Association may also change its name by amending the Governing Documents. Another legal entity with the same name as the Association, or with a name based on the name of the Property is not the Association, which derives its authority from this Declaration.

During the Development Period, Appendix B has priority over the main body of this Dedaration.

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8.1.4. Duties. The duties and powers of the Association are those set forth in the Governing Documents, together with the general and implied powers of a property owners association and, as applicable, an unincorporated nonprofit association or a nonprofit corporation organized under the laws of the State of Texas. Generally, the Association may do any and all things that are lawful and necessary, proper, or desirable in operating for the peace, health, comfort, and general benefit of its members, subject only to the limitations on the exercise of such powers as stated in the Governing Documents.

8.1.5. Duration. The Association will continue to exist at least as long as this Declaration, as it may be amended, is effective against all or part of the Property.

8.2. BOARD. The Association is governed by a board of directors. Unless the Association's Bylaws or Articles of Association provide otherwise, the board will consist of at least 3 persons elected by the members at the annual meeting of the Association, or at a special meeting called for that purpose. Unless the Governing Documents expressly reserve a right, action, or decision to the owners, Declarant, or another party, the board acts in all instances on behalf of the Association. Unless the context indicates otherwise, references in the Governing Documents to the "Association" may be construed to mean "the Association acting through its board of directors."

8.3. MEMBERSHIP. Each owner is a member of the Association, ownership of a lot being the sole qualification for membership. Membership is appurtenant to and may not be separated from ownership of the lot. The board may require satisfactory evidence of transfer of ownership before a purported owner is entitled to vote at meetings of the Association. If a lot is owned by more than one person or entity, each co-owner is a member of the Association and may exercise the membership rights appurtenant to the lot. A member who sells his lot under a contract for deed may delegate his membership rights to the contract purchaser, provided a written assignment is delivered to the board. However, the contract seller remains liable for all assessments attributable to his lot until fee title to the lot is transferred.

EVERY OWNER OF A LOT IN THE ARBOR AT WILLOW GROVE AUTOMATICALLY JOINS A MANDATORY MEMBERSHIP ASSOCIATION.

8.4. DECISION-MAKING. Any decision or act of the Association may be made by or at the direction of the board, unless the Governing Documents reserve the decision or act to the members, the Declarant, or any other person or group. Unless the Governing Documents or applicable law provide otherwise, any action requiring approval of the members may be approved (1) at a meeting by owners of at least a majority of the lots that are represented at the meeting, provided notice of the meeting was given to an owner of each lot, or (2) in writing by owners of at least a majority of all lots, provided the opportunity to approve or disapprove was given to an owner of each lot.

8.5. MANAGER. The board may delegate the performance of certain functions to one or more managers or managing agents of the Association. Notwithstanding a delegation of its functions, the board is ultimately responsible to the members for governance of the Association.

8.6. COMMUNICATIONS. This Declaration is drafted in an era of rapidly changing communication technologies. Declarant does not intend to limit the methods by which the Association, owners, and residents communicate with each other. Such communications may be by any method or methods that are available and customary. For example, if the Association is required by the Governing Documents or applicable law to make information available to owners of all lots, that requirement may be satisfied by posting the information on the Association's website or by using electronic means of disseminating the information, unless applicable law requires a specific method of communication. It is foreseeable that meetings of the Association and voting on issues may eventually be conducted via technology that is not widely available on the date of this Declaration. As communication technologies change, the Association may adopt as its universal standard any technology that is

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used by owners of at least 85 percent of the lots. Also, the Association may employ multiple methods of communicating with owners and residents.

8.7. VOTING. One indivisible vote is appurtenant to each lot. The total number of votes equals the total number of lots in the Property. If the Property contains unplatted tracts of land, each tenth of an acre is allotted one vote. When the unplatted tracts are platted, the number of votes in the Property will be automatically adjusted by the number of platted lots - with one vote per lot, regardless of its size. If additional property is made subject to this Declaration, the total number of votes will be increased automatically by the number of additional lots or by the calculator for unplatted tracts. Each vote is uniform and equal to the vote appurtenant to every other lot, except during the Declarant Control Period as permitted in Appendix B. Cumulative voting is not allowed. Votes may be cast by written proxy, according to the requirements of the Association's Bylaws.

8.8. BOOKS & RECORDS. The Association will maintain copies of the Governing Documents and the Association's books, records, and financial statements. The Association will make its books and records available to members, on request, for inspection and copying pursuant to the requirements of applicable law.

8.9. INDEMNIFICATION. The Association indemnifies every officer, director, committee chair, and committee member (for purposes of this Section, **"Leaders")** against expenses, including attorney's fees, reasonably incurred by or imposed on the Leader in connection with an action, suit, or proceeding to which the Leader is a party by reason of being or having been a Leader. A Leader is not liable for a mistake of judgment, negligent or otherwise. A Leader is liable for his willful misfeasance, malfeasance, misconduct, or bad faith. This right to indemnification does not exclude any other rights to which present or former Leaders may be entitled. The Association may maintain general liability and directors and officers liability insurance to fund this obligation. Additionally, the Association may indemnify a person who is or was an employee, trustee, agent, or attorney of the Association, against any liability asserted against him and incurred by him in that capacity and arising out of that capacity. Additionally, the Association may indemnify a person who is or was an employee, trustee, agent, or attorney of the Association, against any liability asserted against him and incurred by him in that capacity and arising out of that capacity.

8.10. OBLIGATIONS OF OWNERS. Without limiting the obligations of owners under the Governing Documents, each owner will: (1) maintain effective contact information with the Association, and promptly notify the Association of changes in the owner's addresses, phone numbers, and name; (2) pay assessments properly levied by the Association against the owner or his lot, and will pay regular assessments without demand by the Association; (3) pay the applicable HOA Sale Fees; (4) comply with the Governing Documents as amended from time to time; (5) pay for damage to the Property caused by the negligence or willful misconduct of the owner, a resident of the owner's lot, or the owner or resident's family, guests, employees, contractors, agents, or invitees; (6) be liable to the Association for violations of the Governing Documents by the owner, a resident of the owner's lot, or the owner or resident's family, guests, employees, agents, or invitees, and for costs incurred by the Association to obtain compliance, including attorney's fees whether or not suit is filed.

8.11. TAX EXEMPTION. This Section must not be construed to imply that the Association is or should be eligible for an exemption from taxes. This Section is instructional and applicable only if and when the Association is a tax exempt organization under Section 501(c) of the Internal Revenue Code (the "IRC"). If the Association does not qualify for a federal tax exemption, or does not maintain an exemption for which it qualifies, this Section will automatically be unenforceable.

8.11.1. Duties & Requirements. The Association must operate in ways the preserve its tax exempt status under federal and state law. The leadership and management of the Association must stay informed about the IRC requirements, which may change from time to time.

8.11.2. Purposes. The purposes for which the Association is organized and operated include the following, without limitation: to operate on a nonprofit basis, to maintain its tax exempt status by substantially restricting its activities to those permitted by IRC Section 501(c)(4), and to promote the

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common good and general welfare of its members and the people of the community as a tax exempt IRC 501(c)(4) social welfare organization.

8.11.3. Maintenance. The Association may not perform common exterior maintenance on private homes. This requirement does not prevent the Association from performing maintenance on a lot, at the cost and expense of the lot owner, when the lot owner fails or refuses to perform maintenance required by the Declaration.

8.11.4. Earnings. The Association's net earnings must be devoted to charitable, educational, or recreational purposes. No part of the Association's net earnings may benefit a member or an individual unless paid as compensation for necessary goods or services actually provided to the Association at a favorable or reasonably competitive rate.

8.11.5. Distribution of Assets on Dissolution. Upon its dissolution, whether or not it is incorporated at time of dissolution, the Association will comply with the Texas Business Organizations Code's requirements for the distribution of property by a Texas nonprofit corporation - Section 22.304 or its successor - pertinent parts of which require " . . . the remaining property of the corporation shall be distributed only for tax-exempt purposes to one or more organizations that are exempt under Section 501(c)(3), Internal Revenue Code, or described by Section 170(c)(1) or (2), Internal Revenue Code " Any asset that is not so distributed will be distributed by an Ellis County District Court which".•. shall make the distribution in the manner the court determines will best accomplish the general purposes for which the corporation was organized."

8.11.6. Conflicts. If other provisions of this Declaration and the other Governing Documents conflict with this Section, the provisions of this Section control for the purpose of maintaining tax exempt status for the Association.

8.11.7. Amendment. For the limited purposes of obtaining or maintaining the Association's tax exempt status, the board may unilaterally amend this "Tax Exemption" Section and any provision of any Governing Document as necessary to comply with the requirements of the Internal Revenue Service or the Texas State Comptroller for tax exempt status. If the status of the Association as a 501(c) tax exempt entity changes, the board may record a notice of the change in the Public Records of Ellis County, Texas.

ARTICLE 9
COVENANT FOR ASSESSMENTS

9.1. PURPOSE OF ASSESSMENTS. The Association will use assessments for the general purposes of preserving and enhancing the Property, and for the common benefit of owners and residents, including but not limited to maintenance of real and personal property, management and operation of the Association, and any expense reasonably related to the purposes for which the Property was developed. If made in good faith, the board's decision with respect to the use of assessments is final.

IF YOU OWN A LOT IN THE ARBOR AT WILLOW GROVE, YOU MUST PAY ASSESSMENTS TO THE ASSOCIATION.

9.2. PERSONAL OBLIGATION. An owner is obligated to pay assessments levied by the board against the owner or his lot. An owner makes payment to the Association at its principal office or at any other place the board directs. Payments must be made in full regardless of whether an owner has a dispute with the Association, another owner, or any other person or entity regarding any matter to which this Declaration pertains. No owner may exempt himself from his assessment liability by waiver of the use or enjoyment of the common area or by abandonment of his lot. An owner's obligation is not subject to offset by the owner, nor is it contingent on the

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Association's performance of the Association's duties. Payment of assessments Is both a continuing affirmative covenant personal to the owner and a continuing covenant running with the lot.

9.3. CONTROL FOR ASSESSMENT INCREASES. This Section of the Declaration may not be amended without the approval of owners of at least two-thirds of the lots. In addition to other rights granted to owners by this Declaration, owners have the following powers and controls over the Association's budget:

9.3.1. Veto Increased Dues. At least 30 days prior to the effective date of an increase in regular assessments, the board will notify an owner of each lot of the amount of, the budgetary basis for, and the effective date of the increase. The increase will automatically become effective unless owners of at least a majority of the lots disapprove the increase by petition or at a meeting of the Association. In that event, the last-approved budget will continue in effect until a revised budget is approved.

9.3.2. Veto Special Assessment. At least 30 days prior to the effective date of a special assessment, the board will notify an owner of each lot of the amount of, the budgetary basis for, and the effective date of the special assessment. The special assessment will automatically become effective unless owners of at least majority of the lots disapprove the special assessment by petition or at a meeting of the Association.

9.4. TYPES OF ASSESSMENTS. There are 4 types of assessments: Regular, Special, Individual, and Deficiency.

9.4.1. Regular Assessments. Regular assessments are based on the annual budget. Each lot is liable for its equal share of the annual budget. If the board does not approve an annual budget or fails to determine new regular assessments for any year, or delays in doing so, owners will continue to pay the regular assessment as last determined. If during the course of a year the board determines that regular assessments are insufficient to cover the estimated common expenses for the remainder of the year, the board may increase regular assessments for the remainder of the fiscal year in an amount that covers the estimated deficiency. Regular assessments are used for common expenses related to the reoccurring, periodic, and anticipated responsibilities of the Association, including but not limited to:

a. Maintenance, repair, and replacement, as necessary, of the common area.

b. Utilities billed to the Association.

c. Services billed to the Association and available to all lots.

d. Taxes on property owned by the Association, franchise taxes, and the Association's income taxes.

e. Management, legal, accounting, auditing, and professional fees for services to the Association.

f. Costs of operating the Association, such as telephone, postage, office supplies, printing, meeting expenses, and educational opportunities of benefit to the Association.

g. Premiums and deductibles on insurance policies and bonds deemed by the board to be necessary or desirable for the benefit of the Association, including fidelity bonds and directors and officers liability insurance.

h. Contributions to the reserve funds.

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i. Any other expense which the Association is required by law or the Governing Documents to pay, or which in the opinion of the board is necessary or proper for the operation and maintenance of the Property or for enforcement of the Governing Documents.

9.4.2. Special Assessments. In addition to regular assessments, and subject to the owners' control for assessment increases, the board may levy one or more special assessments against all lots for the purpose of defraying, in whole or in part, common expenses not anticipated by the annual budget or reserve funds. Special assessments do not require the approval of the owners, except that special assessments for the following purposes must be approved by owners of least a majority of the lots:

a. Acquisition of real property, other than the purchase of a lot at the sale foreclosing the Association's lien against the lot.

b. Construction of additional improvements within the Property, but not replacement of original improvements.

c. Any expenditure that may reasonably be expected to significantly increase the Association's responsibility and financial obligation for operations, insurance, maintenance, repairs, or replacement.

9.4.3. Individual Assessments. In addition to regular and special assessments, the board may levy an individual assessment against a lot and its owner. Individual assessments may include, but are not limited to: interest, late charges, and collection costs on delinquent assessments; reimbursement for costs incurred in bringing an owner or his lot into compliance with the Governing Documents; fines for violations of the Governing Documents; insurance deductibles; transfer-related fees and resale certificate fees; fees for estoppel letters and project documents; reimbursement for damage or waste caused by willful or negligent acts; common expenses that benefit fewer than all of the lots, which may be assessed according to benefit received; fees or charges levied against the Association on a per-lot basis; and "pass through" expenses for services to lots provided through the Association and which are equitably paid by each lot according to benefit received.

9.4.4. Deficiency Assessments. The board may levy a deficiency assessment against all lots for the purpose of defraying, in whole or in part, the cost of repair or restoration if insurance proceeds or condemnation awards prove insufficient.

9.5. BASIS & RATE OF ASSESSMENTS. The share of liability for common expenses allocated to each lot is uniform for all lots, regardless of a lot's location or the value and size of the lot or dwelling; subject, however, to the exemption for Declarant provided below and in Appendix B.

9.6. DECLARANT OBLIGATION. Declarant's obligation for and exemption from assessments is described in Appendix B. Unless Appendix B creates an affirmative assessment obligation for Declarant, a lot that is owned by Declarant during the Development Period is exempt from mandatory assessment by the Association. Declarant has a right to reimbursement for any assessment paid to the Association by Declarant during the Development Period, but only after the Declarant Control Period. This provision may not be construed to prevent Declarant from making a loan or voluntary monetary donation to the Association, provided it is so characterized.

9.7. EFFECT OF NONPAYMENT OF ASSESSMENTS. An assessment is delinquent If the Association does not receive payment in full by the assessment's due date. The Association, acting through the board, is responsible for taking action to collect delinquent assessments. The Association's exercise of its remedies is subject to applicable laws, such as Chapter 209 of the Texas Property Code, and pertinent provisions of the Bylaws. From time to time, the Association may delegate some or all of the collection procedures and remedies, as the board in its sole discretion deems appropriate, to the Association's manager, an attorney, or a debt collector. Neither the board nor the Association, however, is liable to an owner or other person for its failure or inability to collect or

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attempt to collect an assessment. The following remedies are in addition to and not in subsViR.6on for arfo er rights and remedies which the Association has.

9.7.1. Interest. Delinquent assessments are subject to interest from the due date until paid, at a rate to be determined by the board from time to time, not to exceed the lesser of 18 percent or the maximum permitted by law. If the board fails to establish a rate, the rate is 10 percent per annum. On any delinquent account, the Association may collect interest or late fees, but not both.

9.7.2. Late Fees. Delinquent assessments are subject to reasonable late fees, at a rate to be determined by the board from time to time. On any delinquent account, the Association may collect interest or late fees, but not both.

9.7.3. Costs of Collection. The owner of a lot against which assessments are delinquent is liable to the Association for reimbursement of reasonable costs incurred by the Association to collect the delinquent assessments, including attorneys fees and processing fees charged by the manager.

9.7.4. Acceleration. If an owner defaults in paying an assessment that is payable in installments, the Association may accelerate the remaining installments on 10 days' written notice to the defaulting owner. The entire unpaid balance of the assessment becomes due on the date stated in the notice.

9.7.5. Suspension of Use and Vote. If an owner's account has been delinquent for at least 30 days, the Association may suspend the right to vote appurtenant to the lot. Suspension does not constitute a waiver or discharge of the owner's obligation to pay assessments.

9.7.6. Money Judgment. The Association may file suit seeking a money judgment against an owner delinquent in the payment of assessments, without foreclosing or waiving the Association's lien for assessments.

9.7.7. Notice to Mortgagee. The Association may notify and communicate with the holder of any lien against a lot regarding the owner's default in payment of assessments.

9.7.8. Foreclosure of Assessment Lien. As provided by this Declaration, the Association may foreclose its lien against the lot by judicial or nonjudicial means.

9.8. APPLICATION OF PAYMENTS. The board may adopt and amend policies regarding the application of payments. The Association may refuse to accept partial payment, i.e., less than the full amount due and payable. The Association may also refuse to accept payments to which the payer attaches conditions or directions contrary to the board's policy for applying payments. The Association's policy may provide that endorsement and deposit of a payment does not constitute acceptance by the Association, and that acceptance occurs when the Association posts the payment to the lot's account.

9.9. ANNUAL BUDGET. The board will prepare and approve an estimated annual budget for each fiscal year. The budget will take into account the estimated income and expenses for the year, contributions to reserve funds, and a projection for uncollected receivables. The board will make the budget or its summary available to an owner of each lot, although failure to receive a budget or summary does not affect an owner's liability for assessments. The board will provide copies of the detailed budget to owners who make written request and pay a reasonable copy charge.

9.10. DUE DATE. The board may levy regular assessments on any periodic basis - annually, semi-annually, quarterly, or monthly. Regular assessments are due on the first day of the period for which levied. Special and individual assessments are due on the date stated in the notice of assessment or, if no date is stated, within 10 days after notice of the assessment is given. Assessments are delinquent if not received by the Association on or before the due date.

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9.11. RESERVE FUNDS. The Association's reserve funds are not intended to cover unforeseeaole expenses or every foreseeable future expense. They are intended to reduce the amount or frequency of special assessments and dramatic increases in regular assessments.

9.11.1. Required Reserves. The Association will establish, maintain, and accumulate reserves for operations and for anticipated major repairs or periodic replacement of significant improvements in the common area, to be used as needed. During the early years of the Property, when major components of the common area improvements are new and unlikely to require replacement, the reserve accounts are not expected to be fully funded.

9.11.2. Discretionary Reserves. In addition to reserves for replacement and repair of common area improvements, the board may establish, maintain, and accumulate as many additional types of reserve funds as it desires, such as the following types of reserves.

a. Operations Reserves at a level determined by the board to be sufficient to cover the cost of operational or maintenance emergencies or contingencies.

b. Deductible Reserves at a level determined by the board to be sufficient to cover the full amount of deductibles on insurance policies maintained by the Association.

9.11.3. Owners Contribute. The reserve accounts are funded by monies paid by owners other than Declarant. Owners' contributions may be in the form of initial contributions at time of purchase, special assessments, and/or set-asides from regular assessments.

9.11.4. Replacement Reserve Study & Schedule. At the end of the Declarant Control Period, and periodically thereafter, the board elected by the owners will adopt a replacement reserve schedule as the basis for the Association's reserve accounts. The replacement reserve schedule may be based on a replacement reserve study prepared by the Association's manager, by the board, or by a third party. The board will use the replacement reserve study to determine which components and repairs are to be covered by the replacement reserve schedule, and which are to be addressed as routine maintenance within the annual operating budget. The board will also determine:

a. What percentage or portions of the replacement reserve schedule to fund on an ongoing basis, and which to fund by special assessment or an increase in the regular assessment at the time work is performed

b. Whether to levy a special assessment to establish, increase, or replenish the reserve accounts.

c. Whether to dedicate some or all of the reserve funds to specific uses.

9.11.5. Adequacy of Reserve Fund. A reserve fund is deemed to be adequate if (1) the fund identifies at least the major components of the common area improvements, estimates the remaining useful life of each major component, and estimates the cost of repairing or replacing each major component using current costs (without cost of living or inflation factors), and (2) there is a schedule for infusing the fund with monetary contributions from owners, even if years or decades are required to reach full funding.

9.11.6. Declarant Does Not Contribute. Declarant has no duty to contribute to the Association's reserve accounts. If the Declarant-controlled Association does not collect initial reserve contributions from owners at time of purchase, after the Declarant Control Period, the Association will levy a special assessment to establish initial reserve accounts, and will thereafter collect initial reserve contributions in connections with transfers of title.

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9.12. DECLARANTS RIGHT TO INSPECT & CORRECT ACCOUNTS. For a period of 5 years alter termination of the Declarant Control Period, Declarant reserves for itself and for Declarant's accountants and attorneys, the right, but not the duty, to inspect, correct, and adjust the Association's financial books, records, and accounts from the Declarant Control Period. The Association may not refuse to accept an adjusting or correcting payment made by or for the benefit of Declarant. By way of illustration but not limitation, Declarant may find it necessary to recharacterize an expense or payment to conform to De(:larant's obligations under the Governing Documents or applicable State law. This Section may not be construed to create a duty for Declarant or a right for the Association, and may not be amended without Declarant's written and acknowledged consent. In support of this reservation, each owner, by accepting an interest in or title to a lot, hereby grants to Declarant a right of access to the Association's books, records, and accounts that is independent of Declarant's rights during the Declarant Control and Development Periods, for the limited purpose of this Section and only to the extent necessary to enable Declarant to exercise its rights under this Section.

9.13. ASSOCIATION'S RIGHT TO BORROW MONEY. The Association is granted the rightto borrow money, subject to the consent of owners of at least a majority of lots and the ability of the Association to repay the borrowed funds from assessments. To assist its ability to borrow, the Association is granted the right to encumber, mortgage, pledge, or deed in trust any of its real or personal property, and the right to assign its right to future income, as security for money borrowed or debts incurred, provided that the rights of the lender in the pledged property are subordinate and inferior to the rights of the owners hereunder. This Section does not apply to loans between the Association and Declarant made during the Development Period.

9.14. LIMITATIONS OF INTEREST. The Association, and its officers, directors, managers, and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Governing Documents or any other document or agreement executed or made in connection with the Association's collection of assessments, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by applicable law. If from any circumstances whatsoever, the Association ever receives, collects, or applies as interest a sum in excess of the maximum rate permitted by law, the excess amount will be applied to the reduction of unpaid special and regular assessments, or reimbursed to the owner if those assessments are paid in full.

ARTICLE 10
ASSESSMENT UEN

10.1. ASSESSMENT LIEN. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to pay assessments to the Association. Each assessment is a charge on the lot and is secured by a continuing lien on the lot. Each owner, and each prospective owner, is placed on notice that his title may be subject to the continuing lien for assessments attributable to a period prior to the date he purchased his lot.

Yes, the HOA *can* foreclose!
If you fail to pay assessments to the Association, you may lose title to your home if the Association foredoses its assessment lien against your lot.

10.2. SUPERIORITY OF ASSESSMENT LIEN. The assessment lien is superior to all other liens and encumbrances on a lot, except only for (1) real property taxes and assessments levied by governmental and taxing authorities, (2) a deed of trust or vendor's lien recorded before this Declaration, (3) a recorded deed of trust lien securing a loan for construction of the original dwelling, and (4) a purchase money vendor's lien or purchase money deed of trust lien recorded before the date on which the delinquent assessment became due. The assessment lien is subordinate and inferior to a recorded deed of trust lien that secures a purchase money mortgage, an FHA-insured mortgage, or a VA-guaranteed mortgage.

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10.3. EFFECT OF MORTGAGEE'S FORECLOSURE. Foreclosure of a superior lie Q inguish!s he Association's claim against the lot for unpaid assessments that became due before the sale, but does not extinguish the Association's claim against the former owner, and does not extinguish the Association's lien for assessments that become due after the sale. The purchaser at the foreclosure sale of a superior lien Is liable for assessments coming due from and after the date of the sale, and for the owner's pro rata share of the pre-foreclosure deficiency as an Association expense.

10.4. NOTICE AND RELEASE OF NOTICE. The Association's lien for assessments is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien is required. However, the Association, at its option, may cause a notice of the lien to be recorded in the Real Property Records of Ellis County, Texas. If the debt is cured after a notice has been recorded, the Association will record a release of the notice at the expense of the curing owner.

10.5. POWER OF SALE. By accepting an interest in or title to a lot, each owner grants to the Association a private power of nonjudicial sale in connection with the Association's assessment lien. The board may appoint, from time to time, any person, including an officer, agent, trustee, substitute trustee, or attorney, to exercise the Association's lien rights on behalf of the Association, including the power of sale. The appointment must be in writing and may be in the form of a resolution recorded in the minutes of a board meeting.

10.6. FORECLOSURE OF LIEN. The assessment lien may be enforced by judicial or nonjudicial foreclosure. A foreclosure must comply with the requirements of applicable law, such as Chapter 209 of the Texas Property Code. A nonjudicial foreclosure must be conducted in accordance with the provisions applicable to the exercise of powers of sale as set forth in Section 51.002 of the Texas Property Code, or in any manner permitted by law. In any foreclosure, the owner is required to pay the Association's costs and expenses for the proceedings, including reasonable attorneys' fees, subject to applicable provisions of the Bylaws and applicable law, such as Chapter 209 of the Texas Property Code. The Association has the power to bid on the lot at foreclosure sale and to acquire, hold, lease, mortgage, and convey same. The Association may not foreclose the assessment lien if the debt consists solely of fines and/or a claim for reimbursement of attorney's fees incurred by the Association.

ARTICLE 11
ENFORCING THE DOCUMENTS

11.1. RIGHT TO ENFORCE. The Association and every owner has the right to enforce all restrictions, conditions, covenants, liens, and charges now or hereafter imposed on the Property, on the owners, or on the Association by the Governing Documents or by applicable public law. Failure by the Association or by any owner to enforce a provision of the Governing Documents or applicable public law is not a waiver of the right to do so thereafter. If the Association does waive the right to enforce a provision, that waiver does not impair the Association's right to enforce any other part of the Governing Documents at any future time. No officer, director, or member of the Association is liable to any owner for the failure to enforce any of the Governing Documents at any time.

11.2. BOARD DISCRETION. The board may use its sole discretion in determining whether to pursue a violation of the Governing Documents, provided the board does not act in an arbitrary or capricious manner. In evaluating a particular violation, the board may determine that under the particular circumstances (1) the Association's position is not sufficiently strong to justify taking any or further action; (2) the provision being enforced Is or may be construed as inconsistent with applicable law; (3) although a technical violation may exist, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or (4) that enforcement is not in the Association's best interests, based on hardship, expense, or other reasonable criteria.

11.3. CONSISTENCY BY CIRCUMSTANCE. The board may vary its enforcement by circumstance, provided (1) the board establishes a rational and reasonable basis for circumstantial enforcement, and (2) the board diligently tries to be consistent in dealing with similar circumstances. To illustrate, the Association may decide that

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circumstances warrant different procedures for collecting delinquent assessments from own trecupants and investor owners, or from owners who are selling their lots, or are temporarily unemployed, or are in bankruptcy, or are deceased. Similarly, there may be a basis for enforcing a construction specification or use restriction against lots that are highly visible because of their prominent location, versus lots that are not located in high traffic areas.

11.4. NOTICE AND HEARING. Before the Association may exercise certain of its remedies for a violation of the Governing Documents or damage to the Property, the Association must give an owner written notice and an opportunity for a hearing, according to the requirements and procedures in the Bylaws and in applicable law, such as Chapter 209 of the Texas Property Code. Notices are also required before an owner is liable to the Association for certain charges, including reimbursement of attorneys fees incurred by the Association.

STATE LAW APPLIES
to many of the Association's enforcement rights and remedies.

11.5. REMEDIES. The remedies provided in this Article for breach of the Governing Documents are cumulative and not exclusive. In addition to other rights and remedies provided by the Governing Documents and by law, the Association has the following right to enforce the Governing Documents, subject to applicable notice and hearing requirements (if any):

11.5.1. Nuisance. The result of every act or omission that violates any provision of the Governing Documents is a nuisance, and any remedy allowed by law against a nuisance, either public or private, is applicable against the violation.

11.5.2. Fine. The Association may levy reasonable charges, as an individual assessment, against an owner and his lot if the owner or resident, or the owner or resident's family, guests, employees, agents, or contractors violate a provision of the Governing Documents. Fines may be levied for each act of violation or for each day a violation continues, and does not constitute a waiver or discharge of the owner's obligations under the Governing Documents.

11.5.3. Suspension. The Association may suspend the right of owners and residents to use common areas for any period during which the owner or resident, or the owner or resident's family, guests, employees, agents, or contractors violate the Governing Documents. A suspension does not constitute a waiver or discharge of the owner's obligations under the Governing Documents.

11.5.4. Self-Help. The Association has the right to enter any part of the Property, including lots, to abate or remove, using force as may reasonably be necessary, any improvement, thing, animal, person, vehicle, or condition that violates the Governing Documents. In exercising this right, the board is not trespassing and is not liable for damages related to the abatement. The board may levy its costs of abatement against the lot and owner as an individual assessment. The board will make reasonable efforts to give the violating owner prior notice of its intent to exercise self-help. The notice may be given in any manner likely to be received by the owner. Prior notice is not required (1) in the case of emergencies, (2) to remove violative signs, (3) to remove violative debris, or (4) to remove any other violative item or to abate any other violative condition that is easily removed or abated and that is considered a nuisance, dangerous, or an eyesore to the neighborhood.

11.5.5. Suit. Failure to comply with the Governing Documents will be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Prior to commencing any legal proceeding, the Association will give the defaulting party reasonable notice and an opportunity to cure the violation.

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11.6. RECOVERY OF COSTS. The costs of curing or abating a violation are at the expense of the owner or other person responsible for the violation. If legal assistance is obtained to enforce any provision of the Governing Documents, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of the Governing Documents or the restraint of violations of the Governing Documents, the prevailing party is entitled to recover from the nonprevailing party all reasonable and necessary costs incurred by it in such action, including reasonable attorneys' fees.

ARTICLE 12
MAINTENANCE AND REPAIR OBUGATIONS

12.1. ASSOCIATION MAINTAINS. The Association's maintenance obligations will be discharged when and how the board deems appropriate. The Association maintains, repairs, and replaces, as a common expense, the portions of the Property listed below, regardless of whether the portions are on lots or common areas.

a. The common areas.

b. Any real and personal property owned by the Association but which is not a common area, such as a lot owned by the Association.

c. Any property adjacent to The Arbor at Willow Grove if maintenance of same is deemed to be in the best interests of the Association, and if not prohibited by the owner or operator of said property.

d. Any area, item, easement, or service - the maintenance of which is assigned to the Association by this Declaration or by the plat.

12.2. OWNER RESPONSIBILITY. Every owner has the following responsibilities and obligations for the maintenance, repair, and replacement of the Property, subject to the architectural control requirements, specifications for construction, fences, and landscaping, and the use restrictions of this Declaration.

12.2.1. Maintenance. Each owner, at the owner's expense, must maintain all improvements on the lot, including but not limited to the dwelling, fences, sidewalks, driveways, grounds, and landscaping. Maintenance includes preventative maintenance, repair as needed, and replacement as needed. Each owner is expected to maintain his lot's improvements at a level, to a standard, and with an appearance that is commensurate with the neighborhood. Specifically, each owner must repair and replace worn, rotten, deteriorated, and unattractive materials, and must regularly repaint all painted surfaces.

12.2.2. Avoid Damage. An owner may not do any work or to fail to do any work which, in the reasonable opinion of the board, would materially jeopardize the soundness and safety of the Property, reduce the value of the Property, adversely affect the appearance of the Property, or impair any easement relating to the Property.

12.2.3. Responsible for Damage. An owner is responsible for his own willful or negligent acts and those of his or the resident's family, guests, agents, employees, or contractors when those acts necessitate maintenance, repair, or replacement to the common areas or the property of another owner.

12.3. OWNER'S DEFAULT IN MAINTENANCE. If the board determines that an owner has failed to properly discharge his obligation to maintain, repair, and replace items for which the owner is responsible, the board may give the owner written notice of the Association's intent to provide the necessary maintenance at owner's expense. The notice must state, with reasonable particularity, the maintenance deemed necessary and a reasonable period of time in which to complete the work. If the owner fails or refuses to timely perform the maintenance, the Association may do so at owner's expense, which is an individual assessment against the owner and his lot. In case of an emergency, however, the board's responsibility to give the owner written notice may be waived and the board

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may take any action it deems necessary to protect persons or property, the cost of the action beYn9'me owner G. expense.

12.4. PARTY WALL FENCES. A fence or retaining wall located on or near the dividing line between 2 lots and intended to benefit both lots constitutes a Party Wall Fence and, to the extent not inconsistent with the provisions of this Section, is subject to the general rules of law regarding party walls and liability for property damage due to negligence, willful acts, or omissions.

12.4.1. Encroachments & Easement. If the Party Wall Fence is on one lot or another due to an error in construction, the fence is nevertheless deemed to be on the dividing line for purposes of this Section. Each lot sharing a Party Wall Fence is subject to an easement for the existence and continuance of any encroachment by the fence as a result of construction, repair, shifting, settlement, or movement in any portion of the fence, so that the encroachment may remain undisturbed as long as the fence stands. Each lot Is subject to a reciprocal easement for the maintenance, repair, replacement, or reconstruction of the Party Wall Fence.

12.4.2. Right to Repair. If the Party Wall Fence is damaged or destroyed from any cause, the owner of either lot may repair or rebuild the fence to its previous condition, and the owners of both lots, their successors and assigns, have the right to the full use of the repaired or rebuilt fence.

12.4.3. Maintenance Costs. The owners of the adjoining lots share equally the costs of repair, reconstruction, or replacement of the Party Wall Fence, subject to the right of one owner to call for larger contribution from the other under any rule of law regarding liability for negligence or willful acts or omissions. If an owner is responsible for damage to or destruction of the fence, that owner will bear the entire cost of repair, reconstruction, or replacement. If an owner fails or refuses to pay his share of costs of repair or replacement of the Party Wall Fence, the owner advancing monies has a right to file a claim of lien for the monies advanced in the Real Property Records of Ellis County, Texas, and has the right to foreclose the lien as if it were a mechanic's lien. The right of an owner to contribution from another owner under this Section is appurtenant to the land and passes to the owner's successors in title.

12.4.4. Alterations. The owner of a lot sharing a Party Wall Fence may not cut openings in the fence or alter or change the fence in any manner that affects the use, condition, or appearance of the fence to the adjoining lot. Unless both owners reach a mutual decision to the contrary, the Party Wall Fence will always remain in the same location as where initially erected.

ARTICLE 13
INSURANCE

13.1. GENERAL PROVISIONS. All insurance affecting the Property is governed by the provisions of this Article, with which the board will make every reasonable effort to comply. The cost of insurance coverages and bonds maintained by the Association is an expense of the Association. Insurance policies and bonds obtained and maintained by the Association must be issued by responsible insurance companies authorized to do business in the State of Texas. The Association must be the named insured on all policies obtained by the Association. Each owner irrevocably appoints the Association, acting through its board, as his trustee to negotiate, receive, administer, and distribute the proceeds of any claim against an insurance policy maintained by the Association. Additionally:

13.1.1. Notice of Cancellation or Modification. Each insurance policy maintained by the Association should contain a provision requiring the insurer to give at least 10 days' prior written notice to the board before the policy may be canceled, terminated, materially modified, or allowed to expire, by either the insurer or the insured.

13.1.2. Deductibles. An insurance policy obtained by the Association may contain a reasonable deductible, which will be paid by the party who would be liable for the loss or repair in the absence of

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insurance. If a loss is due wholly or partly to an act or omission of an owner or resident or Q fnvitees, PG. the owner must reimburse the Association for the amount of the deductible that is attributable to the act or omission.

13.2. PROPERTY. To the extent it is reasonably available, the Association will obtain blanket all-risk insurance for insurable common area improvements. If blanket all-risk insurance is not reasonably available, then the Association will obtain an insurance policy providing fire and extended coverage. Also, the Association will insure the improvements on any lot owned by the Association.

13.3. GENERAL LIABILITY. The Association will maintain a commercial general liability insurance policy over the common areas - expressly excluding the liability of each owner and resident within his lot - for bodily injury and property damage resulting from the operation, maintenance, or use of the common areas. If the policy does not contain a severability of interest provision, it should contain an endorsement to preclude the insurer's denial of an owner's claim because of negligent acts of the Association or other owners.

13.4. DIRECTORS & OFFICERS LIABILITY. To the extent it is reasonably available, the Association will maintain directors and officers liability insurance, errors and omissions insurance, indemnity bonds, or other insurance the board deems advisable to insure the Association's directors, officers, committee members, and managers against liability for an act or omission in carrying out their duties in those capacities.

13.5. OTHER COVERAGES. The Association may maintain any insurance policies and bonds deemed by the board to be necessary or desirable for the benefit of the Association, including but not limited to worker's compensation insurance, fidelity coverage, and any insurance and bond requested and required by an Underwriting Lender for planned unit developments as long as an Underwriting Lender is a mortgagee or an owner.

ARE YOU COVERED?
The Association does NOT insure the individual houses or their contents.

13.6. OWNER'S RESPONSIBILITYFOR INSURANCE. Each owner will obtain and maintain property insurance on all insurable improvements on his lot, in an amount sufficient to cover 100 percent of the replacement cost of any repair or reconstruction in event of damage or destruction from any insured hazard. Further, each owner will obtain and maintain general liability insurance on his lot. Each owner will provide the Association with proof or a certificate of insurance on request by the Association from time to time. If an owner fails to maintain required insurance, or to provide the Association with proof of same, the board may obtain insuranee on behalf of the owner who will be obligated for the cost as an individual assessment. The board may establish additional minimum insurance requirements, including types and minimum amounts of coverage, to be individually obtained and maintained by owners if the insurance is deemed necessary or desirable by the board to reduce potential risks to the Association or other owners. Each owner and resident is solely responsible for insuring his personal property in his dwelling and on the lot, including furnishings, vehicles, and stored items.

ARTICLE 14
MORTGAGEE PROTECTION

14.1. INTRODUCTION. This Article establishes certain standards for the benefit of Mortgagees, as defined below.

14.1.1. **"Mortgagee"** means a holder, insurer, or guarantor of a purchase money mortgage secured by a recorded senior or first deed of trust lien against a lot, or any renewal, modification, or refinancing thereof. In dealing with the Association, a Mortgagee may be represented by a mortgage servicer, agent, or representative.

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14.1.2. **"Eligible Mortgagee"** means a Mortgagee that submits to the Association a written notice containing its name and address, the loan number, the identifying number and street address of the mortgaged lot, and the types of actions for which the Eligible Mortgagee requests timely notice. A single notice per lot will be valid so long as the Eligible Mortgagee holds a mortgage on the lot. The board will maintain this information.

14.1.3. **"Underwriting Lender"** means Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Housing Administration (HUD/FHA), Federal National Mortgage Association (Fannie Mae), or U. S. Department of Veterans Affairs (VA), singly or collectively. The use of this term and these institutions may not be construed as a limitation on an owner's financing options nor as a representation that the Property is approved by any institution.

14.2. MORTGAGEE RIGHTS.

14.2.1. Lien Superiority. As stated in the Assessment Lien Article of this Declaration, the lien in a Mortgagee's recorded deed of trust is superior to the Association's lien for assessments.

14.2.2. Termination. An action to terminate the legal status of the Property after substantial destruction or condemnation must be approved by at least 51 percent of Eligible Mortgagees, in addition to the required consents of owners. An action to terminate the legal status for reasons other than substantial destruction or condemnation must be approved by at least two-thirds of Eligible Mortgagees.

14.2.3. Inspection of Books. Mortgagees may inspect the Association's books and records, including the Governing Documents, by appointment, during normal business hours.

14.2.4. Financial Statements. If a Mortgagee so requests, the Association will give the Mortgagee an audited statement for the preceding fiscal year within 120 days after the Association's fiscal year-end. A Mortgagee may have an audited statement prepared at its own expense.

14.2.5. Right of First Refusal. Any right of first refusal imposed by the Association with respect to a lease, sale, or transfer of a lot does not apply to a lease, sale, or transfer by a Mortgagee, including transfer by deed in lieu of foreclosure or foreclosure of a deed of trust lien.

14.2.6. Amending Governing Documents. If a Mortgagee requests from the Association compliance with the guidelines of an Underwriting Lender, the board, without approval of owners or Mortgagees, may amend this Article and other provisions of the Governing Documents, as necessary, to meet the requirements of the Underwriting Lender. This Article is supplemental to, not a substitution for, any other provision of the Governing Documents. In case of conflict, this Article controls.

14.2.7. Attend Meetings. A representative of an Eligible Mortgagee may attend and address any meeting which an owner may attend.

14.2.8. Insurance. If an Underwriting Lender is a Mortgagee or an owner, at the request of the Underwriting Lender the Association will comply with the Underwriting Lender's insurance requirements to the extent the requirements are reasonable and available, and do not conflict with other insurance requirements of this Declaration.

14.3. LIMITS ON ASSOOATION'S DUTIES.

14.3.1. Which Mortgagees? The Association's affirmative obligations to Mortgagees under the Governing Documents extend only to those Mortgagees of whom the Association has actual knowledge. This Article may not be construed to require the Association to perform title research to ascertain the existence and identify of a Mortgagee on a lot. Any duty of the Association to a Mortgagee is conclusively satisfied if

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performed for Mortgagees known to the Association, without regard to other holders of liens on lots. The Association may rely on the information provided by owners and mortgagees.

14.3.2. Communications with Mortgagee. If the Governing Documents or public law require the consent of Mortgagees for an act, decision, or amendment by the Association, the approval of a Mortgagee is implied when the Mortgagee fails to respond within 30 days after receiving the Association's written request for approval of a proposed amendment, provided the Association's request was delivered by certified or registered mail, return receipt requested.

ARTICLE 15
AMENDMENTS

15.1. CONSENTS REQUIRED. As permitted by this Declaration, certain amendments of this Declaration may be executed by Declarant alone, or by the board alone. Otherwise, amendments to this Declaration must be approved by owners of at least a majority of the lots. Approval of owners does not require that the amendment be signed by the consenting owners, or that consents be executed and acknowledged by the approving owners.

15.2. METHOD OF AMENDMENT. For an amendment that requires the approval of owners, this Declaration may be amended by any method selected by the board from time to time, pursuant to the Bylaws, provided the method gives an owner of each lot the substance if not exact wording of the proposed amendment, a description of the effect of the proposed amendment, and an opportunity to vote for or against the proposed amendment.

15.3. EFFECTIVE. To be effective, an amendment approved by the owners or by the board must be in the form of a written instrument (1) referencing the name of the Property, the name of the Association, and the recording data of this Declaration and any amendments hereto; (2) signed and acknowledged by an officer of the Association, certifying the requisite approval of owners or directors and, if required, Eligible Mortgagees; and (3) recorded in the Real Property Records of Ellis County, Texas, except as modified by the following section.

15.4. ANNEXATION. Additional real property may be annexed to the Property and subjected to the Declaration and the jurisdiction of the Association by either of two methods: (1) during the Development Period, by Declarant alone, as permitted in Appendix B, or (2) with the approval of owners representing at least two-thirds of the lots in the Property. Annexation of additional property is accomplished by recording an amendment of annexation or a supplemental declaration, including an amendment of Appendix A, in the Real Property Records of Ellis County, Texas.

15.5. APPENDIXES. To amend an Appendix of this Declaration, it is not necessary to restate and re-record this entire Declaration. Each Appendix of this Declaration may be amended, restated, and supplemented individually as an amendment of this Declaration.

15.6. SPECIFICATIONS SUPPLEMENT. To amend a Chapter of the Specifications Supplement of this Declaration, it is not necessary to restate and re-record the entire Specifications Supplement. Each Chapter of the Specifications Supplement may be amended, restated, and supplemented individually as an amendment of the Specifications Supplement. In addition to reciting the recording data for the Declaration, the amendment must recite the recording data for the Specifications Supplement.

During the Development Period,
Appendix B has priority over the main body of this Declaration.

15.7. AMENDMENT BY DECLARANT. Declarant has an exclusive right to unilaterally amend this Declaration for the purposes stated in Appendix B. An amendment that may be executed by Declarant alone is not required to name the Association or to be signed by an officer of the Association. No amendment may affect Declarant's

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rights under this Declaration without Declarant's written and acknowledged consent, which must be part of the recorded amendment instrument. This Section may not be amended without Declarant's written and acknowledged consent.

15.8. AMENDMENT BY BOARD. The board may not unilaterally amend this Declaration or the Specifications Supplement, except for the following two limited purposes, which must be clearly identified in the instrument of amendment, and then only to the extent necessary to achieve the permitted goal, and only with the unanimous written consents of all directors, there being no vacancy on the board:

a. To qualify the Property or the Association for mortgage underwriting, tax exemption, insurance coverage, or any governmental or quasi-governmental program or benefit, if doing so is in the best interests of the Association and its members.

b. To correct an obvious error that affects the validity or enforceability of the document, if doing so is in the best interests of the Association and its members.

15.9. MERGER. Merger or consolidation of the Association with another association must be evidenced by an amendment to this Declaration. The amendment must be approved by owners of at least a majority of the lots. Upon a merger or consolidation of the Association with another association, the property, rights, and obligations of another association may, by operation of law, be added to the properties, rights, and obligations of the Association as a surviving association pursuant to the merger. The surviving or consolidated association may administer the provisions of the Governing Documents within the Property, together with the covenants and restrictions established upon any other property under its jurisdiction. No merger or consolidation, however, will effect a revocation, change, or addition to the covenants established by this Declaration within the Property.

15.10. TERMINATION. Termination of the terms of this Declaration and the status of the Property as a planned unit development are according to the following provisions. In the event of substantially total damage, destruction, or public condemnation of the Property, an amendment to terminate must be approved by owners of at least two-thirds of the lots. In the event of public condemnation of the entire Property, an amendment to terminate may be executed by the board without a vote of owners. In all other circumstances, an amendment to terminate must be approved by owners of at least 80 percent of the lots.

15.11. CONDEMNATION. In any proceeding, negotiation, settlement, or agreement concerning condemnation of the common area, the Association will be the exclusive representative of the owners. The Association may use condemnation proceeds to repair and replace any damage or destruction of the common area, real or personal, caused by the condemnation. Any condemnation proceeds remaining after completion, or waiver, of the repair and replacement will be deposited in the Association's reserve funds.

ARTICLE 16
DISPUTE RESOLUTION

16.1. INTRODUCTION & DEFINmONS. The Association, the owners, Declarant, Builders, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, the **"Parties")** agree to encourage the amicable resolution of disputes involving the Property and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all claims as hereafter defined. As used in this Article only, the following words, when capitalized, have the following specified meanings:

16.1.1. **"Claim"** means any claim, grievance, or dispute between Parties involving the Properties, except Exempt Claims as defined below, and including without limitation:

a. Claims arising out of or relating to the interpretation, application, or enforcement of the Governing Documents.

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b. Claims relating to the rights and/or duties of Declarant as Declarant under the Governing Documents.

c. aaims relating to the design, construction, or maintenance of the Property.

16.1.2. **"Claimant"** means any Party having a Claim against any other Party.

16.1.3. **"Exempt Claims"** means the following claims or actions, which are exempt from this Article:

a. The Association's claim for assessments, and any action by the Association to collect assessments.

b. An action by a Party to obtain a temporary restraining order or equivalent emergency equitable relief, and such other ancillary relief as the court deems necessary to maintain the status quo and preserve the Party's ability to enforce the provisions of this Declaration.

c. Enforcement of the easements, architectural control, maintenance, and use restrictions of this Declaration.

d. A suit to which an applicable statute of limitations would·expire within the notice period of this Article, unless a Party against whom the Claim is made agrees to toll the statute of limitations as to the Claim for the period reasonably necessary to comply with this Article.

16.1.4. **"Respondent"** means the Party against whom the Claimant has a Claim.

16.2. MANDATORY PROCEDURES. **Claimant may not file suit in any court or initiate any proceeding before any administrativetribunal seeking redress or resolution of its Claim until Claimant has complied with the procedures of this Article.**

@ LET'S WORK IT OUT@

16.3. NOTICE. Claimant must notify Respondent in writing of the Claim (the **"Notice"),** stating plainly and concisely: (1) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (2) the basis of the Claim (i.e., the provision of the Governing Documents or other authority out of which the Claim arises); (3) whataaimant wants Respondent to do or not do to resolve the Claim; and (4) that the Notice is given pursuant to this Section.

16.4. NEGOTIATION. Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within 60 days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually-acceptable place and time to discuss the Claim. At such meeting or at some other mutually-agreeable time, Respondent and Respondent's representatives will have full access to the property that is subject to the aaim for the purposes of inspecting the property. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent's representatives and agents with full access to the property to take and complete corrective action.

16.5. MEDIATION. If the parties negotiate but do not resolve the Claim through negotiation within 120 days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will

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have 30 additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must have at least 5 years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the 30-day period, Claimant is deemed to have waived the Claim, and Respondent is released and discharged from any and all liability to Claimant on account of the Claim.

16.6. TERMINATION OF MEDIATION. If the Parties do not settle the Claim within 30 days after submission to mediation, or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may file suit or initiate administrative proceedings on the Claim, as appropriate.

16.7. ALLOCATION OF COSTS. Except as otherwise provided in this Section, each Party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation, and Mediation sections above, including its attorneys fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator.

16.8. ENFORCEMENT OF RESOLUTION. Any settlement of the Claim through negotiation or mediation will be documented in writing and signed by the Parties. If any Party thereafter fails to abide by the terms of the agreement, then the other Party may file suit or initiate administrative proceedings to enforce the agreement without the need to again comply with the procedures set forth in this Article. In that event, the Party taking action to enforce the agreement is entitled to recover from the non-complying Party all costs incurred in enforcing the agreement, including, without limitation, attorneys fees and court costs.

16.9. GENERAL PROVISIONS. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim. A Party having an Exempt Claim may submit it to the procedures of this Article.

16.10. LITIGATION APPROVAL &SETTLEMENT. To encourage the use of alternative dispute resolution and discourage the use of costly and uncertain litigation, the initiation of any judicial or administrative proceeding by the Association is subject to the following conditions in addition to and notwithstanding the above alternate dispute resolution procedures. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to be bound by this Section. This Section may not be amended without the approval of owners of at least 75 percent of the lots.

16.10.1. Owner Approval. The Association may not initiate any judicial or administrative proceeding without the prior approval of owners of at least a majority of the lots, except that no such approval is required (1) to enforce provisions of this Declaration, including collection of assessments; (2) to challenge condemnation proceedings; (3) to enforce a contract against a contractor, vendor, or supplier of goods or services to the Association; (4) to defend claims filed against the Association or to assert counterclaims in a proceedings instituted against the Association; or (5) to obtain a temporary restraining order or equivalent emergency equitable relief when circumstances do not provide sufficient time to obtain the prior consents of owners in order to preserve the status quo.

16.10.2. Higher Approval of Certain Suits. Also, the Association may not initiate any judicial or administrative proceeding against Declarant, a Builder, Association officers and directors, or the managing agent of the Association without the approval of owners representing at least 75 percent of the lots.

16.10.3. Funding Litigation. Except in the case of a temporary restraining order or equivalent emergency equitable relief when circumstances do not provide sufficient time to levy a special assessment, the Association must levy a special assessment to fund the estimated costs of litigation prior to initiating a judicial or administrative proceeding. The Association may not use its annual operating income, reserve

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funds, or savings to fund litigation, unless the Association's annual budget or a savings account was established and funded from its inception as a litigation reserve fund.

16.10.4. Settlement. The board, on behalf of the Association and without the consent of owners, is hereby authorized to negotiate settlement of litigation, and may execute any document related thereto, such as settlement agreements and waiver or release of claims.

16.11. CONSTRUCTION-RELATED DISPUTES. In addition to the above procedures, a claim relating to an alleged construction defect may be governed by Texas statutes relating to residential construction, such as Chapter 27 of the Texas Property Code, the Residential Construction Liability Act.

ARTICLE 17
HOME SALES & RESALES

17.1. GENERAL. In the era in which this Declaration is written, the law pertaining to the sale and resale of homes governed by a mandatory property owners association is in a state of change. The purpose of this Article is to formalize the process by which HOA-related fees are imposed on home sales for the ultimate protection of the homebuying public. As used in this Article, the following terms have specific meanings:

17.1.1. **"HOA Sale Fee"** means a non-refundable expense, fee, charge, or contribution that is charged by the Association or its manager in connection with the sale or purchase of a lot. A buyer's prepaid and/or pro-rata assessments are not HOA Sale Fees.

17.1.2. **"New Home Sale"** means the sale by Declarant or a Builder to a homeowner of (1) a lot that is improved with a newly constructed house or (2) a lot with a contract for construction of the first house, is considered a "New Home Sale" for purposes of this Declaration. New Home Sales are not resales.

17.1.3. **"Notice of HOA Sale Fees"** is a publicly recorded statement of the amounts due to the Association or its manager in connection with Resales and New Home Sales.

17.1.4. **"Resale"** means every sale or conveyance of a lot (or of an interest in a lot) that is improved with a house, other than a New Home Sale.

17.2. NO RIGHT OF FIRST REFUSAL. This Declaration does not create a right of first refusal for the sale of homes in the Property. Neither the Association not its individual members has a right of first refusal.

17.3. HOA SALE FEES. HOA Sale Fees are generally of two types - budget enhancing fees, such as contributions to the reserve or operating funds of the Association, and administrative fees, such as fees for resale certificates and ownership record changes. The Association and its manager may waive some or all HOA Sale Fees on a transfer by transfer basis, without waiving the right to charge such fees on future transfers. HOA Sale Fees may be charged by the Association's manager, managing director, or managing agent (collectively, **"manager"),** pursuant to a contract between the Association and the manager, and provided there is no duplication of fees by type or amount with fees charged by the Association. This Article does not obligate the manager to levy HOA Sale Fees. The number, types, and amounts of HOA Sale Fees charged by a manager (1) must have the prior written approval of the board, (2) are not subject to the Association's assessment lien, (3) should not exceed what is customary in amount, kind, and number for the local marketplace, and (4) are not payable by the Association unless the management contract so stipulates.

17.4. NOTICE OF HOA SALE FEES. The Association will publicly record a Notice of HOA Sale Fees which gives the homebuying public advance notice of the nature and maximum amount of fees that may be collected at time of transfer. The Notice may be recorded with the Management Certificate or independently.

Duling the Development Period, Appendix B has priority over the main body of this Declaration.

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17.4.1. Amendment. The Notice is not subject to the requirements of Amendments Article of this Declaration. After the Declarant Control Period, the board, without a vote of the owners, may amend the Notice of HOA Sale Fees for the following limited purposes: (1) to change a stated amount or formula for an HOA Sale Fee, (2) to conform the Notice of HOA Sale Fees with applicable law regarding HOA Sale Fees, or (3) to correct an error or misstatement. Any other amendment of the Notice - such as the addition of a fee - requires the approval of owners of two-thirds of the lots represented at a meeting of the Association at which a quorum is present. During the Development Period, HOA Sale Fees pertaining to New Home Sales may not be changed without the written and acknowledged consent of Declarant.

17.4.2. Effective. To be effective, an amendment or restatement of the Notice of HOA Sale Fees by the owners or by the board must be in the form of a written instrument (1) referencing the name of the Property, the name of the Association, the recording data of this Declaration, and the recording data of the previously recorded Notice of HOA Sale Fees, (2) signed and acknowledged by an officer of the Association, certifying the requisite approval of owners or directors, and (3) recorded in the Real Property Records of Ellis County, Texas. During the Declarant Control Period, Declarant may unilaterally amend and restate the Notice.

17.4.3. Applicability. If the amended or restated Notice of HOA Sale Fees results in an overall reduction of HOA Sale Fees for a conveyance that is pending at the time of the amendment, the lower rate is effective immediately for any closing that occurs after the date the amendment is publicly recorded. If the amended or restated Notice of HOA Sale Fees results in an overall increase of HOA Sale Fees for the lot being conveyed, the increased amount is not effective until the 90th day after the date on which the amended or restated Notice of HOA Sale Fees is publicly recorded.

17.4.4. Distribution. Within 60 days after the amended or restated Notice of HOA Sale Fees is publicly recorded, a copy or report of, or electronic link to, the recorded amended Notice of HOA Sale Fees must be delivered or made available to an owner of each lot.

17.5. HOME RESALES. This Section applies to every resale of a house lot.

17.5.1. Resale Certificate. An owner intending to sell his home will notify the Association and will request a resale certificate from the Association. The resale certificate provided by the Association or its manager must contain the Notice of HOA Sale Fees then in effect.

17.5.2. HOA Sale Fees. At time of transfer, the HOA Sale Fees described in the Notice of HOA Sale Fees then in effect are due and payable by buyer and/or seller.

17.5.3. Information. Within 30 days after acquiring an interest in a lot, an owner will provide the Association with the following information: a copy of the settlement statement or deed by which owner has title to the lot; the owner's email address (if any), U. S. postal address, and phone number; any mortgagee's name, address, and loan number; the name and phone number of any resident other than the owner; the name, address, and phone number of owner's managing agent, if any.

17.5.4. Exclusions. This requirements of this Section, do not apply to the following transfers: (1) foreclosure of a mortgagee's deed of trust lien, a tax lien, or the Association's assessment lien; (2) conveyance by a mortgagee who acquires title by foreclosure or deed in lieu of foreclosure; (3) transfer to, from, or by the Association; (4) voluntary transfer by an owner to one or more co-owners, or to the owner's spouse, child, or parent; (5) a transfer by a fiduciary in the course of administering a decedent's estate, guardianship, conservatorship, or trust; (6) a conveyance pursuant to a court's order, including a transfer by a bankruptcy trustee; or (7) a disposition by a government or governmental agency.

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ARTICLE 18
GENERAL PROVISIONS

18.1. COMPLIANCE. The owners hereby covenant and agree that the administration of the Association will be in accordance with the provisions of the Governing Documents and applicable laws, regulations, and ordinances, as same may be amended from time to time, of any governmental or quasi-governmental entity having jurisdiction over the Association or Property.

18.2. HIGHER AUTHORITY. The Governing Documents are subordinate to federal and state law, and local ordinances. Generally, the terms of the Governing Documents are enforceable to the extent they do not violate or conflict with local, state, or federal law or ordinance. In the event of a conflict between the Governing Documents, the hierarchy of authority is as follows: this Declaration (highest), Association's Articles of Association, Bylaws, and the Rules (lowest). Within the Declaration, Appendix B has the highest authority.

DRAFTER'S DICTVM

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

18.3. NOTICE. Any demand or written notice required or permitted by this Declaration may be sent by electronic, ordinary, or certified mail, postage prepaid, or by any other method or combination of methods permitted or required by applicable law. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the member at the address shown on the Association's records. If transmitted by fax or email, the notice is deemed delivered on successful transmission of the facsimile or electronic correspondence. The notice must be sent to the party's last known address as it appears on the records of the Association at the time of transmission. If an owner fails to give the Association an effective address, the notice may be sent to the address of the owner's lot. If the Association properly transmits the notice, the owner is deemed to have been given notice whether or not he actually receives it.

18.4. CHANGING TECHNOLOGY. The Governing Documents are drafted at the end of an era that uses ink on paper to communicate, to give notice, and to memorialize decisions. The next era of communications may be paperless, relying on electronic communications for many activities that are customarily papered on the date of this Declaration. As technology changes, the terms of the Governing Documents that pertain to communications, notices, and documentation of decisions may be interpreted and applied in ways that are consistent with and customary for the then-current technology for standard business practices, without necessity of amending the Governing Document.

18.5. LIBERAL CONSTRUCTION. The terms and provisions of each Governing Document are to be liberally construed to give effect to the purposes and intent of the Governing Document. All doubts regarding a provision, including restrictions on the use or allenability of property, will be resolved first to give effect to Declarant's intent to protect Declarant's interests in the Property, and second in favor of the operation of the Association and its enforcement of the Governing Documents, regardless which party seeks enforcement.

18.6. SEVERABILITY. Invalidation of any provision of this Declaration by judgment or court order does not affect any other provision, which remains in full force and effect. The effect of a general statement is not limited by the enumeration of specific matters similar to the general.

18.7. CAPTIONS. In all Governing Documents, the captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. Boxed notices are inserted to alert the reader to certain provisions and are not to be construed as defining or modifying the text.

During the Development Period, Appendix B has priority over the main body of this Declaration.

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18.8. INTERPRETATION. Whenever used in the Governing Documents, unless the context provides otherwise, a reference to a gender includes all genders. Similarly, a reference to the singular includes the plural, the plural the singular, where the same would be appropriate.

18.9. DURATION. Unless terminated or amended as permitted herein, the provisions of this Declaration run with and bind the Property, and will remain in effect perpetually to the extent permitted by law.

18.10. ADDITIONS. The following additions are part of this Declaration by reference, as if fully recited herein:

18.10.1. Appendixes. The following appendixes are attached to this Declaration:

A - Description of Subject Land
B - Declarant Rights & Reservations
C - Purchaser's Covenants During Development Period

18.10.2. Supplements. The following supplement is or will be publicly recorded as a separate instrument. Although not physically attached to this Declaration, the following supplement is fully incorporated by reference:

- Specifications Supplement

SIGNED AND ACKNOWLEDGED

SIGNED on this 1-1::l:-- day of April 2010.

HEDGEWOOD PARTNERS, LIMITED, a Texas limited partnership

By: BUZZARD PROPERTIES, LLC, a Texas limited liability company, its general partner

By: __ __Q__,-- -- __,,--
Dick Frazier, Manager

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on this 7 day of April 2010 by Dick Frazier, Manager of Buzzard Properties, LLC, a Texas limited liability company, on behalf of the company in its capacity as general partner of Hedgewood Partners, Limited, a Texas limited partnership, on behalf of the limited partnership.

CHRISTINE J FRAZIER
Notary Public, State of Texas
My Commission Expires
September 08, 2010

Notary Public, The State of Texas

Duling the Development Period, Appendix B has priority over the main body of this Declaration.

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APPENDIX A
DESCRIPTION OF SUBJECT LAND

THE ARBOR AT WILLOW GROVE

PHASE ONE

The 65.864-acre tract described by metes and bounds in the Owner's Certificate recorded on December 10, 2007, as Instrument No. 0735025, in Volume 02355, Page 2111, Real Property Records, Ellis County, Texas, adopting the **Final Plat for The Arbor at Willow Grove, Phase One,** recorded in Cabinet H, Slide 498, Plat Records, Ellis County, Texas, including the following common areas and 219 house lots:

HOUSE LOTS

BLOCK 1: LOTS 1 - 63
BLOCK 2: LOTS 1 - 34
BLOCK 3: LOTS 1 - 36
BLOCK 4: LOTS 2 - 32
BLOCK 5: LOTS 1 - 4
BLOCK 6: LOTS 1- 24
BLOCK 7: LOTS 1 - 12 & 22
BLOCK 8: LOTS 1 - 7
BLOCK 9: LOT 17
BLOCK 10: LOT 1
BLOCK 11: LOTS 1 - 5

COMMON AREAS

LOT 1, BLOCK 4
TRACT A, BLOCK 1
TRACT B, BLOCK 1
TRACT A, BLOCK 4

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APPENDIX B
DECLARANT RIGHTS & RESERVATIONS

B.1. GENERAL PROVISIONS.

B.1.1. Introduction. Declarant Intends the Declaration to be perpetual and understands that provisions pertaining to the initial development, construction, marketing, and control of the Property will become obsolete when Declarant's role is complete. As a courtesy to future users of the Declaration, who may be frustrated by then-obsolete terms, Declarant is compiling the Declarant-related provisions in this Appendix.

B.1.2. General Reservation & Construction. Notwithstanding other provisions of the Governing Documents to the contrary, nothing contained therein may be construed to, nor may any mortgagee, other owner, or the Association, prevent or interfere with the rights contained in this Appendix which Declarant hereby reserves exclusively unto itself and its successors and assigns. In case of conflict between this Appendix and any other Governing Document, this Appendix controls. This Appendix may not be amended without the prior written consent of Declarant. The terms and provisions of this Appendix must be construed liberally to give effect to Declarant's intent to protect Declarant's interests in the Property.

B.1.3. Purpose of Development and Declarant Control Periods. This Appendix gives Declarant certain rights during the Development Period and the Declarant Control Period to ensure a complete and orderly buildout and sellout of the Property, which is ultimately for the benefit and protection of owners and mortgagees. Declarant may not use its control of the Association and the Property for an advantage over the owners by way of retention of any residual rights or interests in the Association or through the creation of any contractual agreements which the Association may not terminate without cause with 90 days' notice.

B.1.4. Amendment. Because this Appendix **B** benefits Declarant's interest in the Property, it may not be amended without Declarant's written approval as evidenced by Declarant's acknowledged signature on the instrument of amendment.

B.2. DEFINITTONS. As used in this Appendix and elsewhere in the Governing Documents, the following words and phrases have the following specified meanings:

B.2.1. **"Builder"** means a person or entity which purchases, or contracts to purchase, a lot from Declarant or from a Builder for the purpose of constructing a dwelling for resale or under contract to an owner other than Declarant. As used in this Declaration, Builder does not refer to Declarant or to a home building or home marketing company that is an affiliate of Declarant.

B.2.2. **"Declarant Control Period"** means that period of time during which Declarant controls the operation and management of the Association. The duration of the Declarant Control Period will be from the date this Declaration is recorded for a maximum period not to exceed the earlier of (1) January 1, 2017, or (2) four months after title to 95 percent of the lots that may be created in the Property has been conveyed to owners other than Builders. Declarant may terminate the Declarant Control Period at any time by recording a notice of termination.

B.2.3. **"Development Period"** means the 20-year period beginning the date this Declaration is recorded, during which Declarant has certain rights pursuant to this Appendix, such as rights relating to development, construction, expansion, and marketing of the Property. The Development Period is for a term of years and does not require that Declarant own land described in Appendix A. The Development Period is different from and longer than the Declarant Control Period. No act, statement, or omission by the Association may effect termination of the Development Period earlier than the term stated in this Subsection. Declarant, however, may terminate the Development Period at any earlier time by recording a notice of termination.

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B.2.4. **"Unilaterally"** means that the Declarant may take the authorized action without the consent, approval, vote, or joinder of any other person, such as owners, mortgagees, Builders, and the Association. Certain provisions in this Appendix and elsewhere in the Governing Documents authorize the Declarant to act unilaterally. Unilateral action by Declarant is favored for purposes of efficiency and to protect the interests of Declarant.

B.3. DECLARANT CONTROL PERIOD RESERVATIONS - GOVERNANCE. Declarant reserves the following powers, rights, and duties during the Declarant Control Period:

B.3.1. Officers & Directors. During the Declarant Control Period, the board may consist of 3 persons. During the Declarant Control Period, Declarant may appoint, remove, and replace any officer or director of the Association, none of whom need be members or owners, and each of whom is indemnified by the Association as a "Leader." Declarant's unilateral right to remove and replace officers and directors applies to officers and directors who were elected or designated by lot owners other than Declarant, as well as to Declarant's appointees.

B.3.2. Weighted Votes. During the Dedarant Control Period, the vote appurtenant to each lot owned by Declarant is weighted 3 times that of the vote appurtenant to a lot owned by another owner. In other words, during the Declarant Control Period, Declarant may cast the equivalent of 3 votes for each lot owned by Declarant on any issue before the Association. On termination of the Declarant Control Period and thereafter, the vote appurtenant to Declarant's lots is weighted uniformly with all other votes.

B.3.3. Association Meetings. During the Declarant Control Period, meetings of the Association may be held at a location, date, and time that is convenient to Declarant, whether or not it is mutually convenient for the owners.

B.3.4. Transition Meeting. Within 60 days after the end of the Declarant Control Period, or sooner at the Declarant's option, Declarant will call a transition meeting of the members of the Association for the purpose of electing, by vote of the owners, directors to the board. Written notice of the transition meeting must be given to an owner of each lot at least 10 days before the meeting. For the transition meeting, owners of 10 percent of the lots constitute a quorum. The directors elected at the transition meeting will serve until the next annual meeting of the Association or a special meeting of the Association called for the purpose of electing directors, at which time the staggering of terms will begin.

B.4. DECLARANT CONTROL PERIOD RESERVATIONS - ANANCIAL. Declarant reserves the following powers, rights, and duties during the Declarant Control Period:

B.4.1. Association Budget. During the Declarant Control Period, the Declarant-appointed board will establish a projected budget for the Property as a fully developed, fully phased, fully constructed, and fully occupied residential community with a level of services and maintenance that is typical for similar types of developments in the general area of the Property, using cost estimates that are current for the period in which the budget is prepared. The Association budget may not include enhancements voluntarily provided by Declarant or by Builders to facilitate the marketing of new homes in the Property.

B.4.2. Budget Funding. During the Declarant Control Period only, Declarant is responsible for the difference between the Association's actual operating expenses and the regular assessments received from owners other than Declarant, and will provide any additional funds necessary to pay actual cash outlays of the Association. On termination of the Declarant Control Period, Declarant will cease being responsible for the difference between the Association's operating expenses and the assessments received from owners other than Declarant.

B.4.3. Enhancements. During the Declarant Control and Development Periods, Declarant - solely at Declarant's discretion - may voluntarily provide enhancements for the Property, such as higher levels of maintenance, management, insurance, seasonal color In landscaping, and recreational personnel. Such

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enhancements are not included in the Association's annual operating budget or, alternatively, if included are identified as Declarant enhancements.

B.4.4. Declarant Assessments & Reserves. During the Declarant Control Period, any real property owned by Declarant is not subject to assessment by the Association. During the Declarant Control Period, Declarant is not required to make contributions to the Association's reserve funds for the lots owned by Declarant. Oeclarant's obligation to fund the difference in the Association's operating expenses may not be construed to require Declarant to fund reserve accounts.

B.4.5. Commencement of Assessments. During the initial development of the Property, Declarant may elect to postpone the Association's initial levy of regular assessments until a certain number of lots are sold. During the Declarant Control Period, Declarant will determine when the Association first levies regular assessments against the lots. Prior to the first levy, Declarant will be responsible for all operating expenses of the Association.

B.4.6. Expenses of Declarant. Expenses related to the completion and marketing of the Property will be paid by Declarant or by Builders and are not expenses of the Association.

B.4.7. Notice of HOA Sale Fees. During the Declarant Control Period, Declarant may unilaterally amend and restate the Notice of HOA Sale Fees. For the remainder of the Development Period, Declarant may unilaterally amend only the portions of the Notice of HOA Sale Fees that pertain to Oeclarant, Builders, and new home sales, and may unilaterally restate, record, and republish the amended Notice.

B.4.8. Budget Control. During the Oeclarant Control Period, the right of owners to veto assessment increases or special assessments is not effective and may not be exercised.

8.5. RIGHT OF REIMBURSEMENT FOR SHORTFALL LOANS

B.5.1. Background. While Declarant controls the Association, Declarant may provide financial assistance to the Association. The purpose of this Section is to describe the relationship between Declarant and the Association regarding Declarant's financial support and the duty of the Association to reimburse Declarant for some of Declarant's contributions under certain circumstances. In case of conflict between this Section and other provision of the Declaration, this Section controls.

B.5.2. Definitions. As used in this Section, the following terms have specified meanings.

a. **"actual shortfall"** is the difference between actual and available cash in the Association's operating account having been contributed by owners other than Declarant, and the Association's actual cash outlays for operating expenses, whether budgeted or not.

b. **"expected shortfall"** is the difference between the Association's actual cash outlays for budgeted operating expenses and the assessments payable - collectively - by owners other than Declarant, as if all of those owners paid their assessments in full and on time.

c. **"shortfall loan"** is money paid by Declarant to the Association or for the Association's benefit to fund some or all of the difference between the actual shortfall and the expected shortfall.

B.5.3. Reservation. Declarant hereby reserves the right to be reimbursed by the Association for any shortfall loan and hereby creates an affirmative duty for the Association to fund the reimbursement if and when Declarant exercises this right. **The Association's duties under this Section do not terminate at the end of the Declarant Control Period.**

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B.5.4. Build-Out Budget. As is the local practice, at the inception of the development, Declarant adopts a projected annual operating budget for the Association that assumes the community is fully constructed, fully populated, and that it is built and used in the ways envisioned by Declarant at the inception of the development. The "build-out budget" typically uses pre-construction costs that are typical for similar types of communities in the same market area. The build-out budget typically assumes no inflation or increase in costs, and that each owner (other than Declarant) will contribute his pro-rata share of the Association's budget in full and on time.

H.5.4.a. Purposes. The build-out budget has three primary purposes. First, to inform homebuyers about the types and relative sizes of expenses that the Association may be expected to incur in the future when their community is fully developed and their Association is controlled by owners. Second, to yield a rate of assessment that is more affordable for the initial homebuyers than if the Association's expenses were divided among the completed homes during the build-out. Third, to serve as a budget snapshot that can be used in the home marketing program for a relatively long period of time during the community's development.

H.5.4.b. Flexibility. Declarant hereby reserves the right during the Declarant Control Period to revise and republish the Association's annual operating budget from time to time, as Declarant desires. Declarant does not warrant or represent that the types of budgeted expenses or their relative sizes are accurate or complete. During the Declarant Control Period, the budget is not a warranty or representation by Declarant or by the Association that the Association will annually incur or fund every category of expense that is shown on the budget, or that the relative size of an expense category will be achieved.

H.5.4.c. Reserves. A build-out budget for the homeowner-controlled Association after build-out may show an annual contribution to reserves or to a contingency fund. During the Declarant Control Period, a budgeted line item for reserves is not a guaranty that the Association's reserves will be funded.

No deep pocket.

Declarant isn't required to fill holes in the budget created by owners who don't pay assessments.

B.5.5. Declarant's Responsibility. During the Declarant Control Period only, Declarant is responsible only for the expected shortfall. For any budget period during the Declarant Control Period in which the actual shortfall exceeds the expected shortfall, Declarant may (a) fund some or all of the difference, (b) direct the board to reduce the Association's expenses by reducing services, and/or (c) direct the board to fund the difference by raising the rate of assessment. On termination of the Declarant Control Period, Declarant ceases being responsible for shortfalls and the owner-elected board of directors will adopt a budget for the Association that is capable of being funded completely by owners without any contribution by Declarant. Under any circumstance, Declarant is not liable to the Association for more than the amount that Declarant would pay if Declarant were liable for assessments on the unsold lots in the same manner as any other owner. This may not be construed to create a per lot assessment liability for Declarant.

H.5.5.a. Examples. Circumstances that are capable of resulting in shortfall loans include without limitation: (1) the failure of owners to pay assessments to the Association; (2) expenses pre-paid by the Association for which an owner or a third party is liable; and (3) any expense pre-paid by the Association for which a special assessment or increase in regular assessments is subsequently levied, or for which the Association obtains bank funding.

H.5.5.b. Shortfall Loan. A shortfall loan arises automatically, with or without formality. A shortfall loan may be evidenced by a promissory note executed by the Association in favor of Declarant or a person or entity designated by Declarant. A shortfall loan may be further secured by a lien against the common areas contained in a publicly recorded lien instrument executed by the

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Association. The Association will execute loan and security documents if so requested by Declarant. A shortfall loan incurs no interest and will be repaid - without demand - as the Association receives reimbursement of prepaid expenses, payment of delinquent assessments, or funding from loans or levied assessments. If a rate of interest on the shortfall loan will be imputed, the rate will be six percent per annum. Unless a promissory note specifies a different plan of payment, the Association will budget for shortfall loan repayment in a manner that retires 10 percent of the shortfall loan each year for 10 years.

H.5.5.c. Shortfall Monitoring. The Association is responsible for monitoring expected and actual shortfalls, identifying the differences that are eligible for reimbursement, and for reimbursing Declarant as targeted funds are received, without demand by Declarant.

B.6. DEVELOPMENT PERIOD RESERVATIONS. Declarant reseives the following easements and rights, exercisable at Declarant's sole discretion, at any time during the Development Period:

B.6.1. Platting. If the Property includes unplatted parcels, they may be platted in whole or in part, and in phases. The right to plat belongs to the owner of the unplatted parcel, provided, however, that a plat that creates common areas or obligations for the Association must also be approved by Declarant. Declarant's right to have the Property platted, or to approve such plats, is for a term of years and does not require that Declarant own land described in Appendix A at the time or times Declarant exercises its right of platting.

B.6.2. Expansion. The Property is subject to expansion. During the Development Period, Declarant may- but is not required to - annex any real property: (1) any portion of which is contiguous with, adjacent to, or within 1,000 feet of any real property that is subject to this Declaration, (2) in any addition or subdivision platted by the City of Waxahachie as a phase or section of The Arbor at Willow Grove, or (3) located in a planned development district created by the City of Waxahachie for the property subject to this Declaration. Declarant annexes real property by subjecting it to the Declaration and the jurisdiction of the Association by recording a supplement or an amendment of this Declaration, executed by Declarant, in the Real Property Records of Ellis County, Texas. The supplement or amendment of annexation must include a description of the additional real property or a reference to the recorded plat that describes the additional real property. Declarant's right to annex land is for a term of years and does not require that Declarant own land described in Appendix A at the time or times Declarant exercises its right of annexation.

B.6.3. Withdrawal. During the Development Period, Declarant may withdraw real property from the Property and the effect of this Declaration (1) if the owner of the withdrawn property consents to the withdrawal, and (2) if the withdrawal does not significantly and detrimentally change the appearance, character, operation, or use of the Property.

B.6.4. Different Standards. Declarant has the right (1) to establish specifications for the construction of all initial improvements in the Property, (2) to establish different specifications for each neighborhood within the Property, and (3) to grant variances or waivers from community-wide standards to certain neighborhoods of the Property.

B.6.5. Changes in Development Plan. Declarant may modify the initial development plan to respond to perceived or actual changes and opportunities in the marketplace. Subject to approval by (1) a governmental entity, if applicable, and (2) the owner of the land or lots to which the change would directly apply (if other than Declarant), Declarant may (a) change the sizes, dimensions, and configurations of lots and streets; (b) change the minimum dwelling size; (c) change the building setback requirements; and (d) eliminate or modify any other feature of the Property.

B.6.6. Builder Limitations. Declarant may require its approval (which may not be unreasonably withheld) of all documents and materials used by a Builder in connection with the development and sale of lots, including without limitation promotional materials; deed restrictions; forms for deeds, lot sales, and lot

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closings. Without Declarant's prior written approval, a Builder other than a Declarant-affili t \nay not ureG. a sales office or model in the Property to market houses, lots, or other products located outside the Property.

B.6.7. Architectural Control. During the Development Period, Declarant has the absolute right to serve as the Architectural Reviewer. Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under the Architectural Control Article of this Declaration and this Appendix to (1) an architectural control committee appointed by the board, or (2) a committee comprised or architects, engineers, or other persons who may or may not be members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant (1) to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (2) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason. Declarant also has the unilateral right to exercise architectural control over vacant lots in the Property. Neither the Association, the board of directors, nor a committee appointed by the Association or board (no matter how the committee is named) may involve itself with the approval of new homes and related improvements on vacant lots.

Declarant can amend Governing Documents **UNILATERALLY.**

B.6.8. Amendment. During the Development Period, Declarant may amend this Declaration and the other Governing Documents, without consent of other owners or any mortgagee, **for any purpose,** including without limitation the following purposes:

a. To add real property to the Property.
b. To withdraw real property from the Property.
c. To create lots, easements, and common areas within the Property.
d. To subdivide, combine, or reconfigure lots.
e. To convert lots into common areas.
f. To allocate the use of certain common areas to specified lots as limited common areas.
g. To designate Areas of Common Responsibility.
h. To modify - even to increase - Declarant's rights and reservations.
i. To modify the construction, fence, landscape, and use restrictions of the Specifications Supplement to this Declaration.
j. To modify the HOA Sale Fees and to adopt a new Notice of HOA Sale Fees.
k. To merge the Association with another property owners association.
I. To resolve conflicts, clarify ambiguities, and to correct misstatements, errors, or omissions in the Governing Documents.
m. To qualify the Property or the Association for mortgage underwriting, tax exemption, insurance coverage, and any governmental or quasi-governmental program or benefit.
n. To change the name or entity of Declarant.
o. To change the name of the addition in which the Property is located.
p. To change the name of the Association.
q. For any other purpose.

B.6.9. Completion. During the Development Period, Declarant has (1) the right to complete or make improvements indicated on the plat; (2) the right to sell or lease any lot owned by Declarant; and (3) an easement and right to erect, construct, and maintain on and in the common area and lots owned or leased by Declarant whatever Declarant determines to be necessary or advisable in connection with the construction, completion, management, maintenance, leasing, and marketing of the Property, including, without limitation, parking areas, temporary buildings, temporary fencing, portable toilets, storage areas, dumpsters, trailers, and commercial vehicles of every type.

B.6.10. Easement to Inspect & Right to Correct. During the Development Period, Declarant reserves for itself and Builders, and their respective architects, engineers, other design professionals,

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materials manufacturer, and general contractors, the right, but not the duty, to inspectY briitor, testG. redesign, correct, relocate, and replace any structure, improvement, material, or condition that may exist on any portion of the Property, including the lots, and a perpetual nonexclusive easement of access throughout the Property to the extent reasonably necessary to exercise this right. Declarant or Builder, as applicable, will promptly repair, at its sole expense, any damage resulting from the exercise of this right. By way of illustration but not limitation, relocation of a screening wall located on a lot may be warranted by a change of circumstance, imprecise siting of the original wall, or desire to comply more fully with public codes and ordinances. This Section may not be construed to create a duty for Declarant, a Builder, or the Association.

DIFFERENT RULES

The developer and builders have rights and privileges to use the property in ways that are not available to other owners and residents.

B.6.11. Promotion. During the Development Period, Declarant reserves for itself an easement and right to place or install signs, banners, flags, display lighting, potted plants, exterior decorative items, seasonal decorations, temporary window treatments, and seasonal landscaping on the Property, including items and locations that are prohibited to other owners and residents, for purposes of promoting, identifying, and marketing the Property and/or Declarant's houses, lots, developments, or other products located outside the Property. Declarant reserves an easement and right to maintain, relocate, replace, or remove the same from time to time within the Property. Declarant also reserves the right to sponsor marketing events - such as open houses, MLS tours, and brokers parties - at the Property to promote the sale of lots. During the Development Period, Declarant also reserves (1) the right to permit Builders to place signs and promotional materials on the Property and (2) the right to exempt Builders from the sign restriction in this Declaration.

B.6.12. Offices. During the Development Period, Declarant reserves for itself the right to use dwellings owned or leased by Declarant as models, storage areas, and offices for the marketing, management, maintenance, customer service, construction, and leasing of the Property and/or Declarant's developments or other products located outside the Property. Also, Declarant reserves for itself the easement and right to make structural changes and alterations on and to lots and dwellings used by Declarant as models, storage areas, and offices, as may be necessary to adapt them to the uses permitted herein.

B.6.13. Access. During the Development Period, Declarant has an easement and right of ingress and egress in and through the Property for purposes of constructing, maintaining, managing, and marketing the Property and the Additional Land, and for discharging Declarant's obligations under this Declaration. Declarant also has the right to provide a reasonable means of access for the homebuying public through any existing or future gate that restricts vehicular access to the Property or to the Additional Land in connection with the active marketing of lots and homes by Declarant or Builders, including the right to require that the gate be kept open during certain hours and/or on certain days. This provision may not be construed as an obligation or intent to gate the Property.

B.6.14. Utility Easements. During the Development Period, Declarant may grant permits, licenses, and easements over, in, on, under, and through the Property for utilities, roads, and other purposes necessary for the proper development and operation of the Property. Declarant reserves the right to make changes in and additions to the easements on any lot, as shown on the plat, to more efficiently or economically install utilities or other improvements. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, television, cable, internet service, and security. To exercise this right as to land that is not a common area of the Property or not owned by Declarant, Declarant must have the prior written consent of the land owner.

B.6.15. Assessments. For the duration of the Development Period, any lot owned by Declarant is not subject to mandatory assessment by the Association until the date Declarant transfers title to an owner other than Declarant. If Declarant owns a lot on the expiration or termination of the Development Period,

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from that day forward Declarant is liable for assessments on each lot owned by Declarant in the same manner as any owner.

B.6.16. Land Transfers. During the Development Period, any transfer of an interest in the Property to or from Declarant is not subject to any transfer-related provision in the Governing Documents, including without limitation an obligation for transfer or resale certificate fees, and the transfer-related provisions of the Sales and Resales Appendix of this Declaration. The application of this provision includes without limitation Declarant's lot take-downs, Declarant's sale of lots to Builders, and Declarant's sale of lots to homebuyers.

B.7. DIFFERENT STANDARDS. Declarant has the right (1) to establish specifications for the construction of all initial improvements in the Property, (2) to establish different specifications for each phase of the Property, and (3) to grant variances or waivers from community-wide standards to certain phases of the Property. That Declarant includes Builders in the development of specifications for a particular phase of the Property does not entitle those Builders to approve or disapprove specifications for other portions of the Property.

B.8. VETO OVER MANAGEMENT OF ASSOCIATION. Management of the Association affects the appearance and condition of the Property, the quality of life for residents, the costs of home acquisition and ownership, and marketability of homes in the Property. For itself and Builders, Declarant has a vested interest in the below-described aspects of management until the last lot in the Property has been improved with a home and sold to an owner other than a Builder. After the Dedarant Control Period - until every lot in the Property has been improved with a home and sold to an owner - Declarant has the continuing unilateral right to approve the Association's choice of manager or managing agent, and the continuing unilateral right to veto or revoke the Association's decisions for the below-described aspects of operating the Association and maintaining the Property. A manager or agent who purports to represent the Association without Declarant's continuing approval acts without authority, violates the Declaration, and is not eligible for indemnification or insurance by the Association. Further, an agreement for any of the below-described activities is void if vetoed in writing by Declarant, and is voidable if not approved in writing by Declarant. This Section applies even if Declarant voluntarily terminates control of the Association earlier than the maximum period of Declarant control. Association functions which Declarant has the continuing right to approve or veto are:

a. Selection of the Association's manager or managing agent, or a decision to terminate professional management.

b. Scope and terms of the Association's contract for management services, including charges for which individual owners may be liable, such as transfer-related fees.

c. Selection of contractor and scope of contract for services affecting the maintenance and appearance of the Property, such as landscaping.

d. Changing the use of the Association's common amenities and common areas, if any.

e. Changing the types, level, or availability of services, if any, provided by or through the Association for the benefit of owners and residents.

f. All aspects of signage on the Property that is installed or maintained by the Association.

g. All aspects of a website serving the Association and its members.

B.9. RELATIONSHIP WITH BUILDERS. Declarant does not intend to construct dwellings on the lots. Instead, Declarant intends to sell the lots to one or more Builders to improve the lots with dwellings to be sold and occupied. Declarant reserves the following rights, exercisable at Declarant's sole discretion, at any time during the Development Period:

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B.9.1. Builders. From time to time, Declarant may invite a Builder to share in the exercise of any, some, or all of its easements and rights, without any formality other than the consent of Declarant and Builder. Notwithstanding such sharing, a Builder will not become a successor Declarant, or assume the duties and liabilities of Declarant under this Declaration unless Builder and Declarant join in an instrument that assigns and transfers Declarant rights and duties under this Declaration, signed and acknowledged by both Declarant and Builder, and recorded in the Real Property Records of Ellis County, Texas.

B.9.2. Builder Obligations. During the Declarant Control Period only, Declarant has the right but not the duty (1) to reduce or waive the assessment obligation of a Builder, and (2) to exempt a Builder from any or all liabilities for transfer-related fees charged by the Association or its manager, provided the agreement is in writing. Absent such an exemption, any Builder who owns a lot is liable for all assessments and other fees charged by the Association in the same manner as any owner.

B.9.3. Builder Transfer Fees. During the Declarant Control Period only, Declarant has the right but not the duty to exempt a Builder from any or all liabilities for transfer-related fees charged by the Association or its manager, provided the agreement is in writing.

B.9.4. Approval of Builder Plans. If a Builder intends to construct a number of pre-designed homes in a phase of the Property, the Builder may submit the set of house plans and elevations to Declarant for approval by the Architectural Reviewer. Such plans may be submitted and approved prior to Builder's purchase of lots in the Property. House plans and elevations that are pre-approved by Declarant for use by Builder in a particular phase of the Property may be constructed by Builder without re-submitting plans on a lot by lot basis as the houses are constructed, unless the actual house plan or elevation deviates substantially from the pre-approved plan and elevation. Examples of substantial deviation include (1) reversing a garage from rear entry to front entry, or vise versa, (2) reducing the size of the dwelling by more than 15 percent, (3) reducing the amount of masonry exterior material by more than 15 percent, (4) changing the style of the front elevation, such as from Cape Cod to Spanish, and (5) replacing a garage with a porte cochere or carport.

B.9.5. Individual Lot Application. Builder must apply to the Architectural Reviewer for approval of any substantial modifications or variations from or additions to the pre-approved plans for the Property, as well as the plot plan for each house. Builder may presume that its request has been approved by the Architectural Reviewer if Builder has not received the Architectural Reviewer's written response - approving, denying, or requesting additional information - within 45 calendar days after delivering his complete application to the Architectural Reviewer.

B.9.6. Builder Signs. During the Development Period, Declarant also reserves (1) the right to permit Builders to place signs and promotional materials on the Property and (2) the right to exempt a Builder from the sign restriction in this Declaration. Any sign used by Builders in the Property may be approved in writing by Declarant prior to installation, and is subject to summary removal if not approved and if Declarant finds it objectionable. As used in this Section, "sign" includes, without limitation, lettering, images, symbols, pictures, shapes, lights, banners, and any other representation or medium that conveys a message.

B.10. COMMUNITY FEATURES. During the Development Period, the initial plans for use and development of the Property may change in response to a number of circumstances, influences, and opportunities that may not be apparent or applicable at the inception of the development. An owner who acquires a lot while the Property is being developed is hereby given notice that a common area improvement or community feature that is not installed at the time an owner contracts is subject to change. Representations given to a prospective purchaser about a proposed community feature are based on a development plan that makes assumptions that are subject to change. As used on the plat, "amenity lot" is an imprecise term for a piece of land that will not be improved with homes, and which may or may not have recreational features, landscaping, irrigation, and lighting. The use of the term - alone - may not be construed to require certain improvements.

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B.11. MARKETING OTHER LOCATIONS. This Declaration grants to Declarant a number of significant rights to market the Property. Declarant hereby reserves for itself and its affiliates the right to use each and every such right and privilege for the additional purposes of promoting, identifying, and marketing *off-site* developments of Declarant or its affiliates for the duration of the Development Period, even though Declarant may have completed the marketing of lots or houses in the Property. Additionally, Declarant - at Declarant's sole option and discretion - may extend the effect of this Section for up to 24 months after the end of the Development Period by paying the Association $4,000.

B.12. COMMON AREAS. Declarant will convey title to the common areas to the Association by one or more deeds - with or without warranty. Any initial common area improvements will be installed, constructed, or authorized by Declarant, the cost of which is not a common expense of the Association. At the time of conveyance to the Association, the common areas will be free of encumbrance except for the property taxes accruing for the year of conveyance. Declarant's conveyance of title is a ministerial task that does not require and is not subject to acceptance by the Association or the owners. The transfer of control of the Association at the end of the Declarant Control Period is not a transfer of common areas requiring inspection, evaluation, acceptance, or approval of common area improvements by the owners.

B.13. SUCCESSOR DECLARANT. The rights, reservations, and responsibilities of Declarant under this Declaration may be transferred, in whole or in part, as follows:

B.13.1. Voluntary Designation. Declarant may designate one or more co-Dedarants or successor Declarants for specified designated purposes and/or for specified portions of the Property, or for all purposes and all of the Property. To be effective, the designation must be in writing, signed and acknowledged by Declarant and by the co- or successor Declarant, and recorded in the Real Property Records of Ellis County, Texas. The designation instrument may subject the co- or successor Declarant to limitations and restrictions.

B.13.2. Involuntary Designation. A person who acquires Declarant's entire remaining interest in the Property by an involuntary method, such as court order, deed in lieu of foreclosure, foreclosure, or bankruptcy proceeding, may - but is not required to - designate itself, or its successor or assign, as Declarant for all purposes, or for specified purposes. To be effective, the designation must be in a writing that (1) describes the involuntary circumstance, (2) is signed and acknowledged by designator and designatee, and · (3) is recorded in the Real Property Records of Ellis County, Texas. This Subsection is not invalidated by a trustee, beneficiary, or executor's temporary interim ownership of the Property without benefit of a designation of Declarant rights.

B.13.3. Presumption. The rights, reservations, and responsibilities of Declarant may not be informally acquired or transferred. A co- or successor Declarant has the burden of proving its authority with appropriate publicly recorded documentation. The legal role of Declarant may not be presumed from events, circumstances, or the inaccurate use of the title "Declarant." Ownership of all or portions of the Property does not - alone - bestow the rank of Declarant.

B.13.4. Subsequent Designations. Unless the designation of successor Declarant provides otherwise, a successor Declarant has the rights of Declarant under this Section and may designate further successor Declarants.

B.14. PARDON OUR DUST. A person who occupies a home during the construction phase of the Property is living in a construction site that may experience periodic and temporary inconveniences during the build-out and sell-out of the Property. Declarant - for itself and the Builders - apologizes in advance for these disturbances, many of which cannot be avoided. The sooner the construction work is completed, the sooner owners will be able to enjoy the community of which they are a part. Declarant hopes the construction and marketing of the Property occurs swiftly and with minimal disruption of residents' lives and households. Declarant thanks residents in advance for their patience and tolerance of what may be a relatively short but difficult period for The Arbor at Willow Grove community.

[End of Appendix BJ

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APPENDIXC

PURCHASERS 12 COVENANTS DURING DEVELOPMENT PERIOD OF THE ARBOR AT WILLOW GROVE

Each owner of a home in The Arbor at Willow Grove, by the act of accepting an interest in or title to a lot during the Development Period, whether or not it is so expressed in the instrument of conveyance, acknowledges, understands, covenants, and agrees to each of the following statements, which are covenants that run with the land and bind owner and owner's successors and assigns.

1. **In 2007, Declarant had a long-term concept plan for The Arbor at Willow Grove that may be significantly modified over time to respond to perceived or actual changes and opportunities in the marketplace.** ***Declarant Is not required to provide or complete a proposed feature of The Arbor at Willow Grove that is not In place on the date of an owner's decision to buy a The Arbor at Willow Grove home.***

2. Subject to the approval of governmental entities, if applicable, Declarant may (1) change the sizes, dimensions, and configurations of lots and streets; (2) change minimum dwelling sizes; (3) change minimum lot sizes; (4) change building setback requirements; (5) change the nature, number, and location of components of common areas in The Arbor at Willow Grove; (6) eliminate or change construction specifications; and (7) eliminate or modify any other feature of the Property.

3. The Arbor at Willow Grove is a planned community, the initial development and marketing of which is likely to extend over many years, even decades.

4. During the Development Period, the Declarant and the Builders have rights and opportunities for marketing The Arbor at Willow Grove and the homes that are not available to individual homeowners who desire to market their homes for sale. If owner tries to resell his home during the Development Period he will be competing against Declarant and/or Builders with new houses and a marketing advantage.

7. Owner has read and understands the significance of the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, including its Specifications Supplement, which contains important information about the nature of the Property and owner's obligations.

8. Annual assessments WILL change over time, at the direction of the Association's board of directors.

9. Declarant has reserved for itself the right to control the Association until The Arbor at Willow Grove is fully developed, and after 95 percent of the lots are improved with homes that have been sold and closed to homebuyers.

10. Declarant or its appointees are the Architectural Reviewer during the Development Period. Neither the owners nor the Association have a voice in the architectural review and approval of new homes on vacant lots.

11. In purchasing his lot, owner has not relied on any representation, warranty, or assurance - verbal or otherwise - by any person as to (1) the design, construction, completion, development, use, benefits, or value of The Arbor at Willow Grove; (2) the number, types, sizes, prices, or designs of homes to be built in any part of The Arbor at Willow Grove; or (3) the type, number, or quality of common area improvements.

12. Owner understands that he cannot do "anything he wants" with his yard and the outside of his home. Even the color of his fence stain must conform to the architectural standards for The Arbor at Willow Grove.

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ACKNOWLEDGMENT OF DECLARATION

BYD. R. HORTON-TEXAS, LTD.

D. R. Horton-Texas, Ltd., a Texas limited partnership, as the owner of certain lots in The Arbor at Willow Grove Phase One, hereby acknowledges, agrees, and understands that all lots owned by D. R Horton-Texas, Ltd., in The Arbor at Willow Grove Phase One are subject to the Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded on December 10, 2007, as Instrument No. 0735026, in Volume 02355, Page 2115, Real Property Records, Ellis County, Texas, as amended by the foregoing Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, and its Specifications Supplement, when the Amended & Restated Declaration and the Specifications Supplement are recorded in the Real Property Records of Ellis County, Texas.

D. R. HORTON· TEXAS, LTD., a Texas limited partnership

By: D. R. HORTON, INC., a Delaware corporation, its authorized agent

By: _____
David L. Booth, Assistant Vice President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on this b day of April 2010 by David L. Booth, Assistant Vice President of D. R. Horton, Inc., a Delaware corporation, on behalf of said corporation in its capacity as authorized agent for D. R. Horton - Texas, Ltd., a Texas limited partnership, on behalf of the limited partnership.

_____
Notary Public, The State of Texas

KARENHEAD
MY COMMISSION EXPIRES
January 3, 2013

AFTER RECORDING, PLEASE RETURN TO:
Sharon Reuter, P.C.
5400 LBJ Freeway, Suite 1200
Dallas, Texas 75240

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VOL. PG.

FILED FOR RECORD - ELLIS COUNTY, TX
INST NO. 1008308
on Apr 09, 2010 at 09:55:00 AM

SCANNED

Any provision herein which restricts the sale, rental, or use of this described real property because of color or race is invalid and unenforceable under federal law.
STATE OF TEXAS, COUNTY OF ELLIS
I hereby certify this instrument was filed on the date and time stamped herein and was duly recorded in the volume and page of the OFFICIAL PUBLIC RECORDS of Ellis County Texas as stamped hereon.

COUNTY CLERK, ELLIS COUNTY, TEXAS

FIRST AMENDMENT
TOTHE
AMENDED & RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE ARBOR AT WILLOW GROVE

OtC 1 9 2013

STATE OF TEXAS §
§ **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF ELLIS §

THIS FIRST AMENDMENT TO THE AMENDED & RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE ARBOR AT WILLO'W GROVE (this "First Amendment") is made to be effective as of the ___ day of _____, 2013, by D. R. Horton - Texas, Ltd. ("Declarant").

WITNESSETH:

WHEREAS, Hedgewood Partners, Limited ("Original Declarant") recorded the Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove on or about December 10, 2007, at Volume 02355, Page 2115 *et seq.* as Instrument No. 0735026, of the Real Property Records of Ellis County, Texas (the "Original Declaration"); and

WHEREAS, the Original Declaration was replaced by the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove recorded on or about April 9, 2010, at Volume 02506, Page 0319 *et seq.* as Instrument No. 1008308 of the Real Property Records of Ellis County, Texas (the "Declaration"); and

WHEREAS, the Declaration was supplemented by that certain Specifications Supplement to Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove recorded on or about April 9, 2010, at Volume 02506, Page 0376 *et seq.* as Instrument No. 1008309 of the Real Property Records of Ellis County, Texas (the "First Supplement"); and

WHEREAS, Original Declarant assigned its declarant status and rights to D.R. Horton - Texas, Ltd., a Texas limited partnership ("Declarant"), as successor Declarant pursuant to the "Assignment of Declarant Status for The Arbor at Willow Grove in Waxahachie, Texas" recorded on or about April 14, 2010 as Instrument No. 1008841 of the Real Property Records of Ellis County, Texas (the "Assignment"); and

WHEREAS, Appendix B to the Declaration contains Declarant's Rights and Reservations during the Development Period and the Declarant Control Period; and

WHEREAS, Section B.6.8 of Appendix B provides that, during the Development Period, Declarant may amend the Declaration, without consent of other owners or any mortgagee, for any purpose, including to modify the HOA Sale Fees and to adopt a new Notice of HOA Sale Fees; and

APPENDIX D - NOTICE OF HOA SALE FEES

GENERAL PROVISIONS. This Notice of HOA Sale Fees is intended to give the home buying public advanced notice of the nature and maximum amount of fees that may be collected at the time of transfer of title to a Lot in the Association. Pursuant to Article 17, Section 17.3 of the Declaration, the Association and its manager may waive some or all of the HOA Sale Fees on a transfer by transfer basis, without waiving the right to charge such fees on future transfers.

APPLICABILITY. Except the specific transactions excluded below, the HOA Sale Fees described below shall apply to every Resale of a Lot. "Resale" means every sale or conveyance of a Lot (or of an interest in a Lot) that is improved with a house, other than a New Home Sale. The HOA Sale Fees do not apply to the following transfers: (i) foreclosure of a mortgagee's deed of trust lien, a tax lien, or the Association's assessment lien; (ii) conveyance by a mortgagee who acquires title by foreclosure or deed in lieu of foreclosure; (iii) transfer to, from, or by the Association; (iv) voluntary transfer by an owner to one or more co-owners, or to the owner's spouse, child, or parent; (v) a transfer by a fiduciary in the course of administering a decedent's estate, guardianship, conservatorship, or trust; (vi) a conveyance pursuant to a court's order, including a transfer by a bankruptcy trustee; or (vii) a disposition by a government or governmental agency.

EFFECTIVE DATE. This Notice of HOA Sale Fees is effective ninety (90) days after recordation of the First Amendment to the Amended & Restated Declaration of Covenants, Conditions and Restrictions for the Arbor at Willow Grove, and shall apply to any conveyance taking place on or after the effective date. The Notice of HOA Sale Fees shall remain in full force and effect until the effective date of any subsequent amendment or restatement of the Notice of HOA Sale Fees.

HOA SALE FEES. At the time of transfer of title to a Lot, the following HOA Sale Fees are due and payable by the buyer and/or seller: (i) to the Association, a one-time contribution to the Association's reserve funds in the amount of $250.00 for each Lot transferred; and (ii) to the Association's manager, its administrative fees, including but not limited to fees for resale certificates and ownership record changes, with such administrative fees not to exceed $500.00 for each Lot transferred.

WHEREAS, Declarant desires to make the following amendment to the Declaration.

NOW, THEREFORE, the Declaration is amended as follows:

1. Article 17, Section 17.4 of the Declaration is deleted in its entirety and replaced with the following:

> NOTICE OF HOA SALE FEES. The Notice of HOA Sale Fees gives the homebuying public advance notice of the nature and maximum amount of fees that may be collected at the time of transfer of title to a Lot. The initial Notice of HOA Sale Fees is contained in Appendix D hereto. Thereafter, the Association will publicly record any amended or restated Notice of HOA Sale Fees in the Real Property Records of Ellis County, Texas.

2. The Declaration is amended by adding the document attached hereto labeled as "Appendix D - Notice of HOA Sale Fees" as a new Appendix D to the Declaration.

3. Except as modified by the First Supplement and this First Amendment, the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, Declarant has caused this Amendment to be executed by its duly authorized officer this _\J_ day of D'-<,. , 2012_.

D.R. HORTON -TEXAS, LTD.,
a Texas limited partnership

By: **D. R. HORTON, INC.,**
a Delaware corporation, its authorized agent

By: _____

Its: Asst VP

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF D.41/A-5 §

This instrument was acknowledged before me on by L>4j/Jt:I &df/v , /J-5-;-f. i/P of D. R. Horton, Inc., a Delaware corporation, the authorized agent of D.R. Horton - Texas, Ltd., a Texas limited partnership, on behalf of said limited partnership, on the .11!!:. day of Det!Cl(lb;R , 2013... ,

K8.UE M. SMITH
MY COMMISSION EXPIRES
May 2 2017

Notary Public, State of Texas

My Commission Expires: 5-2-17

P:\RWBWP\G Directory (Association Documents)\PUD.AMD\Arbor at Willow Grove• 1st Amend Dec (reserve contribution).doc

20/2 4

THE STATE OF TEXAS §
§
COUNTY OF ELLIS §

THE ARBOR AT WILLOW GROVE
COMMON AREA DEED

DATE: April 1, 2010

GRANTOR: Hedgewood Partners, Limited

GRANTOR'S MAILING ADDRESS: 3629 Wooded Creek Circle, Arlington, Texas 76016

GRANTEE: The Arbor at Willow Grove Homeowners Association, Inc.

GRANTEE'S MAILING ADDRESS: c/o Lone Star Association Management
2500 Legacy Drive, Suite 220, Frisco, Texas 75034

PROPERTY (including any improvements):

The following Common Areas of The Arbor at Willow Grove Phase One, an addition to the City of Waxahachie, Texas, according to the plat thereof recorded in Cabinet H, Slide 498, Plat Records, Ellis County, Texas:

LOT 1, BLOCK 4, THE ARBOR AT WILLOW GROVE PHASE ONE
TRACTS A & B, BLOCK 1, THE ARBOR AT WILLOW GROVE PHASE ONE
TRACT A, BLOCK 4, THE ARBOR AT WILLOW GROVE PHASE ONE

This conveyance is made in connection with Grantor's development of The Arbor at Willow Grove, a planned development in the City of Waxahachie, Texas, pursuant to the Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded on December 10, 2007, as Instrument No. 0735036, in *Volume* 2355, Page 2115, Real Property Records, Ellis County, Texas, as it may be amended or restated (the **"Declaration"),** and pursuant to the plat which requires the Property to be "owned, operated, and maintained by a Home Owner's Association comprised of home/lot owners in this Addition who shall be responsible for the cost, upkeep, operation, and maintenance of said lots."

By this instrument, Grantor conveys the above-described common areas of The Arbor at Willow Grove to The Arbor at Willow Grove Homeowners Association, Inc., the "Association" as defined in the Declaration, being the association of owners of property in The Arbor at Willow Grove. This conveyance is subject to all recorded instruments affecting the Property, including (without limitation) rights, reservations, and easements contained in the Declaration for the benefit of Grantor as Declarant. This conveyance is a ministerial task that fulfills a duty of Grantor under the Declaration and a requirement of the City of Waxahachie under the plat.

For good and valuable consideration, Grantor does **GRANT, SELL, AND CONVEY** unto Grantee all the Property, **TO HAVE AND TO HOLD** the Property, together with all and singular the rights and appurtenances thereto in any wise belonging, to Grantee, Grantee's heirs, executors, administrators, successors, or assigns forever, subject to the matters herein stated. Grantor binds Grantor and Grantor's heirs and successors to warrant and forever defend all and singular the Property to Grantee and Grantee's heirs, executors, administrators, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Grantor but not otherwise, and subject to the matters herein stated. ·

FILED FOR RECORD - ELLIS COUNTY, TEXAS
INST NO. 1008307 FILING DATE/TIME: Apr 09, 2010at 09:55:00 AM

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SIGNED to be effective on the date shown above.

HEDGEWOOD PARTNERS, LIMITED, a Texas limited partnership

By: BUZZARD PROPERTIES, LLC, a Texas limited liability company, its general partner

By: CD,G{C¢sh Cw---
Dick Frazier, Manager

THE STATE OF TEXAS §
§
COUNIY OF **TARRANT** §

This instrument was acknowledged before me on **fu thi;-J -** day of April 2010 by Dick Frazier, Manager of Buzzard Properties, LLC, a Texas limited liability company, on behalf of the company in its capacity as general partner of Hedgewood Partners, Limited, a Texas limited partnership, on behalf of the limited partnership.

CHRISTINE J FRAZIER
Notary Pubfic, State of Texas
My Commission Expires
September 08, 2010

Notary Public, The State of Texas

AFTER RECORDING, PLEASE RETURN TO:
Sharon Reuler, P.C.
5400 LBJ Freeway, Suite 1200
Dallas, Texas 75240

92506 0318

VOL. PG.

FILED FOR RECORD - ELLIS COUNTY, TX
INST NO. 1008307
on Apr 09, 2010 at 09:55:00 AM

SCANNED

Any provision herein which restricts the sale, rental, or use of this described real property because of color or race is invalid and unenforceable under federal law.
STATE OF TEXAS, COUNTY OF ELLIS
I hereby certify this instrument was filed on the date and time stamped herein and was duly recorded in the volume and page of the OFFICIAL PUBLIC RECORDS of Ellis County Texas as stamped hereon.

Cindy Polley
COUNTY CLERK, ELLIS COUNTY, TEXAS

THE ARBOR AT WILLOW GROVE

SPECIFICATIONS SUPPLEMENT

TO

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE ARBOR AT WILLOW GROVE

Waxahachie, Ellis County, Texas

INCLUDES:
CONSTRUCTION SPECIFICATIONS
FENCE SPECIFICATIONS
LANDSCAPE SPECIFICATIONS
USE RESTRICTIONS

This Instrument supplements the Amended & Restated Declaration of Covenants, Conditions and Restrictions of The Arbor at Willow Grove, to be recorded contemporaneously with this instrument, which replaces the Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded on December 10, 2007, as Instrument No. 0735026, In Volume 02355, Page 2115, Real Property Records, Ellis County, Texas.

Declarant

Hedgewood Partners, Limited

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FILED FOR RECORD - ELLIS COUNTY, TEXAS
INST NO. 1008309 FILING DATE/TIME: Apr 09, 2010at 09:55:00 AM

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THE ARBOR AT WILLOW GROVE

SPECIFICATIONS SUPPLEMENT

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THE ARBOR AT WILLOW GROVE

SPECIFICATIONS SUPPLEMENT

PREAMBLE

1. DECLARATION. The Arbor at Willow Grove, an addition to the City of Waxahachie, Texas, is subject to a number of publicly recorded documents, Including the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded in the Real Property Records of Ellis County, Texas, as It may be amended or supplemented from time to time (the **"Declaration").**

2. **PROPERTY.** This Specifications Supplement pertains exclusively to the real property described in Appendix A of the Declaration, as It may be amended or supplemented from time to time. The real property which Is subject to the Declaration on the date of this Specifications Supplement is described as follows:

> The 65.864-acre tract described by metes and bounds in the Owner's Certificate recorded on December 10, 2007, as Instrument No. 0735025, in Volume 02355, Page 2111, Real Property Records, Ellis County, Texas, adopting the Final Plat for The Arbor at Willow Grove, Phase One, recorded in cabinet H, Slide 498, Plat Records, Ellis County, Texas.

3. **PURPOSE.** This instrument supplements the Declaration by compiling the covenants, conditions, and restrictions pertaining to the use, appearance, and improvement of house lots in a format that is useful for the homebuying public, as well as for owners and residents of The Arbor at Willow Grove.

4. **DEFINITIONS.** Words and phrases defined in the Declaration have the same meanings when used in this Specifications Supplement. For example, **"Declarant"** means Hedgewood Partners, Limited, a Texas limited partnership, or its successors and assigns.

5. **DECLARANT CONTROL.** Notwithstanding anything to the contrary In this Specifications Supplement, a number of provisions in this Specifications Supplement are modified by Declarant's rights and reservations under the Declaration during the Declarant Control Period and the Development Period, as described in Appendix B of the Declaration.

6. **DECLARATION OF SUPPLEMENTATION.** Declarant declares that the property described in Appendix A of the Declaration, and any additional property made subject to the Declaration, will be owned, held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms, covenants, conditions, restrictions, and easements of the Declaration, as supplemented by the Chapters in this Specifications Supplement, which do hereby touch, concern, and run with the real property that is subject to the Declaration and bind all parties having or acquiring any right, title, or interest in any part of the property, their heirs, successors, and assigns, and inure to the benefit of each owner of any part of the property. The mere acquisition of a lot or occupancy of a dwelling will signify that this Specifications Supplement is accepted, ratified, and will be strictly followed. The following Chapters are attached hereto and incorporated herein by reference:

Chapter A - Checklist of Owner's Responsibilities

Chapter B - Construction Specifications

Chapter C - Fence Specifications

Chapter D - Landscape Specifications

Chapter E - Use Restrictions

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CHAPTER A

CHECKLIST OF OWNER'S RESPONSIBILITIES
FOR THE ARBOR AT WILLOW GROVE

This Checklist of Owner's Responsibilities highlights some of the fundamental obligations of homeownership in The Arbor at Willow Grove. This Checklist does not identify every duty and obligation imposed on an owner by the law or by the Governing Documents. The abbreviated descriptions of responsibilities are provided as a convenience and may not be construed to define or modify the provisions to which they refer. Responsibilities are not created by this Checklist. The omission of a responsibility from this Checklist has no significance.

DECLARATION SOURCE	BRIEF DESCRIPTION OF RESPONSIBILITY
Article 2 & sec. 17.1	Be bound by recorded instruments, as amended from time to time
Sec. 2.2	Honor easements across the lot as shown on plat or described in the Declaration
Sec. 5.2	Accept common area improvements "as is"
Sec. 5.8	Accept risk and responsibility for use of amenity center pool
Sec. 6.2 & Chapter B Specifications Supplement	Conform to Construction Specifications
Sec. 6.2 & Chapter C Specifications Supplement	Conform to Fence Specifications
Sec. 6.2 & Chapter D Specifications Supplement	Conform to Landscape Specifications
sec. 6.2 & Chapter E Specifications Supplement	Comply with Use Restrictions
Sec. 6.5	Make no changes to a home's exterior or yard without architectural approval
sec. 7.7	Comply with published rules adopted by the Board
Sec. 8.10	Notify the Association about changes in owner's contact information
Secs. 8.10 & 9.2	Pay assessments without demand.
Secs. 8.10 & 12.2.3	Be responsible for damage to property by owner, his family, and his tenants
Sec. 12.2	Maintain the home's exterior, fences, and all improvements on lot.
Sec. 13.6	Maintain property and liability insurance coverage on the home.
Article 16	Try to resolve disputes without litigation
Sec. 17.5.1	Ask the Association for a resale certificate when intending to sell a home.
Sec. 17.5	Notify the Association when owner sells (or buys) a home.

This supplements the Amended & Restated Dedaratlon of Covenants, Conditions and Restrictions for The Arbor at Willow Grove

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CHAPTERB

CONSTRUCTION SPECIFICATIONS
FOR THE ARBOR AT WILLOW GROVE

B.1. GENERAL. Subject to the "Special Exception for New Homes" Section below, these Construction Specifications regulate every lot in the Property as to (1) modifications of existing home and related improvements, (2) reconstruction of existing homes and related improvements, (3) additions to existing home and related improvements, and (4) the initial improvements by an owner who is not the Declarant, an affiliate of Declarant, or a builder approved by Declarant.

B.1.1. Compliance. All improvements on a house lot must (1) comply with any applicable public ordinances and codes, (2) have a building permit issued by a governmental entity, if applicable and if the type of improvement requires a permit, (3) comply with the construction, fence, landscape, and use requirements of the Declaration and this Specifications Supplement, and (4) have the Architectural Reviewer's prior written approval. These four requirements are independent - one does not ensure or ellminate the need for another. The lot owner and/or owner's contractor must comply with all four requirements.

B.1.2. Priority. If different sources of specifications address the same Improvement with different specifications, the more stringent specification controls. For example, the Use Restrictions have smaller size limits and more detailed material requirements for accessory buildings than does the city's code. In that circumstance, the more stringent requirements of the Use Restrictions control over the more generous specifications in the city's code.

B.1.3. Architectural Approval. If a house or other improvement on a lot is constructed or modified in violation of this Chapter, **the Architectural Reviewer reserves the right to determine that the house or improvement is not consistent with the neighborhood standard, and may require the owner to modify it or to remove it.** The authority for architectural control is contained in the Article of the Declaration titled "Architectural Covenants and Control," which is not repeated here. Owners are responsible for complying with the architectural requirements of the Declaration.

B.1.4. Neighborhood Standard. The "neighborhood standard" is an evolving flexible measure of the appearance of the Property as a visually harmonious residential neighborhood. It requires compatibility, but not uniformity - harmony, but not sameness. It is expected to change over time as materials, technologies, tastes, and values change. Even though a "neighborhood standard" may be difficult to articulate, a violation of the neighborhood standard - using the "reasonable personal" standard - should be easy to identify as something unattractive, inappropriate, or otherwise unsuitable for the Property. The Architectural Reviewer determines the range of a neighborhood standard at any point in time, taking into consideration prevailing public policy and community sensibilities. If the Architectural Reviewer, in its sole discretion, determines that an improvement on a lot - or any feature of an improvement - is not consistent with the neighborhood standard, the Architectural Reviewer may demand removal, replacement, or modification (as appropriate) of the improvement or feature. Owners are urged to obtain the prior written approval of the Architectural Reviewer before making any change or addition to a lot or to an improvement on a lot in order to avoid a later determination of unsuitability.

B.1.5. Variance. Any improvement that is constructed without complying with these Construction Specifications violates the Declaration unless the Architectural Reviewer gives prior written approval for a variance. Refer to the Declaration for the requirements of soliciting architectural approval.

B.1.6. Disclaimer of Latches or Estoppel by Waiver. Because the value of consistency to the community may not be apparent when a small number of variances are granted or a small number of violations are tolerated, the Architectural Reviewer has the continuing right to enforce the specifications of this Chapter even in the face of specific approvals and waivers granted by the Architectural Reviewer to individual owners over time, and in spite of violations that have been tolerated for long periods of time.

This supplements the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove

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B.1.7. Exceptions. These Construction Specifications may not be construed to prevent additional or different lot-specific construction specifications in a publicly recorded instrument to which particular lots are subject. These Construction Specifications may not be construed to apply to a lot that is specifically exempted by the Declaration or by this Specifications Supplement from all or some of these Construction Specifications.

B.2. SPECIFICATIONS. Unless a higher or additional standard is established below or in another part of the Governing Documents, the "Exterior Construction and Design Requirements" adopted by the City of Waxahachie, Texas, as amended or renamed by the City from time to time, are incorporated herein by reference as the Construction Specifications for The Arbor at Willow Grove, which may be enforced by the Association. The following specifications also apply:

B.2.1. Accessories. Exterior accessories, such as decorative hardware, external ornamentation, and light fixtures must be compatible with the neighborhood standard, and are subject to disapproval by the Architectural Reviewer, who may demand removal, replacement, or modification of an exterior accessory that is determined to be unsightly or unsuitable for the Property.

B.2.2. Air Conditioners. Air conditioning equipment may not be Installed in the front yard of a house. If installed on a side yard, the equipment must be screened from the street. Window units are prohibited except on portions of a house that are completely screened. The Architectural Reviewer may determine the type and adequacy of the screening material or device.

B.2.3. carports. No carport may be installed, constructed, or maintained on any portion of a lot without the Architectural Reviewer's prior written consent.

B.2.4. Exterior Wall Materials. Every aspect of exterior wall materials must meet or exceed the city's minimum requirements, and must also be approved by the Architectural Reviewer for conformity to the neighborhood standard.

B.2.5. Houses- Sizes. The principal improvement on a house lot must be one detached single family dwelling. The minimum house size is 1,500 square feet of air-conditioned living area of the main residential structure, as measured to the outside of exterior walls, but exclusive of open porches, garages, patios and detached accessory buildings. The Architectural Reviewer, In its sole discretion, may allow variances of up to 10 percent from the minimum size. There is no maximum size.

B.2.6. New Construction. The dwelling must be constructed on the lot. A dwelling or addition constructed elsewhere may not be moved onto a lot. Factory-built homes are not permitted, even though assembled or finished on the lot. However, components of houses (such as roof trusses) may be manufactured off-site. The construction of a dwelling must be started promptly after the Architectural Reviewer approves the dwelling's plans and specifications. At the start of construction - but not before - building material to be used in the construction may be stored on the lot.

B.2.7. No Subdivision. No house lot may be subdivided. One or more house lots may be replatted with the approval of (1} the Association acting through its board of directors, (2) owners of all house lots directly affected by the replatting, and (3} the platting authority. The owners executing the replat will provide a copy of the recorded replat to the Association. Replatting of house lots may not alter the number of votes and assessments allocated to the lots as originally platted. If repiatting reduces the number of lots by combining lots, the joined lot will have the votes and assessments allocated to the lots as originally platted.

B.2.8. Paint and Stains. Exterior paint and stain on any improvement that is visible from a street or common area must be compatible with the neighborhood standard.

B.2.9. Pools & Ponds. Water features such as swimming pools, fish ponds, fountains, and waterfalls are permitted In fenced yards If the location, type, design, fencing, screening, and lighting of the water feature are compatlble with the neighborhood standard and do not adversely affect the use, drainage, or enjoyment of an adjoining lot or common area. Equipment used in connection with a water feature must be screened from view and located in such a way that minimizes offensive noises, odors, and appearance to adjoining lots.

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B.2.10. Roof Accessories. Plumbing stacks and roof vents must be painted to match or blend with roofing colors. Exposed flashing, downspouts, and attachment straps must be painted to match or blend with adjacent materials.

B.2.11. Solar Installations. Solar installations on homes are permitted, subject to this Section. Portions of a solar installation that are visible from a street or common area may not be mirror-like or made of reflective material and must be integrated with the building architecture. As a general rule, "integration" requires that an installation (1) be colored to match or complement the portion of the home to which the installation is most closely identified, (2) does not significantly change the overall appearance of the home, and (3) have the caliber of a professional installation. **A** solar installation must be maintained by the owner in a good condition and attractive appearance.

B.2.12. Street Numbers. Toe manner of displaying street numbers, such as on a home's facade, a mailbox, or a curb, must be compatible with the neighborhood standard.

B.2.13. liming. The construction of a dwelling or an improvement on the lot must be started promptly after the Architectural Reviewer approves the plans and specification. Once started, the dwelling and all improvements on the lot must be completed with due diligence.

B.2.14. Water. Each lot will use city water and sewage systems. Individual water supply and sewage disposal systems are not permitted.

B.3. SPECIAL EXCEPTION FOR NEW HOMES. Declarant - as Declarant and as Architectural Reviewer - will be the source of construction specifications, approvals, and waivers for the first home constructed on a vacant lot. Any improvement constructed by Deelarant or by a home building company affiliated with or approved by Declarant is deemed to have been approved by the Architectural Reviewer, and is deemed to have been granted a waiver by the Architectural Reviewer for any aspect of an improvement that appears to be Inconsistent with the applicable construction specifications. For itself and its affiliated and approved builders, Declarant may establish construction criteria and architectural guidelines **{"Criteria")** that (1) are independent of this Chapter, (2) are subject to change by Declarant during the Development Period, (3) may be part of a lot purchase contract, and (4) need not be publicly recorded. In the event of a conflict between the Criteria and a specification of this Chapter or of the Declaration, as relates to the first home on a lot, the requirements of the Criteria will prevail. In case of a conflict or discrepancy between this Chapter and the construction specifications and plan approvals negotiated between Declarant and a builder, the negotiated construction specifications and plan approvals will control and will be deemed to be a variance approved by the Architectural Reviewer.

(End of Chapter BJ

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CHAPTERC

FENCE SPECIFICATIONS
FOR THE ARBOR AT WILLOW GROVE

C.1. GENERAL. Collectively, fences on individual lots create the "face" of the neighborhood from certain directions. Although each owner is solely responsible for the fencing on his lot, a portion of his fencing may serve as a segment in the continuous border around the Property or along a stretch of roadway or common area. Subject to the "Special Exception for New Home Fences" Section below, these Fence Specifications regulate every lot in the Property as to (1) modifications of existing fences and gates, (2) reconstruction of existing fences and gates, (3) additions to existing fences and gates, and (4) the Initial fencing by an owner who is not the Declarant, an affiliate of Declarant, or a builder approved by Declarant.

C.1.1. Compliance. Ali fencing on a house lot must (1) comply with any applicable public ordinances and codes, (2) have a building permit issued by a governmental entity, if applicable and if the type of fence work requires a permit, (3) comply with the construction, fence, landscape, and use requirements of the Declaration and this Specifications Supplement, and (4) have the Architectural Reviewer's prior written approval. These four requirements are independent - one does not ensure or eliminate the need for another. The lot owner and/or owner's contractor must comply with all four requirements.

C.1.2. Priority. If different sources of specifications address the same improvement with different specifications, the more stringent specification controls.

C.1.3. Architectural Approval. If a fence is installed or modified in violation of this Chapter, **the Architectural Reviewer reserves the right to determine that the fence is unattractive ""or inappropriate or otherwise unsuitable for the Property, and may require the owner to modify it or to remove it.** The authority for architectural control is contained in the Article of the Declaration titled "Architectural Covenants and Control," which is not repeated here. Owners are responsible for complying with the architectural requirements of the Declaration.

C.1.4. Variance. Any fence that is constructed without complying with these Fence Specifications violates the Declaration unless the Architectural Reviewer gives prior written approval for a variance. Refer to the Declaration for the requirements of soliciting architectural approval.

C.1.5. Exceptions. These Fence Specifications may not be construed to prevent additional or different lot-specific fence specifications in a publicly recorded instrument to which particular lots are subject. These Fence Specifications may not be construed to apply to a lot that is specifically exempted by the Dedaratlon or by this Specifications Supplement from all or some of these Fence Specifications.

C.1.6. Disclaimer of Latches or Estoppel by Waiver. Because the value of consistency to the community may not be apparent when a small number of variances are granted or a small number of violations are ignored, the Architectural Reviewer has the continuing right to enforce the specifications of this Chapter even in the face of specific approvals and waivers granted by the Architectural Reviewer to individual owners over time, and in spite of violations that have been tolerated for long periods of time.

C.1.7. Replacing Approved Fences. In maintaining and replacing fences on a lot, the owner may preserve an existing fence that is original to the home or which was previously approved by the Architectural Reviewer, and may replace such a fence with a substantially similar fence without applying for architectural approval. Any deviation from the foregoing requires the prior written approval of the Architectural Reviewer. To be safe, submit your proposed fence plans to the Architectural Reviewer.

C.1.8. Uniformity. Notwithstanding anything to the contrary In any instrument pertaining to the Property or elsewhere in the Declaration, even in this Chapter, the Architectural Reviewer may require that all fences along a particular stretch within the Property, such as along or visible from a road or common area, be uniform In height, color, material, and appearance, including use of a particular sealant or stain. Further, the

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Architectural Reviewer may require certain treatments for transitions between fences and at changes in grade or elevation.

C.2. FENCE SPECIFICATIONS. Unless a higher or additional standard is established below or in another part *of* the Governing Documents, the fencing requirements adopted by the City *of* Waxahachie, Texas, for single-family subdivisions, as amended or codified by the City from time to time, are incorporated herein by reference as the Fence Specifications for The Arbor at Willow Grove, which may be enforced by the Association. The following specifications also apply for fencing on a typical house lot:

C.2.1. Materials. Fences must be made of masonry, cedar, or other Architectural Reviewer-approved material. Barbed wire and chain link fencing are prohibited. Barbed wire and chain link are not included within the meaning *of* "iron," "metal," or "steel" fence materials or components if those terms are used and permitted in the Governing Documents.

C.2.2. Height & Location. The average height *of* fences must be 6 feet. For certain locations and uses, the Architectural Reviewer may approve fence heights as low as 4 feet, or as tall as 8 feet. Fences may not be constructed between a dwelling's front building line and the street.

C.2.3. Transitions. Fences that adjoin or connect must appear to be the same height or must be designed and constructed with transitions between the differing heights to reduce the appearance effect of the height change from lot to lot.

C.2.4. Finish Side. Some fences are constructed in ways that both sides are equally attractive. This Section pertains to fences for which the two sides are not equal - one side being the "good side" or "finish side", the other side being the "back side" with exposed supporting posts and rails. The Architectural Reviewer may require that new or replacement fences visible from a street, a common area, or a neighboring development, public park, school site, or undeveloped tract of land have a "finish side" appearance on the outward face of the fence.

C.2.5. Fence Treatments. No approval is required (1) to apply a clear sealant to a fence, (2) to re-stain a fence with the same color of stain for which the owner previously obtained the Architectural Reviewer's written permission, or (3) to use a color of stain on an official list of approved stains published by the Architectural Reviewer. If any portion of a fence is stained, all portions of the fence that are visible from any direction must be stained the same color. The existence of a particular stain color on a fence in the Property may not be construed as evidence that the stain color is approved for use on other fences. On wood fences, the use or application of (1) a stain that cures in a solid color or (2) paint is prohibited. The "Uniformity" provision may not be construed to require the Association to stain or seal wood fences on owners' lots.

C.2.6. Location-Specific Requirements. Declarant reserves for itself and for the Architectural Reviewer the right to establish detailed specifications for fences on or along side and rear property lines of lots (1) along designated perimeter, arterial, and collector streets of the Property, (2) that share boundaries with a common area, or (3) that are part of the perimeter of the subdivision.

C.3. SPECIAL EXCEPTION FOR NEW HOME FENCES. Declarant - as Declarant and as Architectural Reviewer - will be the source of fence specifications, approvals, and waivers for fences installed in connection with the first home on a vacant lot. Any fence constructed by Declarant or by a home building company affiliated with or approved by Declarant is deemed to have been approved by the Architectural Reviewer, and is deemed to have been granted a waiver by the Architectural Reviewer for any aspect of a fence that appears to be inconsistent with the applicable fence specifications. For itself and its affiliated and approved builders, Declarant may establish fence criteria **("Criteria")** that (1) are independent of this Chapter, (2) are subject to change by Declarant during the Development Period, (3) may be part of a lot purchase contract, and (4) need not be publicly recorded. In the event of a conflict between the Criteria and a specification of the Declaration or of this Chapter, as relates to fencing installed in connection with the first home on a lot, the requirements of the Criteria will prevail. In case of a conflict or discrepancy between this Chapter and the fence specifications and plan approvals negotiated between Declarant and a builder, the negotiated fence specifications and plan approvals will control and will be deemed to be a variance approved by the Architectural Reviewer.

{End of Chapter C)

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CHAPTERD

LANDSCAPE SPECIFICATIONS
FOR THE ARBOR AT WILLOW GROVE

D.1. LANDSCAPE SPECIFICATIONS. Unless a higher or additional standard is established below or in another part of the Governing Documents, the landscape requirements adopted by the City of Waxahachie, Texas, for house lots in single-family subdivisions, as amended or codified by the City from time to time, are incorporated herein by reference as the Landscape Specifications for The Arbor at Willow Grove, which may be enforced by the Association. The following specifications also apply to landscaping on a typical house lot.

D.2. PLANT MATERIAL. Every aspect of plant material on the portions of a lot that are visible from a street or common area - such as the size, type, location, quality, and quantity - must meet or exceed the city's minimum requirements, and must comply with the neighborhood standard for landscape plans.

D.3. LAWN. Within 90 days after an occupancy permit is issued for the dwelling, a fully sodded and irrigated lawn must be installed on the front and on any side yard facing a street, and must thereafter be maintained.

D.4. YARD MAINTENANCE. Each owner, at the owner's expense, must regularly maintain the yards on his lot at a level, to a standard, and with an appearance that is commensurate with the neighborhood. "Yards" means all parts of the lot other than the dwelling, including fenced and unfenced portions of the lot. The following requirements may be modified or waived by the Architectural Reviewer in the face of changing environmental conditions, public policies, and community expectations.

D.4.1. Grooming. All yards that are visible from a street must be maintained in a neatly manicured, healthy, and well-groomed condition - free of litter, trash, and debris. Plant material that is diseased, dying, or dead must be removed and promptly replaced with plants of a quality and appearance (at maturity) that are comparable, if not superior, to those removed.

D.4.2. Irrigation. Owner must keep the yard irrigation system in good repair - repairing or replacing sprinkler heads, irrigation lines, and other irrigation equipment as needed for optimum landscape maintenance.

D.4.3. Xeriscaping. Owners are encouraged to use hardy drought tolerant plant material that consumes minimal water and needs minimal chemical treatments. The encouragement for xeriscaping may not be construed as authority to allow the grounds to "go to weed" under the pretext of "adapted native landscaping," nor as justification for turning a lawn into a cactus or rock garden - without the Architectural Reviewer's prior written approval.

D.4.4. Mowing. Lawns must be mowed at regular intervals to prevent weeds or grass from exceeding 6 inches in height. Additionally, sidewalks and street curbs must be edged at regular Intervals.

D.4.5. Vegetable Gardens. "Obvious" vegetable gardens may not be planted in beds that are visible from a street.

D.S. COMMON AREA. No person may perform landscaping, planting, or gardening on the common area without the board's prior written authorization.

D.6. DRAINAGE. No person may interfere with the established drainage pattern over any part of the Property unless an adequate alternative provision for proper drainage has been approved by the board. Swales, slopes, and depressions on a house lot may be part of the established drainage pattern.

D.7. SPECIAL EXCEPTION FOR NEW HOME LANDSCAPING. Declarant - as Declarant and as Architectural Reviewer - will be the source of landscape specifications, approvals, and waivers for the landscape plan related to the first home constructed on a vacant lot. Any landscaping installed by Declarant or by a home building company affiliated

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with or approved by Declarant is deemed to have been approved by the Architectural Reviewer, and is deemed to have been granted a waiver by the Architectural Reviewer for any aspect of a landscape feature that appears to be inconsistent with the applicable landscape specifications. For itself and its affiliated and approved builders, Declarant may establish landscape criteria and landscape plan requirements **("Criteria")** that (1) are independent of this Chapter, (2) are subject to change by Declarant during the Development Period, (3) may be part of a lot purchase contract, and (4) need not be publicly recorded. In the event of a conflict between the Criteria and a specification of the Declaration or of this Chapter, as relates to landscaping installed in connection with the first home on a lot, the requirements of the Criteria will prevail. In case of a conflict or discrepancy between this Chapter and the landscape specifications and plan approvals negotiated between Declarant and a builder, the negotiated landscape specifications and plan approvals will control and will be deemed to be a variance approved by the Architectural Reviewer.

(End of Chapter D)

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CHAPTER E

USE RESTRICTIONS
FOR THE ARBOR AT WILLOW GROVE

E.1. ACCESSORY STRUCTURES PERMITTED. The following accessory structures are permitted only if they are positioned on a lot so as to not be visible - at all - from a street: children's playhouse, dog house, greenhouse, gazebo, and a building for storage of lawn maintenance equipment. If any part of any of these permitted structures is visible from a street, the next section applies.

E.2. ACCESSORY STRUCTURES CONDmONED. Without the prior written approval of the Architectural Reviewer, an accessory structure of which any part is visible from a street is prohibited (not allowed). To be approved by the Architectural Reviewer, an accessory structure of which any part is visible must have the following features:

a. Only one per lot.
b. Designed for outdoor use.
c. Less than 8 feet in height at the ridge line of the roof.
d. Less than 100 square feet of floor space (e.g. 10' x 10'),
e. Visually harmonious with the house or fence to which it is most visually related or physically attached, such as matching dominant colors.
f. Constructed of materials similar to the dominant materials of the house.
g. METAL walls or roof are not allowed.
h. Not located in front yards or in unfenced portions of side yards facing streets.

If an accessory structure is installed in violation of this Section, the Architectural Reviewer reserves the right to determine that the accessory structure Is unattractive or inappropriate or otherwise unsuitable for the Property, and may require the owner to screen It or to remove it.

THE HOA CAN MAKE YOU REMOVE A BACKYARD STORAGE SHED,

E.3. AIR CONDmONERS. Air conditioning equipment may not be placed in front of a house, on the front facade of a house, or on the roof of a house if the equipment would be visible from a street.

E.4. ANIMALS. A resident may not keep or permit on the Property a pet or animal of any kind, at any time, except as permitted by this Section and by any Rules adopted by the board. The board may adopt, amend, and repeal rules regulating the types, sizes, numbers, locations, and behavior of animals at the Property. Unless the Rules provide otherwise:

E.4.1. Permitted Pets. A resident may have customary domesticated household pets, which are kept for personal companionship. If the Rules fail to establish occupancy quotas, no more than 4 dogs and/or cats may be maintained on each lot. Permission to maintain other types or additional numbers of household pets must be obtained in writing from the board.

E.4.2. Prohibited Animals. No animal, bird, fish, reptile, or insect of any kind may be kept, maintained, raised, or bred anywhere on the Property for a commercial purpose or for food. No resident may keep a dangerous or exotic animal, trained attack dog, or any other animal deemed by the board to be a potential threat to the well-being of people or other animals. Without prior written approval of the board, a resident may not keep a dog that Is predominantly or wholly of a breed that is perceived to be dangerous, vicious, or unpredictable by the board.

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E.4.3. Disturbance. Pets must be kept in a manner that does not create a noise, odor, or other disturbance or nuisance that interferes with the peaceful enjoyment of residents of other lots. No pet may be permitted to bark, howl, whine, screech, or make other loud noises for extended or repeated periods of time.

E.4.4. Indoors/Outdoors. Subject to the limited yard privilege below, a permitted pet must be maintained inside the dwelling, and may not be kept on a patio or in a fenced yard. No pet is allowed on the common area or in unfenced portions of a yard unless carried or leashed.

E.4.5. Limited Yard Privilege. Dogs may be kept in fenced yards only if they do not disturb or annoy people on the Property. The board is the sole arbiter of what constitutes a disturbance or annoyance. If the board determines that a dog disturbs people, the board may permanently revoke the privilege of keeping the dog in the fenced yard. Thereafter, the dog must be maintained inside the dwelling. This yard privilege may be extended to a cat that is physically incapable of climbing the fence or leaving the fenced yard.

E.4.6. Pooper Scooper. Resident is responsible for the removal of his pet's wastes from the Property. Unless the Rules provide otherwise, a resident must prevent his pet from relieving itself on the common area or the lot of another owner. This applies to cats as well as dogs.

E.4.7. Liability. An owner is responsible for any property damage, injury, or disturbance caused or inflicted by an animal kept on the lot. The owner of a lot on which an animal is kept is deemed to indemnify and to hold harmless the board, the Association, and other owners and residents, from any loss, claim, or liability resulting from any action of the animal or arising by reason of keeping the animal on the Property.

E.4.8. Removal. If a resident or his pet violates this Section or Rules adopted by the board, the resident or person having control of the animal may be given a written notice by the board to correct the problem. If the problem is not corrected within the time specified in the notice (not less than 10 days), the resident, upon written notice from the board, may be required to remove the animal. Each resident agrees to permanently remove his violating animal from the Property within 10 days after receipt of a removal notice from the board. If a resident fails to timely remove the violating animal, the Association may effect removal of the animal without liability to the animal's owner.

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E.5. ANNOYANCE. No lot or common area may be used in any way that: (1) may reasonably be considered annoying to neighbors; (2) may be calculated to reduce the desirability of the Property as a residential neighborhood; (3) may endanger the health or safety of residents of other lots; (4) may result in the cancellation of insurance on the Property; or (5) violates any law. The board has the sole authority to determine what constitutes an annoyance.

E.6. APPEARANCE. Both the lot and the dwelling must be maintained in a manner so as not to be unsightly when viewed from the street or neighboring lots. The Architectural Reviewer is the arbitrator of acceptable appearance standards.

E.7. BUSINESS USE. A resident may use a dwelling for business uses, such as telecommuting, personal business, and professional pursuits, provided that: (1) the uses are incidental to the primary use of the dwelling as a residence; (2) the uses conform to applicable governmental ordinances; (3) the uses do not entail visits to the lot by employees or the public in quantities that materially increase the number of vehicles parked on the street; and (4) the uses do not interfere with the residential use and enjoyment of neighboring lots by other residents.

E.8. CIVILITY. The purpose of this Section is to encourage a harmonious community environment to enhance the quality of life for The Arbor at Willow Grove residents and to prevent diminution of property values.

E.8.1. Definitions. As used in this Section, the following terms have these meanings:

a. **"Civility" or "to be civil"** means adherence to social etiquette and business conventions that are appropriate to the situation, implying courtesy, cooperation, responsiveness, politeness,

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reasonableness, tolerance, moderation, good manners, respectfulness, taafulness, appropriateness, thoughtfulness, and decorum.

b. **"Divisive Activity"** is an activity which has the propensity to create or provoke controversy or confrontation, disparage someone or something, invite ridicule or hostility, create division and discord, threaten or .invoke fear, or interfere with the exercise of lawful and permitted property uses. Examples of Divisive Activity are a demonstration, protest, rally, sit-in, strike, leafleting, picketing, press conference, vigil, march, parade, gang activity, and the wearing, carrying, or display of certain words, images, symbols, signs, banners, photographs, pictures, slogans, graffiti, or decorations that are consistent with Divisive Activity.

c. **"Visible"** means capable of being viewed from a street, alley, or common area, such as a display on a common area or lot, from the windows of a home, or on a vehicle driver or parked in The Arbor at Willow Grove.

E.8.2. Duty to Be Respectful. Each owner and resident will exercise his rights under the Declaration in a manner calculated to respect the rights, responsibilities, privacy, and privileges of other people, such as owners and residents of adjoining lots, their guests, and employees and agents of the Association. A resident must avoid doing or permitting a Visible Divisive Activity on his lot.

E.8.3. Visible Divisive Activity Prohibited. Without the Association's sponsorship, authorization, or prior written consent, no person may engage in a Visible Divisive Activity within or adjacent to The Arbor at Willow Grove. Visible Divisive Activity does not include public political campaigns and socially-accepted community-supported competitions, such as sporting events.

E.8.4. Use of Common Areas. The Association, in its sole discretion, may prohibit or restrict the use of the Property's recreational facilities by persons or groups which, in the opinion of the board, are or may be representing, discussing, advocating, or planning a Divisive Activity.

E.8.5. Duty to Be Civil. In verbal, written, and face-to-face communications and encounters within or related-to The Arbor at Willow Grove, each person will endeavor to be civil and business-like, if not friendly. Without limitation, this applies to communications among Association leaders, between Association leaders and owners, between Association representatives and owners, as well as among owners and residents.

E.8.6. Harassment Not Authorized. No provision of the Declaration or other Governing Document may be interpreted as authority for one owner to harass, inconvenience, tyrannize, or otherwise impose himself on another owner or the owner's lot, or on leaders or representatives of the Association.

E.9. COLOR CHANGES. The colors of buildings, fences, exterior decorative items, window treatments, and all other improvements on a lot are subject to regulation by the Architectural Reviewer. Because the relative merits of any color are subjective matters of taste and preference, the Architectural Reviewer determines the colors that are acceptable to the Association. No change or addition of colors that are visible from the street or a common area is permitted without the prior written approval of the Architectural Reviewer.

E.10. DECLARANT PRMLEGES. Declarant has reserved a number of rights and privileges to use the Property in ways that are not available to other owners and residents, as provided in Appendix B of the Declaration. Declarant's exercise of a Development Period right that appears to violate a rule or a use restriction of this Article does not constitute waiver or abandonment of the restriction by the Association as applied to owners other than Declarant.

E.11. DRAINAGE. No person may interfere with the established drainage pattern over any part of the Property unless an adequate alternative provision for proper drainage has been approved by the board.

E.12. DRILLING. Activity pertaining to the exploration, extraction, or transportation of oil, gas, water, minerals, or geothermal gasses ls prohibited everywhere on the Property, unless expressly permitted by a document that was publicly recorded before the Declaration.

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E.13. DRIVEWAYS. The driveway portion of a lot may not be used for any purpose that interfereYWth its ongoing use as a route of vehicular access to the garage. Without the board's prior approval, a driveway may not be used: (1) for storage purposes, including storage of boats, trailers, and inoperable vehicles; or (2) for repair or restoration of vehicles.

E.14. FIRES. Except for outdoor grilling, outdoor fireplaces, and outdoor fire pits, open flames and fires - such as bonfires, campfires, and trash burning - are prohibited on the Property.

E.15. FLAGS. The United States flag ("Old Glory"or"Stars & Stripes") and/or the Texas state flag ("Lone Star Flag") may be displayed at any time, subject to this Section. Additionally, a flag of the United States Armed Services may be displayed on may be flown on Armed Forces Day, Memorial Day, Flag Day, Independence Day, Veterans Day, Pearl Harbor Day, and the annual anniversary of the Armed Service branch. A displayed flag must be in good condition at all times. A permitted flag must be displayed in a respectful manner and in compliance with the established standards of flag etiquette and recommended procedures for flag displays, such as the Federal Flag Code, Public Law 94-344, which are hereby adopted as rules of the Association for purposes of flag displays in the Property. No aspect of a flag, flagpole, and mounting apparatus may be unsightly, controversial, or offensive in the eyes of the Board. No other types of flags, pennants, banners, kites, or similar types of displays are permitted on a lot if the display is visible from a street or common area. The Association may adopt additional rules regarding the sizes of flags, and the height, size, illumination, location, and number of flagpoles.

E.16. GARAGES. Without the board's prior written approval, the original garage area of a lot may not be enclosed or used for any purpose that prohibits the parking of two standard-size operable vehicles therein. Garage doors are to be kept closed at all times except for limited periods when the resident Is actively using the garage (such as in connection with yard maintenance) and when a vehicle is entering or leaving.

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EVERY RESIDENT OF THE ARBOR AT WILLOW GROVE
IS EXPECTED TO COMPLY WITH THESE RULES
AND WITH RULES PUBLISHED BY THE BOARD OF DIRECTORS.

E.17. "GARAGE SALES". The Association may adopt rules limiting the frequency, location, and signage of garage sales, yard sales, estate sales, rummage sales, and other types of merchandise sales activities that may be expected to attract the public to the Property.

E.18. GUNS. Hunting and shooting with any type of weapon are not permitted anywhere on or from the Property. The Association is not required to enforce this provision by confronting an armed person.

E.19. HOOPS. Portable basketball goals may be used in unfenced yards and on private driveways in The Arbor at Willow Grove during periods of active play, if the portable goals are removed from sight when not in use. Except for the temporary use of portable basketball goals, recreational or sporting equipment may not be placed, attached, mounted, or installed in a front yard, on a front driveway, in an unfenced portion of a side yard, or on the street side exterior portion of a dwelling, without the Architectural Reviewer's prior written approval. If the Architectural Reviewer grants approval for such equipment, the approval may be revoked if the equipment is not maintained or used, or if it becomes unsightly. Recreational or sporting equipment, including portable goals, found on a street or cul-de-sac, or in the right-of-way of a street or cul-de-sac, is subject to removal without notice by the Association without liability for damage to said equipment.

E.20. LAUNDRY. The outdoor drying of clothes, linens, and other laundered fabrics is permitted subject to the following limitations for any drying laundry that is visible from a street or a neighboring lot. Fabrics must be monitored and removed when dry, before nightfall, and during inclement weather. Fabrics must be adequately secured and neatly hung from a clothesline that is designed and installed for that purpose. Fabrics may not be placed to dry on or from any other item on a lot, such as fences, trees, and jungle gyms. This limited authority applies only to household fabrics that are customary by type and quantity. Owner will make a diligent effort to position the clothesline where it will be least visible to people on the street, and neighboring lots. Screening devices must be used to completely shield the view of

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laundry from the subdivision entrances, the common area with the community swimming pool, street iXt hectlons *of* G. bends, and - during the Development Period - from model homes.

E.21. LEASING OF HOMES. Subject to limitations and rules adopted by the Association, an owner may lease the dwelling on his lot. No lease term may be less than 90 days, except for month-to-month automatic renewals following a primary term of at least 6 months. No Rent House may be used for transient or hotel purposes, or any purpose that results in changes of occupants more often than once every 90 days. No house may be subdivided for rent purposes. Not less than an entire house may be leased (i.e., no boarding house use). Toe prohibition on high-turnover rentals is warranted by the real or perceived disparity of behaviors and lifestyles between vacationers and full-time residents. Whether or not it is so stated in a lease, every lease is subject to the Governing Documents. An owner is responsible for providing his tenant with copies of the Governing Documents and notifying him of changes thereto. Failure by the tenant or his invitees to comply with the Governing Documents, federal or state law, or local ordinance is deemed to be a default under the lease. When the Association notifies an owner of his tenant's violation, the owner will promptly obtain his tenant's compliance or exercise his rights as a landlord for tenant's breach of lease. If the tenant's violation continues or is repeated, and if the owner is unable, unwilling, or unavailable to obtain his tenant's compliance, then the Association has the power and right to pursue the remedies of a landlord under the lease or state law for the default, induding eviction of the tenant. Toe owner of a leased lot is liable to the Association for any expenses incurred by the Association in connection with enforcement of the Governing Documents against his tenant. Toe Association is not liable to the owner for any damages, including lost rents, suffered by the owner in relation to the Association's enforcement of the Governing Documents against the owner's tenant. *(See "Rent Houses" and "Lease Signs" below.)*

E.22. LIGHTS - EXTERIOR. Light sources should be unobtrusive or concealed and shielded to prevent glare. Light should not be allowed to spillover on neighboring lots. Flood lights must be directed away from neighboring lots. "Barnyard" or sodium vapor lights are not permitted. Colored lights are not permitted. Tree up-lights should be concealed underground or in shrub masses.

E.23. MAILBOXES. An individual mailbox is not permitted on a lot for which the U. S. Postal Service delivers mail to a central bank of mailboxes.

E.24. NOISE & ODOR. A resident must exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb or annoy residents of neighboring lots. The Rules may prohibit the use of noise-producing security devices and windchimes.

E.25. OCCUPANCY. Other than the completed principal house, no thing or structure on a lot may be occupied as a residence at any time by any person. This provision applies, without limitation, to the garage, mobile homes, campers, and storage sheds. The board may adopt rules regarding the maximum number and the relationships of people who may occupy a house at one time. The Association's occupancy standard for residents who qualify for familial status protection under the fair housing laws may not be more restrictive than the minimum (i.e., the fewest people per unit) permitted by the U. S. Department of Housing and Urban Development. If the rules fail to establish occupancy standards, the maximum number of people permitted per dwelling is 2 persons per bedroom per dwelling, which is the HUD threshold for familial status protection in the era in which these Use Restrictions are drafted.

E.26. RENT HOUSES. Toe owner of a Rent House is responsible to the Association for periodic inspection and supervision of the appearance, condition, and maintenance of the yards and Rent House exteriors to ensure that the Rent House and lot are maintained to a level that is at least commensurate with the neighborhood standard and in compliance with the Declaration. An owner may not delegate to the occupants of his Rent House the owner's responsibility for inspection and supervision. *(See "leasing of Homes" above, and "Lease Signs" below.)*

E.27. RESIDENTIAL USE. The use of a house lot is limited exclusively to residential purposes or any other use permitted by the Declaration, including limited business uses described above.

E.28. SCREENING. Toe Architectural Reviewer may require that the following items must be screened from the view of the public and neighboring lots and dwellings, if any of these items exists on the lot: (1) satellite reception equipment; (2) clotheslines, drying racks, and hanging clothes, linens, rugs, or textiles of any kind; (3) yard maintenance equipment; (4) wood piles and compost piles; (5) accessory structures that do not have prior approval of Architectural Reviewer; (6) garbage cans and refuse containers; (7) anything determined by the board to be unsightly or inappropriate

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for a residential subdivision. Screening may be achieved with fencing or with plant material, such as trees and bushes, or any combination of these. If plant material is used, a reasonable period of time is permitted for the plants to reach maturity as an effective screen. As used in this Section, "screened from view" refers to the view of a person in a passenger vehicle driving on a street or alley, or the view of a person of average height standing in the middle of a yard of an adjoining lot. "Screened from view" does not pertain to the view from a second floor window.

E.29. SIGNS. Except as permitted below, no sign or unsightly object may be erected, placed, or permitted to remain on the Property or to be visible from windows in the dwelling without the board's prior written approval. The board's approval may specify the location, nature, appearance, dimensions, number, and time period of a sign or object. Without liability for trespass or any other liability connected with the removal, the board may effect the immediate removal of any sign or object (1) that vlolates this Section, (2) which the board deems inconsistent with neighborhood standards, or (3) which the board deems an abuse of the below-permitted sign uses. As used in this Section, "sign" includes, without limitation, lettering, images, symbols, pictures, shapes, lights, banners, and any other representation or medium that conveys a message.

E.29.1. Contractor Signs Prohibited. If the rules fail to establish standards for temporary signs advertising the contractor or material manufacturer working at a house, all such contractor signs are prohibited without the prior written approval of the board.

E.29.2. Event Signs. A resident may erect or install on his lot - for up to 24 hours - one temporary sign identifying his home as the site of a social event.

E.29.3. Inflammatory Signs Prohibited. Even among the categories of permitted signs, the board may disallow, prohibit, and remove a particular sign that the Association directors unanimously consider to be (1) provocative, vulgar, or profane for the sensitivities of the Property's residents, (2) likely to incite violence, fear, or disruptive counter-activity, (3) denigrating of a resident or owner, or category of residents or owners, (4) likely to negatively affect the image of the Property as a desirable place to own and occupy, or (5) otherwise unsuitable for the Property.

E.29.4. Lease Signs. The right to lease a house is not the right to post a "for lease" sign in the yard. Without the board's prior written permission, which may be withheld, no person may post or maintain a sign anywhere on the Property that advertises a house for rent, for lease, or available for any type of non-ownership occupancy. This blanket prohibition includes, without limitation, yard signs, signs in or on windows, and signs on vehicles. If the board grants permission, it may establish criteria for the number, location, appearance, and quality of the sign. *{See "Leasing of Homes" and "Rent Houses" above)*

NO "FOR LEASE" OR "FOR RENT" SIGNS

E.29.5. Political Signs. If public law - such as Texas Property Code Section 202.009 and local ordinances - grants an owner the right to place political signs on the owner's lot, the Association may not prohibit an owner's exercise of such right. The Association may adopt and enforce Rules regulating every aspect of political signs on owners' lots to the extent not prohibited or protected by public law. Unless the Rules or public law provide otherwise (1) a political sign may not be displayed more than 90 days before or 10 days after an election to which the sign relates; (2) a political sign must be ground-mounted; (3) an owner may not display more than one political sign for each candidate or ballot item; and (4) a political sign may not have any of the attributes itemized in Texas Property Code Sec. 202.009(c), to the extent that statute applies to the lot.

E.29.6. Sale Signs. An owner who is actively marketing his lot for sale may place in the front yard one professionally-made traditional yard sign of not more than 6 square feet advertising the lot for sale. Only one such sign is allowed per lot, and only on the lot that is being actively marketed. All aspects of the sign, including the height, shape, color, material, wording, and placement must be customary for the neighborhood.

E.29.7. Security Signs. One professionally made security service sign of not more than one square foot is permitted per lot.

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E.29.8. Spirit Signs. A resident may erect or install temporary yard signs celebrating **WQ"'ily** event,PG. such as a baby's arrival or a child's school achievement. **A** spirit sign must be tasteful, modest in size, maintained in good condition, and removed by resident after a reasonable period.

NO SIGNS IN WINDOWS, NO HOW, NO WAY

E.29.9. Window Signs Prohibited. A sign in a window, on a window, or visible through a window is prohibited if the sign is visible from the street or from a neighboring home. "Window" includes a door, lite, or pane that is transparent.

E.30. SPECIFIC USES. A common area that has a specific use may not be used for any other purpose without the prior written consent of the board.

E.31. TELEVISION. Each resident of the Property will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, electronic, microwave, cable, or satellite reception on the Property. Antennas, satellite or microwave dishes, and receiving or transmitting towers that are visible from a street are prohibited within the Property, except a satellite dish that Is one meter or less In diameter and designed to receive direct broadcast satellite service (the "Dish") is permitted If located in a fenced yard or attached to or mounted on the rear wall of a structure below the eaves. If an owner determines that a Dish cannot be located in compliance with the above guidelines without precluding reception of an acceptable quality signal, the owner may install the Dish in the least conspicuous location on the lot where an acceptable quality signal can be obtained. The Association may adopt reasonable rules for the location, appearance, camouflaging, installation, maintenance, and use of the Dish to the extent permitted by public law.

E.32. TEMPORARY STRUCTURES. Except for "accessory sheds" as described above, improvements or structures of a temporary or mobile nature, such as tents, portable sheds, and mobile homes, may not be placed on a lot if visible from a street. However, an owner or owner's contractor may maintain a temporary structure (such as a portable toilet or construction trailer) on the lot during construction of the dwelling.

E.33. TRASH. Each resident will endeavor to keep the Property dean and will dispose of all refuse in receptacles designated specifically by the Association or by the City for that purpose. Trash must be placed entirely within the designated receptacle. No lot or common area may be used as a dumping ground or as a site for the accumulation of unsightly materials. The board may adopt, amend, and repeal rules regulating the visibility of trash receptacles and the disposal and removal of trash from the Property.

E.34. VEHICLES. All vehicles on the Property, whether owned or operated by the occupants or their invitees, are subject to this Section and Rules adopted by the board. The board may adopt, amend, and repeal rules regulating the types, sizes, numbers, conditions, uses, appearances, and locations of vehicles on the Property. The Association may effect the removal of any vehicle in violation of this Section or the Rules without being liable to the owner or operator of the vehicle.

E.34.1. Applicability to Public Streets. The provisions of this "Vehicles" Section do not apply to public streets unless: (1) a public law or ordinance enables or authorizes the powers and restrictions created by this Section, or (2) appropriate powers are delegated to the Association by the MUD or other appropriate governmental entity, pursuant to the Declaration.

E.34.2. Repairs & Storage. Without the board's prior approval, a driveway or street may not be used for repair or restoration of vehicles, or for storage purposes, including storage of boats, trailers, and inoperable vehicles.

E.34.3. Prohibited Vehicles. Vehicles that are not prohibited below may park on streets if curbside parking Is permitted, subject to the continuing right of the Association to adopt reasonable rules about curbside parking if circumstances warrant. Without prior written board approval, the following types of vehicles and vehicular equipment - mobile or otherwise - may not be kept, parked, or stored anywhere on the Property - including overnight parking on streets and driveways=If the vehicle is visible from a street: mobile homes, motor

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homes, buses, trailers, boats, aircraft, inoperable vehicles, commercial truck cabs, trucks with tonnag g one ton, vehicles which are not customary personal passenger vehicles, and any vehicle which the board deems to be a nuisance, unsightly, or inappropriate. This restriction does not apply to vehicles and equipment temporarily on the Property in connection with the construction or maintenance of a dwelling. Vehicles that transport inflammatory or explosive cargo are prohibited from the Property at all times. G.

E.35. WATER & WASTE. Individual water supply (wells) and sewage disposal systems (septic tanks) are prohibited.

E.36. **WINDOW** TREATMENTS. All window treatments within the dwelling that are visible from the street must (1) appear to be white, off white, or other light neutral color, (2) be maintained in good condition, and (3) not detract from the appearance of The Arbor at Willow Grove. The use of multi colors, bright colors, bold prints, stripes, and bed sheets is prohibited. The Architectural Reviewer may require an owner to change or remove a window treatment that the Architectural Reviewer determines to be inappropriate or unattractive. The Architectural Reviewer may prohibit the use of certain colors or materials for window treatments.

ONE PERSON'S TREASURE IS ANOTHER PERSON'S TRASH.

E.37. YARD ART. The Association is interested in the appearance of all portions of a house lot that are visible from the street, including yards, porches, sidewalks, window sills, and chimneys (hereafter, collectively, the "yard"). Some changes or additions to a yard may defy easy categorization as an improvement, a sign, or landscaping. This Section confirms that all aspects of a visible yard are within the purview of the Architectural Reviewer, including, without limitation, the installation of religious, cultural, or educational items; the shape of pruned shrubs; the number, shapes, and uses offlower beds; and the integration of items such as wheelbarrows, boulders, and driftwood Into the landscaping. The use of any decoration, sculpture, fountain, flag, and similar items on any portion of the yard is prohibited without the prior written approval of the Architectural Reviewer unless (1) the item is expressly permitted by the Declaration, or (2) the item is placed within a fenced yard, (3) the item is no taller than the fence, and (4) the fence blocks the view of the item at ground level.

{End of Chapter E)

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CERTIFICATION & ACKNOWLEDGMENT

Declarant adopts and executes this Specifications Supplement by the same authority Declarant adopts and executes the Declaration that is supplemented by the Chapters included herein.

SIGNED on this 7 day of April 2010.

HEDGEWOOD PARTNERS, LIMITED, a Texas limited partnership

By: BUZZARD PROPERTIES, LLC, a Texas limited liability company, its general partner

By: _____
Dick Frazier, Manager

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on this 7 day of April 2010 by Dick Frazier, Manager of Buzzard Properties, LLC, a Texas limited liability company, on behalf of the company in its capacity as general partner of Hedgewood Partners, Limited, a Texas limited partnership, on behalf of the limited partnership.

_____
Notary Public, The State of Texas

CHRISTINE J FRAZIER
My Commission Expires
September 06, 2010

AFTER RECORDING, PLEASE RETURN TO:
Sharon Reuler, P.C.
5400 LBJ Freeway, Suite 1200
Dallas, Texas 75240

This supplements the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove

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IYPE OF DOCUMENT: RESTR1CT1ONS

THE STATE OF TEXAS

COUNTY OFELLIS

THE ARBOR AT WILLOW GROVE

AMENDMENT TO SPECIFICATIONS SUPPLEMENT

RE: FENCE MATERIALS

RECITALS

A. Property. The Arbor at Willow Grove Phase One is an addition to the City of Waxahachie, Texas, according to the plat thereof recorded on December 10, 2007, in Cabinet H, Slide 498, Plat Records, Ellis County, Texas.

B. Specifications Supplement. The Property is subject to The Arbor at Willow Grove Specifications Supplement, recorded on April 9, 2010, as Instrument No. 1008309, in Volume 02506, Page 0376, Real Property Records, Ellis County, Texas, as it may be further amended or supplemented from time to time (the **"Specifications Supplement"),** which supplements the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded on April 9, 2010, as Instrument No. 1008308, in Volume 02506, Page 0319, Real Property Records, Ellis County, Texas, having been previously recorded on December 10, 2007, as Instrument No. 0735036, in Volume 2355, Page 2115, Real Property Records, Ellis County, Texas, as it may be further amended or supplemented from time to time (collectively, the **"Declaration").**

C. Declarant. D. R. Horton - Texas, Ltd., a Texas limited partnership, is the **"Declarant"** of The Arbor at Willow Grove, pursuant to the Declaration and the instrument of assignment recorded on April 14, 2010, as Instrument No. 1008841, in Volume 02507, Page 0814, Real Property Records, Ellis County, Texas.

D. Purpose. The purpose of this Amendment is to correct and clarify the requirement for fence materials.

E. Authority. During the Development Period, which ends on December 9, 2027, Declarant has the right to amend the Specifications Supplement unilaterally pursuant to Section B.6.8 of Appendix B of the Declaration.

AMENDMENT

Subsection C.2.1 *(tiUed "Materials"}* of Section C.2 *(titled "Fence Specifications"}* of Chapter C *(titled "Fence Specifications for The Arbor at Willow Grove"}of* the Specifications Supplement is hereby amended and restated in its entirety as follows:

> C.2.1. Materials. Material used for new fences and replacement fences must conform to the standard for the subdivision, unless the Architectural Reviewer approves a different material for a specific location and use. The material for the initial subdivision standard is wood, specifically spruce. Barbed wire and chain link fencing are prohibited, and are not included within the meaning of "iron," "metal," or "steel" fence materials if those terms are used as permitted materials in the Governing Documents or in an authorization by the Architectural Reviewer.

FILED FOR RECORD - ELLIS COUNTY, TEXAS
INST NO. 1111661 FILING DATE/TIME: Jun 16, 2011 at 01:59:00 PM

EXECUTION

s1GNE0 on the l°?ti- day of June 2011.

D.R. HORTON -TEXAS, LTD., a Texas limited partnership

By: D.R. HORTON, INC., a Delaware corporation, its authorized agent

By: QJ J

David L. Booth, Assistant Vice President

THE SfATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on this \ day of June 2011 by David L. Booth, Assistant Vice President of D. R. Horton, Inc., a Delaware corporation, on behalf of said corporation in its capacity as authorized agent for D. R. Horton - Texas, Ltd., a Texas limited partnership, on behalf of the limited partnership.

to

Notary Public, The State of Texas

KAREN HEAD
MY COMMISSION EXPIRES
JanuaJy 3. 2013

AFTER RECORDING, PLEASE RETURN m:
Sharon Reuler, P.C.
PO Box 670401
Dallas, Texas 75367-0401

02573 2266

VOL. PG.

FILED FOR RECORD - ELLIS COUNTY, TX
INST NO. 1111661
on Jun 16, 2011 at 01:59:00 PM

Any provi1i()fl fr A!td,"\ (c}. lh• sale rental or UH of this rr.\tf \:) 'fly because of color or race i5 invalid end unenforceebie under federat law
STATE OF TEXAS, COUNTY OF ELLIS
I hereby certify thta instn.1111ent was ffled on the date and time stamped herein and was duly rec!Orded in the volume and page of the OFFICIAL PUBLIC RECORDS of Eltts County Texas as .

CO COUN"IY **TEXAS**

02506 0397

VOL. PG.

FILED FOR RECORD - ELLIS COUNTY, TX
INST NO. 1908309
on Apr 09, 2010 at 09:55:00 AM

SCANNED

Any provision herein which restricts the sale, rental, or use of this described real property because of qolor or

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I hereby certify this instrument was flied on the date and time stamped herein and was duly recorded In the volume and page of tha OFFICIAL PU8I.IC RECORDS of Ellis County Texas as eel he"on.

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COUNTY lERK. E!fus COUNTY, TIMI

20tu APR 14 AM IQ: 15

FILED FOR RECORD
CINDY POLLEY
ELLIS COUNTY CLERK

THE STATE OF TEXAS §
§
COUNTY OF ELLIS §

ORIGUIAL FILED

ASSIGNMENT OF DECLARANT STATUS

FOR THE ARBOR AT WILLOW GROVE IN WAXAHACHIE, TEXAS

EFFECTIVE DATE: The date on which this instrument is publicly recorded in Ellis County, Texas

ASSIGNOR: Hedgewood Partners, Limited
Address: 3629 Wooded Creek Circle, Arlington, Texas 76016 (Tarrant County)

ASSIGNEE: D. R. Horton - Texas, Ltd.
Address: 4306 Miller Road, Suite A, Rowlett, Texas 75088 (Dallas County)

PROPERTY: The Arbor at Willow Grove Phase One, an addition to the Oty of Waxahachie, Texas, according to the plat thereof recorded in cabinet H, Slide 498, Plat Records, Ellis County, Texas.

PURPOSES: This instrument serves the following functions:

- Assignment and Assumption of Declarant & Development Rights
- Notice of Successor Declarant
- Notice of Removal and Replacement of Association Directors & Officers
- Notice of Change of Architectural Reviewer
- Notice of Architectural Approvals & Variances

OPENING RECITALS

A. Hedgewood Partners, Limited, is the original Declarant of The Arbor at Willow Grove, the above described Property, which is subject to and described in the Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded on December 10, 2007, as Instrument No. 0735036, in Volume 2355, Page 2115, Official Public Records, Ellis County, Texas, as amended by the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded or to be recorded contemporaneously with this Assignment (the **"Declaration").**

B. Assignee is an owner of lots in the Property, having purchased lots from Assignor by the instruments recorded on January 19, 2010, in Volume 2490, Page 2294, and on January 25, 2010, in Volume 2491, Page 1447, Official Public Records, Ellis County, Texas.

C. Assignor desires to assign, and Assignee desires to assume, the rights, powers, and duties as the sole Declarant under the Declaration, as the term "Declarant" is defined in the Declaration, for all purposes from and after the Effective Date.

D. The Declaration authorizes Assignor, as Declarant, to designate a successor Declarant.

ASSIGNMENT AGREEMENTS

For Ten Dollars and other good and valuable consideration received by Assignor from Assignee, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignment of Declarant & Development Rights. Assignor does hereby ASSIGN, DESIGNATE, GRANT, TRANSFER, and CONVEY to Assignee all of Assignor's rights, titles, interests, powers, reservations, prtvileges, and responsibilities as "Dedarant" under the Declaration, subject to the terms of this Assignment.

2. Assumption of Declarant & Development Rights. Assignee does hereby ACCEPT the assignment, designation, grant, transfer, and conveyance, subject to the terms of this Assignment, and does hereby AGREE to be bound by, perform, and assume the rights, titles, interests, powers, reservations, privileges, and responsibilities as "Declarant" under the Declaration from and after the Effective Date.

ASSIGNMENT NOTICES

The parties further agree to give the following notices:

1. Notice of Successor Declarant. Beginning on the Effective Date of this Assignment, Assignee is the sole Declarant as defined in the Declaration.

2. Notice of Removal and Replacement of Association Directors & Officers. By the Effective Date, Assignor will remove each and every Association director and officer appointed by Assignor in its capacity as Declarant. Assignee, as the successor Declarant, will promptly appoint persons to fill the board and office vacancies created by Assignor's removal.

3. Notice of Change of Architectural Reviewer. By the Effective Date, Assignor will remove each and every member of the Architectural Control Committee appointed by Assignor in its capacity as Declarant. Assignee, as the successor Declarant, will promptly designate the Architectural Reviewer for the Property. From and after the Effective Date, Assignee or Assignee's appointees are responsible for enforcement of the Declaration's architectural controls.

4. Notice of Architectural Approvals & Variances for Assignee. As required by the Declaration, Assignee submitted house plans - for the lots that Assignee purchased and proposed to purchase from Assignor - to the Architectural Control Committee appointed by Assignor, which approved said plans. Any variation from the specifications in the Declaration have been approved by Assignor's Committee as waivers. In connection with the transfer of development rights, the Assignor's Committee hereby assigns those plan approvals to the Assignee-appointed Architectural Reviewer for ratification.

REPRESENTATIONS &. WARRANTIES

By signing below, Assignor and Assignee make the following representations and warranties:

1. Assignee and Assignor are not affiliated entities.

2. Assignor has not previously conveyed or assigned any of its rights, titles, interests, powers, and duties as "Declarant" under the Declaration.

3. Assignee accepts in-"as is" condition and without warranty, the documents created by Assignor for the Property, including the plat, the Declaration, and the Bylaws and Articles of the Association.

4. Assignor warrants that as of the Effective Date the improvements on every lot on which a house has been constructed and completed are deemed to be acceptable to the Architectural Control Committee appointed by Assignor, and that a waiver or variance Is deemed to have been granted for any feature that does not comply with the architectural and construction specifications in the Declaration.

5. Assignee is subject to the obligations and llabilltles imposed by the Declaration on the Declarant, other than, if any, (1) a misrepresentation made by Assignor, (2) a warranty obligation on improvements made by Assignor, and (3) a breach of duty by Assignor or by Assignor's appointees to the Association's board of directors or to the Architectural Control Committee.

6. Assignor covenants and agrees to indemnify and hold harmless Assignee from and against any and all liabilities, damages, claims, causes of action, costs, and expenses (such as by way of example, without limitation, reasonable attorneys fees, disbursements, and amounts paid in settlement of claims) relating directly or indirectly to the acts of Assignor, Assignor's appointees to the Architectural Control Committee, Assignor's appointees to the Association's board of directors, and any other person in privity with Assignor in the performance of the obligations, duties, and responsibilities of Declarant under the Declaration or public law, and occurring before the Effective Date.

7. Assignee will make a copy of this instrument available to an owner of each lot in the Property.

8. Assignee will deliver a change of address for the Declarant and/or the Association, as appropriate, to each contractor, agent, vendor, and member of the Association, and will notify the Secretary of State of a change of registered agent and office for the incorporated Association.

CLOSING RECITALS

A. All of the covenants, terms, and conditions set forth in this Assignment are binding on will inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and assigns.

B. This Assignment will be governed by, construed, and interpreted in accordance with the substantive laws of the State of Texas.

C. This Assignment may be executed in counterparts, all of which together will constitute one agreement binding on all parties hereto, even though all parties did not sign the same original or counterpart.

ASSIGNOR (Original Declarant)

HEDGEWOOD PARTNERS, UMITED, a Texas limited partnership

By: BUZZARD PROPERTIES, LLC, a Texas limited liability company, its general partner

By: _____
Dick Frazier, Manager

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on this /--1;:!:-- day of April 2010 by Dick Frazier, Manager of Buzzard Properties, LLC, a Texas limited liability company, on behalf of the company in its capacity as general partner of Hedgewood Partners, Limited, a Texas limited partnership, on behalf of the limited partnership.

Notary Public, The State of Texas

CHRtsTINE J. FRAZIER
Nota,y Public, State of Texas
My Commission Expires
Sctptember 08, 2010

ASSIGNEE (Successor Declarant}

D. **R. HORTON - TEXAS, LTD.,** a Texas limited partnership

By: D. R. HORTON, INC., a Delaware corporation, its authorized agent

By: _____
David L. Booth, Assistant Vice President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on this 10 day of April 2010 by David L. Booth, Assistant Vice President of D. R. Horton, Inc., a Delaware corporation, on behalf of said corporation in its capacity as authorized agent for D. R. Horton - Texas, Ltd., a Texas limited partnership, on behalf of the limited partnership.

_____
Notary Public, The State of Texas

KAREHHEAD
MY COMMISSION EXPIRES
.1a11111y 3, 2013

AFTER RECORDING, PLEASE RETURN TO:
Sharon Reuler, P.C.
54-00 LBJ Freeway, Suite 1200
Dallas, Texas 75240

REC **NO: 445826**

Ellis County, Texas

Cindy Polley, County Clerk
P. 0. Box250
Waxahachie, Texas 75168
(972) 923-5070

DATE: 04/14/2010 TIME : 09:55am

YOUR CASHIER WAS: KPUTMAN REGISTER NO : 25

RECVD FROM: SHARON REULER PC

ITEM DESCRIPTION	GFE NO.	CLERK/CAUSE NO.	QTY	FEES DUE
OFFICIAL PUBLIC RECORDS		1008841	4	$ 28.00
		AMOUNT DUE		$ **28.00**

----AMOUNT TENDERED------

CASH RECEIVED	$0.00
CHECKS RECEIVED	$28.00
CC RECEIVED	$0.00
TIME SERVED	$0.00
WAIVED FEES	$0.00
DEPOSITORY DEBIT	$0.00
DIRECT DEPOSIT	$0.00
TOTAL PAYMENTS	**$28.00**

---------- TRANSACTION SUMMARY ---

TOTAL PAYMENTS	$28.00
AMOUNT DUE	$28.00
CHANGE DUE BACK	**$0.00**

--- **CHECKS or MONEY ORDERS** ---

1 Check or Money Order Received

CK#6599 $ 28.00

REC **NO. 445826** CLOSED

Thank you

p
County Clerk

20/2

(To be recorded in Ellis County, Texas)

THE ARBOR AT WILLOW GROVE

DECLARATION AMENDMENT

RE: ASSESSMENT LIABILITY OF FORMER DECLARANT

Amending the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove

RECITALS

A. Property. The Arbor at Willow Grove Phase One is an addition to the City of Waxahachie, Texas, according to the plat thereof recorded on December 10, 2007, in Cabinet H, Slide 498, Plat Records, Ellis County, Texas.

B. Declaration. The Property is subject to the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded on April 9, 2010, as Instrument No. 1008308, in Volume 02506, Page 0319, Real Property Records, Ellis County, Texas, having been previously recorded on December 10, 2007, as Instrument No. 0735036, in Volume 2355, Page 2115, Real Property Records, Ellis County, Texas, as it may be further amended or supplemented from time to time (collectively, the **"Declaration").**

C. Declarant. D. R. Horton - Texas, Ltd., a Texas limited partnership, is the **"Declarant"** of The Arbor at Willow Grove, pursuant to the Declaration, having succeeded Hedgewood Partners, Limited (the **"Original Declarant"),** as evidenced by the instrument of assignment recorded on April 14, 2010, as Instrument No. 1008841, in Volume 02507, Page 0814, Real Property Records, Ellis County, Texas.

D. Purpose. The purpose of this Declaration Amendment is to confirm and memorialize a condition of the assignment of Declarant rights that occurred on April 14, 2010, regarding the Original Declarant's future obligation for assessments on lots it continues to own.

E. Authority. During the Development Period, which ends on December 9, 2027, Declarant has the right to amend the Declaration unilaterally pursuant to Section B.6.8 of Appendix B of the Declaration.

AMENDMENTS

1. In Article 9 of the Declaration *(titled "Covenant for Assessments),* Section 9.6 *(titled "Declarant Obligation")* is hereby amended and restated in its entirety as follows:

> 9.6. DECLARANT OBLIGATION. Declarant's obligation for and exemption from assessments is described in Appendix B. Unless Appendix B creates an affirmative assessment obligation for Declarant, a lot that is owned by Declarant, or a lot which Declarant has contracted to purchase, is exempt from mandatory assessment by the Association during the Development Period. Appendix B may also exempt from assessment during the Declarant Control Period only lots owned by a former Declarant who transfers all of its Declarant rights and statuses. Declarant has a right to reimbursement for any assessment paid to the Association by Declarant during the Development Period, but only after the Declarant Control Period. This provision may not be construed to prevent Declarant from making a loan or voluntary monetary donation to the Association, provided it is so characterized.

FILED FOR RECORD - ELLIS COUNTY, TEXAS
INST NO. 1111660 FILING DATE/TIME: Jun 16, 2011 at 01:59:00 PM

2. In Appendix B of the Declaration *(titled "Declarant Rights & Reservations"),* Section B.4 *(titled "Declarant Control Period Reservations-Financial")* is hereby amended by the addition of Subsection B.4.9, as follows:

B.4.9. Assessment Obligation of Former Declarant. During the Declarant Control Period only, a vacant lot owned by a former Declarant is exempt from assessment by the Association if the lot was owned by the former Declarant at the time it assigned its Declarant status to a successor Declarant.

EXECUTION

SIGNED on the day of June 2011.

D. R. HORTON - TEXAS, LTD., a Texas limited partnership

By: D. R. HORTON, INC., a Delaware corporation, its authorized agent

By: -1.'"av. (....L Bo-rwi:...oth.As-s-is-ta n t V ic e P r es-id....e-nt

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on this \:) day of June 2011 by David L. Booth, Assistant Vice President of D. R. Horton, Inc., a Delaware corporation, on behalf of said corporation in its capacity as authorized agent for D. R. Horton - Texas, Ltd., a Texas limited partnership, on behalf of the limited partnership.

Notary Public, The State of Texas

KAREN HEAD
MY COMMISSION EXPIRES
Janua,y 3, 2013

AFTER RECORDING, PLEASE RETURN TO:
Sharon Reuler, P.C.
PO Box 670401
Dallas, Texas 75367-0401

02513 2263

VOL. PG.

SCANNED

Any provi,kin hera"1 which rHtrlcts the Nie rental or use of lhl• deecribed real property becau•• of color or race la invalld and unenforceable under federal law STATE OF TEXAS, COUNTY OF ELLIS J cettify thts inslru--nt was ffled on the date and time atamped herein andWduly reoorded In the vok,ime and **page** of the OFFICIAL PUBLIC RECORDS of Elffo County 'Texas as . **h;t"·**

• CO ER S COUNTY TEXAS

FILED FOR RECORD - ELLIS COUNTY, TX
INST NO. 1111660
on Jun 16, 2011 at 01:59:00 PM

VII.

RESOLUTIONS

**FIRST SUPPLEMENT TO THE
NOTICE OF FILING OF DEDICATORY INSTRUMENTS
FOR
THE ARBOR AT WILLOW GROVE
PURSUANT TO SECTION 202.006 OF THE TEXAS PROPERTY CODE**

STATE OF TEXAS §
§ **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF ELLIS §

THIS FIRST SUPPLEMENT TO THE NOTICE OF FILING OF DEDICATORY INSTRUMENTS FOR THE ARBOR AT WILLOW GROVE PURSUANT TO SECTION 202.006 OF THE TEXAS PROPERTY CODE (this "Notice") is made this ---"---'-- day of _f Dv rfl }}e **,** 2011, by The Arbor at Willow Grove Homeowners Association, Inc. (the "Association").

W I T N E S S E T H:

WHEREAS, Hedgewood Partners Limited ("Declarant") prepared and recorded an instrument entitled "Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove" on or about April 9, 2010, as Instrument No. 1008308 of the Real Property Records of Ellis County, Texas (the "Declaration"); and

WHEREAS, the Association is the property owners' association created by the Declarant to manage or regulate the planned development subject to the Declaration, which development is more particularly described in the Declaration; and

WHEREAS, Section 202.006 of the Texas Property Code provides that a property owners association must file each dedicatory instrument governing the association that has not been previously recorded in the real property records of the county in which the development is located; and

WHEREAS, on or about March 10, 2011, the Association recorded a Notice of Filing of Dedicatory Instruments for The Arbor at Willow Grove, under Instrument No. 1104928 in the Real Property Records of Ellis County, Texas (the "Notice"); and

WHEREAS, the Association desires to record the dedicatory instruments attached as Exhibit "A" in the Real Property Records of Ellis County, Texas, pursuant to and in accordance with Section 202.006 of the Texas Property Code.

NOW, THEREFORE, the dedicatory instruments attached hereto as ***Exhibit "A"*** are true and correct copies of the originals and are hereby filed of record in the Real Property Records of Ellis County, Texas, in accordance with the requirements of Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this First Supplement to the Notice of Filing of Dedicatory Instruments for The Arbor at Willow Grove to be executed by its duly authorized agent as of the date first above written.

FILED FOR RECORD - ELLIS COUNTY, TEXAS
INST NO 1124067 FILING DATE/TIME: Dec 09, 2011 at 04:22:00 PM

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.,
a Texas (\n-pjt•:rp rat

By: 'eL (//_____

Its: Jis-sfv'f

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF ELLIS §

BE-FORE ME, the undersigned authority, on this day personally appeared Dav <\r: '"CA") \-;y.s, '1 P of The Arbor at Willow Grove Homeowners Association, Inc., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed on behalf of said corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 29 day of November, 2011.

Karen Head
Notary Public, State of Texas

My Commission Expires

KAREN HEAD
MY COMMISSION EXPIRES
January 3, 2013

AFTER RECORDING, RETURN TO:
Riddle & Williams, P.C.
3710 Rawlins Street, Suite 1400
Dallas, Texas 75219

Exhibit "A"

Dedicatory Instruments

A-1 Document Retention Policy

A-2 Document Inspection and Copying Policy

A-3 Alternative Payment Plan Policy

A-4 Rescission of Collection Policies

A-5 Email Registration Policy

A-6 Solar Energy Device Guidelines

A-7 Rainwater Collection Device Guidelines

A-8 Roofing Materials Guidelines

A-9 Flag Display Guidelines

A-10 Religious Itern Display Guidelines

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.

DOCUMENT RETENTION POLICY

WHEREAS, pursuant to Section 209.00S(m) of the Texas Property Code, the Board of Directors of The Arbor at Willow Grove Homeowners Association, Inc. (the "Association") is required to adopt a document retention policy for the Association's books and records.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with the procedures set forth by Chapter 209 of the Texas Residential Property Owners Protection Act, that the following procedures and practices are established for the maintenance and retention of the Association's books, records and related documents, and the same are to be known as the "Document Retention Policy" of the Association.

1. Purpose. The purpose of this Document Retention Policy is to ensure that the necessary records and documents of the Association are adequately protected and maintained.

2. Administration. The Association is in charge of the administration of this Document Retention Policy and the implementation of processes and procedures to ensure that the Records Retention Schedule attached as Exhibit "A" is followed. The Board is authorized to make modifications to this Records Retention Schedule from time to time to ensure that it is in compliance with local, state and federal laws and that the schedule includes the appropriate document and record categories for the Association.

3. Suspension of Record Disposal in Event of Litigation or Claims. In the event the Association is served with any subpoena or request for documents or the Association becomes aware of a governmental investigation or audit concerning the Association or the commencement of any litigation against or concerning the Association, all documents relating or pertaining to such investigation, claim or litigation shall be retained indefinitely, and any further disposal of documents shall be suspended and shall not be reinstated until conclusion of the investigation or lawsuit, or until such time as the Board, with the advice of legal counsel, determines otherwise.

4. Applicability. This Document Retention Policy applies to all physical records generated in the course of the Association's operation, including both original documents and reproductions. It also applies to electronic copies of documents. Any electronic files that fall under the scope of one of the document types on the Records Retention Schedule below will be maintained for the appropriate amount of time. Documents that are not listed on Exhibit "A", but are substantially similar to those listed in the Records Retention Schedule, should be retained for a similar length of time.

5. Definitions. The definitions contained in the governing documents of The Arbor at Willow Grove Homeowners Association, Inc. are hereby incorporated herein by reference.

EXHIBIT
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IT IS FURTHER RESOLVED that this Document Retention Policy is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing reso ution was adopted by the Board of Directors at a meeting of same on // c:)'Z J/ _____ and s not been modified, rescinded or revoked.

DATE: / ./ /.:.....:...:Aat/-'--1_

Secretary

EXHIBIT A- RECORD RETENTION SCHEDULE

A. GOVERNING DOCUMENTS	
All copies of governing documents including but not limited to the Amended & Restated Declaration of Covenants, Conditions, and Restrictions for The Arbor at Willow Grove (the "Declaration"), the Amended & Restated Bylaws of The Arbor at Willow Grove Homeowners Association, Inc. (the "Bylaws"), the Articles oflncorporation of The Arbor at Willow Grove Homeowners Association, Inc. (the "Articles"), Design Guidelines, any rules, regulations or resolutions of the Board of Directors, and any amendments and supplements thereto	Permanently
B. FINANCIAL RECORDS	
Financial records, including each year's budget, tax returns, audits of the Association's financial books and records, copies of all bills paid by the Association or to be paid, the Association's checkbooks and check registers	7 years
C. RECORDS OF OWNERS' ACCOUNTS	
Owners' account records, including assessment account ledgers, architectural review records, violation records, records of fines and any disputes from the owner	5 years
D. CONTRACTS	
Copies of the final, executed contracts with a term of 1 year or more entered into by the Association (and any related correspondence, including any proposal that resulted in the contract and all other supportive documentation)	4 years after expiration or termination
E. MEETING MINUTES	
Minutes of Annual and Special Meetings of the Members, minutes of Board meetings, and minutes of committee meetings (if any)	7 years

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.

DOCUMENT INSPECTION AND COPYING POLICY

WHEREAS, pursuant to Section 209.00S(i) of the Texas Property Code, the Board of Directors of The Arbor at Willow Grove Homeowners Association, Inc. (the "Association") is required to adopt a fecords production and copying policy that prescribes the costs the Association will charge for the compilation, production and reproduction of the Association's books and records.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with the procedures set forth by Chapter 209 of the Texas Residential Property Owners Protection Act, that the following procedures and practices are established for the compilation, production and reproduction of the Association's books and records, and the same are to be known as the "Document Inspection and Copying Policy" of the Association (hereinafter the "Policy").

1. Purpose. The purpose of this Policy is to establish orderly procedures for the levying of fees and to notify owners of the costs to be incurred associated with the compilation, production and reproduction of the Association's books and records in response to an owner's request to inspect the Association's records.

2. Records Defined. The Association's books and records available for inspection and copying by owners are those records designated by Section 209.005 of the Texas Property Code. Pursuant to Section 209.00S(d) of the Texas Property Code, an attorney's files relating to the Association, excluding invoices, are not records of the Association, are not subject to inspection by owners, or production in a legal proceeding. Further, pursuant to Section 209.00S(k), the Association is not required to release or allow inspection of any books and records relating to an employee of the Association, or any books and records that identify the violation history, contact information (other than the address and/or financial information of an individual owner) absent the express written approval of the owner whose information is the subject of the request or a court order requiring disclosure of such information.

3. Individuals Authorized to Inspect Association's Records. Every owner of a lot in the Association is entitled to inspect and copy the Association's books and records in compliance with the procedures set forth in this Policy. An owner may submit a designation in writing, signed by the owner, specifying such other individuals who are authorized to inspect the Association's books and records as the owner's agent, attorney, or certified public accountant. The owner and/or the owner's designated representative are referred to herein as the "Requesting Party."

4. Requests for Inspection or Copying. The Requesting Party seeking to inspect or copy the Association's books and records must submit a written request via certified mail to the Association at the mailing address of the Association or its managing agent as reflected on the

EXHIBIT

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Association's current management certificate. This address is subject to change upon notice to the owners, but the Association's current mailing address as of the adoption of this policy is:

The Arbor at Willow Grove Homeowners Association, Inc.
c/o Lone Star Association Management, Inc
2500 Legacy Drive, Suite 220
Frisco, Texas 75034

The request must contain sufficient detail describing the requested Association's books and records, including pertinent dates, time periods or subjects sought to be inspected. The request must also specify whether the Requesting Party seeks to inspect the books and records before obtaining copies or to have the Association forward copies of the requested books and records to the Requesting Party.

5. Inspection Response. If the Requesting Party elects to inspect the Association's books and records, the Association shall notify the Requesting Party within ten (I 0) business days after receiving the Requesting Party's request of the dates during normal business hours that the Requesting Party may inspect the requested books and records (the "Inspection Notice").

If the Association is unable to produce the requested books and records by the 10th business day after the date the Association receives the request, the Association must provide written notice to the Requesting Party (the "Inspection Delay Letter") that (1) the Association is unable to produce the information by the 10th business day after the date the Association received the request, and (2) state a date by which the information will be either sent or available for inspection that is not later than fifteen (15) days after the date of the Inspection Delay Letter.

6. Inspection Procedure. Any inspection shall take place at a mutually-agreed upon time during normal business hours. All inspections shall take place at the office of the Association's management company or such other location as the Association designates. No Requesting Party or other individual shall remove original records from the location where the inspection is taking place, nor alter the records in any way. All individuals inspecting or requesting copies of records shall conduct themselves in a businesslike manner and shall not interfere with the operation of the Association's or management company's office or the operation of any other office where the inspection or copying is taking place.

At such inspection, the Requesting Party may identify such books and records for the Association to copy and forward to the Requesting Party. The Association may produce all requested books and records in hard copy, electronic, or other format reasonably available to the Association.

7. Costs Associated with Compilation. Production and Reproduction. The costs associated with compiling, producing and reproducing the Association's books and records in response to a request to inspect or copy documents shall be as follows:

(a) Copy charges.

(I) Standard paper copy. The charge for standard paper copies reproduced by means of an office machine copier or a computer printer is $0.10 per page or part of a page. Each side that contains recorded information is considered a page.

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

(A) Diskette--$ 1.00;

(B) Magnetic tape--actual cost

(C) Data cartridge--actual cost;

(D) Tape cartridge--actual cost;

(E) Rewritable CD (CD-RW)--$ 1.00;

(F) Non-rewritable CD (CD-R)--$ 1.00;

(G) Digital video disc (DVD)--$ 3.00;

(H) JAZ drive--actual cost;

(I) Other electronic media--actual cost;

(J) VHS video cassette--$ 2.50;

(K) Audio cassette--$ 1.00;

(L) Oversize paper copy (e.g.: 11 inches by 17 inches, greenbar, bluebar, not including maps and photographs using specialty paper)--$0.50;

(M) Specialty paper (e.g.: Mylar, blueprint, blueline, map, photographic)--actual cost.

(b) Labor charge for locating, compiling, manipulating data, and reproducing information.

(1) The charge for labor costs incurred in processing a request for information is $15.00 an hour. The labor charge includes the actual time to locate, compile, manipulate data, and reproduce the requested information.

(2) When confidential information is mixed with non-confidential information in the same page, a labor charge may be recovered for time spent to redact, blackout, or otherwise obscure confidential information in order to release the information. A labor charge shall not be made for redacting confidential information for requests of fifty (50) or fewer pages.

(3) If the charge for providing a copy of information includes costs of labor, the Requesting Party may require that the Association provide a written statement as to the amount of time that was required to produce

and provide the copy, signed by an officer of the Association. A charge may not be imposed for providing the written statement to the requestor.

(c) Overhead charge.

(1) Whenever any labor charge is applicable to a request, the Association may include in the charges direct and indirect costs, in addition to the specific labor charge. This overhead charge would cover such costs as depreciation of capital assets, rent, maintenance and repair, utilities, and administrative overhead. If the Association chooses to recover such costs, a charge shall be made in accordance with the methodology described in paragraph (3) of this subsection. Although an exact calculation of costs will vary, the use of a standard charge will avoid complication in calculating such costs and will provide uniformity for charges.

(2) An overhead charge shall not be made for requests for copies of fifty (50) or fewer pages of standard paper records.

(3) The overhead charge shall be computed at twenty percent (20%) of the charge made to cover any labor costs associated with a particular request (example: if one hour of labor is used for a particular request, the formula would be as follows: Labor charge for locating, compiling, and reproducing, $15.00 x .20 = $ 3.00).

(d) Postal and shipping charges. The Association may add any related postal or shipping expenses which are necessary to transmit the reproduced information to the Requesting Party.

8. Payment. Upon receipt of a request to inspect and/or copy documents, the Association may require the Requesting Party to pay the estimated costs associated with production and copying in advance. If the estimated cost of compilation, production and reproduction is different from the actual cost, the Association shall submit a final invoice to the owner on or before the 30t[11] business day after the Association has produced and/or delivered the requested information. If the actual cost is greater than the estimated amount, the owner must pay the difference to the Association within thirty (30) business days after the date the invoice is sent to the owner, or the Association will add such additional charges as an assessment against the owner's property in the Association. If the actual cost is less than the estimated amount, the Association shall issue a refund to the owner within thirty (30) business days after the date the invoice is sent to the owner.

9. Definitions. The definitions contained in the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove and the Amended & Restated Bylaws of The Arbor at Willow Grove Homeowners Association, Inc. are hereby incorporated herein by reference.

IT IS FURTHER RESOLVED that this Document Inspection and Copying Policy is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resoluf n wa adopted by the Board of Directors at a meeting of same on // .:y-J I d has not been modified, rescinded or revoked.

DATE: 11/:::q In.

Secretary

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.

ALTERNATIVE PAYMENT PLAN POLICY

WHEREAS, pursuant to Section 209.0062 of the Texas Property Code, the Board of Directors of The Arbor at Willow Grove Homeowners Association, Inc. (the "Association") is required to adopt reasonable guidelines regarding an alternate payment schedule in which an owner may make partial payments to the Association for delinquent regular or special assessments or any other amount owed to the Association.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with the procedures set forth by Chapter 209 of the Texas Residential Property Owners Protection Act, that the following guidelines and procedures are established for the establishment of an alternate payment schedule, and the same are to be known as the "Alternate Payment Plan Policy" of the Association (hereinafter the "Policy").

I. Purpose. The purpose of this Policy is to assist Owners in remedying delinquencies and remaining current on the payment of amounts owed to the Association by establishing orderly procedures by which Owners may make partial payments to the Association for amounts owed without accruing additional penalties.

2. Eligibility. To be eligible for a payment plan pursuant to the Association's alternate payment plan schedule, an Owner must meet the following criteria:

a) The owner must currently be delinquent in the payment of regular assessments, special assessments, or any other amounts owed to the Association;

b) The Owner must not have defaulted on a prior payment plan within the prior two year period; and

c) The Owner must submit a signed payment plan as defined below, along with the Owner's initial payment to the address designated by the Association for co1Tespondence.

3. Payment Plan Schedule/Guidelines. The Association hereby adopts the following alternate payment guidelines and makes the following payment plan schedule available to owners in order to make partial payments for delinquent amounts owed:

a) Requirements of Payment Plan Request. Within 30 days of the date of the initial letter which informs the owner of the availability of a payment plan, an owner must submit a signed acceptance of the payment plan schedule described below to the Association's management company.

EXHIBIT

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b) Term. The term of the payment plan or schedule is six (6) months and the Owner must make an initial payment of twenty-five percent (25%) of the total amount owed and remaining payments in equal monthly installments.

c) Date of Partial Payments under Plan. The Owner must submit the first monthly installment payment under the plan contemporaneously with submission of the Owner's payment plan agreement which must be signed by the Owner. The Owner must make all additional monthly installments under the payment plan so that the payments are received by the Association no later than the first (1st day of each month. The Owner may pay off, in full, the balance under the payment plan at any time. All payments must be received by the Association at the Association's designated mailing address or lock box for all payments. Payments may be made through auto draft bill payment, in check or certified funds, or by credit card (to the extent the Association is set up to receive payment by credit card).

d) Correspondence. Any correspondence to the Association regarding the amount owed, the payment plan, or such similar correspondence must be sent to the address designated by the Association for correspondence. Such correspondence shall not be included with an Owner's payment

e) Amounts Coming Due During Plan. Owners are responsible for remammg current on all assessments and other charges coming due during the duration of the Owner's payment plan and must, therefore, timely submit payment to the Association for any amounts coming due during the duration of the Owner's payment plan.

f) Additional Charges. An Owner's balance owed to the Association shall not accrue late fees or other monetary penalties (except interest) while such Owner is in compliance with a payment plan under the Association's alternate payment plan schedule. Owners in a payment plan are responsible for reasonable costs associated with administering the plan, and for interest on the unpaid balance, calculated at the highest rate allowed by the governing documents or by law. The costs of administering the plan and interest shall be included in calculating the total amount owed under the payment plan and will be included in the payment obligation. The costs of administering the payment plan may include a reasonable charge for preparation and creation of the plan, as well as a monthly monitoring fee of no less than $5.00 per month.

g) Other Payment Arrangements. At the discretion of the Board of Directors, and only for good cause demonstrated by an owner, the Association may accept payment arrangements offered by owners which are different from the above-cited guidelines, provided that the term of payments is no less than three (3) months nor larger than eighteen (18) months. The Association's acceptance of payment arrangements that are different from the approved payment plan

schedule/guidelines hereunder shall not be construed as a waiver of these guidelines nor authorize an owner to be granted a payment plan which differs from the one herein provided.

4. Default. If an Owner fails to timely submit payment in full of any installment payment (which installment payment must include the principal owed, the administration fees assessed to the plan and interest charges), or fails to timely pay any amount coming due during the duration of the plan, the Owner will be in default. If an Owner defaults under a payment plan, the Association may proceed with collection activity without further notice. If the Association elects to provide a notice of default, the Owner will be responsible for all fees and costs associated with the drafting and sending of such notice. In addition, the Owner is hereby on notice that he/she will be responsible for any and all costs, including attorney's fees, of any additional collection action which the Association pursues.

5. Board Discretion. Any Owner who is not eligible for a payment plan under the Association's alternate payment plan schedule may submit a written request to the Board for the Association to grant the Owner an alternate payment plan. Any such request must be directed to the person or entity currently handling the collection of the Owner's debt (i.e. the Association's management company or the Association's attorney). The decision to grant or deny an alternate payment plan, and the terms and conditions for any such plan, will be at the sole discretion of the Association's Board of Directors.

6. Definitions. The definitions contained in the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove and the Amended & Restated Bylaws of The Arbor at Willow Grove Homeowners Association, Inc. are hereby incorporated herein by reference.

7. Severability and Legal Interpretation. In the event that any provision herein shall be determined by a court with jurisdiction to be invalid or unenforceable in any respect, such determination shall not affect the validity or enforceability of any other provision, and this Policy shall be enforced as if such provision did not exist. Furthermore, the purpose of this policy is to satisfy the legal requirements of Section 209.0062 of the Texas Property Code. In the event that any provision of this Policy is deemed by a court with jurisdiction to be ambiguous or in contradiction with any law, this Policy and any such provision shall be interpreted in a manner that complies with an interpretation that is consistent with the law.

IT IS FURTHER RESOLVED that this Alternate Payment Plan Policy is effective on January 1, 2012, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resolution was adopted by the Board of Directors at a meeting of same on 11/27/11, and has not been modified, rescinded or revoked.

DATE: 11/29/11

Secretary

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.

RESCISSION OF COLLECTION POLICIES

WHEREAS, the Texas Legislature passed House Bill 1228 which amends Chapter 209 of the Texas Property Code by adding Sections 209.0092 and 209.0063 effective January 1, 2012;and

WHEREAS, effective January 1, 2012, Section 209.0092 changes the collection procedure for property owners associations by requiring associations to utilize an expedited judicial process in order to foreclose their assessment liens; and

WHEREAS, effective January 1, 2012, Section 209.0063 establishes a statutory priority of payments schedule for payments received by a property owners association from an owner.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with the policies and procedures set forth by Chapter 209 of the Texas Residential Property Owners Protection Act, as of January I, 2012, the Board of Directors of The Arbor at Willow Grove Homeowners Association, Inc. (the "Association") repeals any and all existing collection policies and application of payments policies and replaces them with the procedures set forth in Sections 209.0092 and 209.0063 of the Texas Property Code. Effective January 1, 2012, all collection actions and application of payments will conform to Chapter 209 of the Texas Property Code.

IT IS FURTHER RESOLVED that this Rescission of Collection Policies is effective on January 1, 2012, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resoluti n w s adopted by the Board of Directors at a meeting of same on //, and s not been modified, rescinded or revoked.

DATE: 11/;;q//f

Secretary

EXHIBIT

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THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.

EMAIL REGISTRATION POLICY

WHEREAS, pursuant to Section 209.0051(e) of the Texas Property Code, the Board of Directors of The Arbor at Willow Grove Homeowners Association, Inc. (the "Association") is permitted to send notice of Board meetings to the members via e-mail to each owner who has registered an e-mail address with the Association; and

WHEREAS, pursuant to Section 209.0051(f) of the Texas Property Code, it is an owner's duty to keep an updated e-mail address registered with the Association.

NOW, THEREFORE, IT IS RESOLVED, the following procedures and practices are established for the registration of e-mail addresses with the Association, and the same are to be known as the "Email Registration Policy" of the Association.

1. Purpose. The purpose of this Email Registration Policy is to ensure that each owner receives proper notice of regular and special Board meetings of the Association pursuant to Section 209.0051(e) of the Texas Property Code. This Email Registration Policy is also intended to provide the Association with a method to verify the identity of owners who cast electronic ballots in elections via e-mail.

2. Registration. Each owner is responsible to register his or her e-mail address with the Association if he/she desires to receive email notifications of meetings, and it is the owner's responsibility to keep his or her registered e-mail address up-to-date and accurate. An owner may register his or her e-mail address by submitting a request to register or change his or her e-mail address to the Association's property manager via e-mail, mail, or facsimile. Alternatively, the Association may allow an owner to register his or her e-mail address through a form on the Association's website, if any. Please allow seven (7) business days from submission of an e-mail address for the Association to update its records. Please note, correspondence to the Association and/or its property manager from an email address for any other purpose other than an express statement to register an email address is not sufficient to register such email address with the Association.

3. Failure to Register. In the event an owner fails to register an accurate e-mail address with the Association, the owner may not receive e-mail notification of regular and special Board meetings. Also, the Association may use an owner's registered e-mail address for purposes of verifying the owner's identity for electronic voting. If an owner fails to register an e-mail address with the Association or submits an electronic ballot from an e-mail address other than the e-mail address registered with the Association, such owner's electronic ballot may not be counted. The Association has no obligation to actively seek out a current e-mail address for each owner. In addition, the Association has no obligation to investigate or obtain an updated e-mail address for owners whose current registered e-mail address is returning an e-mail delivery failure message/ undeliverable message.

EXHIBIT
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4. Definitions. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.

IT IS FURTHER RESOLVED that this Email Registration Policy is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resolution was adopted by the Board of Directors at a meeting of same on 11/29/11, and has not been modified, rescinded or revoked.

DATE: 11/29/11

Secretary

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.

SOLAR ENERGY DEVICE GUIDELINES

WHEREAS, the Texas Legislature passed House Bill 362 which amends Chapter 202 of the Texas Property Code by adding Section 202.010 which precludes associations from adopting or enforcing a complete prohibition on solar energy devices; and

WHEREAS, pursuant to Section 202.010 of the Texas Property Code, the Board of Directors of The Arbor at Willow Grove Homeowners Association, Inc. (the "Association") is permitted to adopt certain limitations on solar energy devices; and

WHEREAS, the Specifications Supplement to the Declaration of Covenants, Conditions and Restrictions for the Arbor at Willow Grove, Chapter B, Section B.2.11, recorded on or about April 9, 2010 at Instrument Number 1008309 contains a restriction related to solar collector panels which may be inconsistent with Section 202.010 of the Texas Property Code.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with Section 202.010 of the Texas Property Code, the Board of Directors hereby repeals any and all prior restrictions on solar energy devices contained in any governing document of the Association which are inconsistent with the new law, and adopts the following guidelines to govern solar energy devices.

A. An owner may not install a solar energy device that:

1. as adjudicated by a court:
    a. threatens the public health or safety; or
    b. violates a law;
2. is located on property owned or maintained by the Association;
3. is located on property owned in common by the members of the Association;
4. is located in an area on the owner's property other than:
    a. on the roof of the home or of another structure allowed under a dedicatory instrument; or
    b. in a fenced yard or patio owned and maintained by the owner;
5. if mounted on the roof of the home:
    a. extends higher than or beyond the roofline;
    b. is located in an area other than an area designated by the Association, unless the alternate location increases the estimated annual energy production of the device, as determined by using a publicly available modeling tool provided by the National Renewable Energy Laboratory, by more than ten percent (10%)

EXHIBIT
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above the energy production of the device if located in an area designated by the Association;

c. does not conform to the slope of the roof and has a top edge that is not parallel to the roofline; or

d. has a frame, a support bracket, or visible piping or wiring that is not in a silver, bronze, or black tone commonly available in the marketplace;

6. if located in a fenced yard or patio, is taller than the fence line;

7. as installed, voids material warranties; or

8. was installed without prior approval by the Association or by a committee created in a dedicatory instrument for such purposes that provides decisions within a reasonable period or within a period specified in the dedicatory instrument.

B. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.

IT IS FURTHER RESOLVED that these Solar Energy Device Guidelines are effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resolution was adopted by the Board of Directors at a meeting of same on ____ 1_1_2_2_/_1_1_--'-....:..... ---F-'1--, and has not been modified, rescinded or revoked.

DATE: 1;/atJ/ll

Secretary

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.

RAINWATER COLLECTION DEVICE GUIDELINES

WHEREAS, the Texas Legislature passed House Bill 3391 which amends Section 202.007(d) of the Texas Property Code which precludes associations from adopting or enforcing certain prohibitions or restrictions on rain barrels and rainwater harvesting systems; and

WHEREAS, pursuant to Section 202.007(d) of the Texas Property Code, the Board of Directors of The Arbor at Willow Grove Homeowners Association, Inc. (the "Association") is permitted to adopt specific limitations on rain barrels and rainwater harvesting systems.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with Section 202.007(d) of the Texas Property Code, the Board of Directors of Association adopts the following guidelines for rain barrels and rainwater harvesting systems.

A. An owner may not install a rain barrel or rainwater harvesting system if:

1. such device is to be installed in or on property:

   (a) owned by the Association;

   (b) owned in common by the members of the Association; or

   (c) located between the front of the owner's home and an adjoining or adjacent street; or

2. the barrel or system:

   (a) is of a color other than a color consistent with the color scheme of the owner's home; or

   (b) displays any language or other content that is not typically displayed by such a barrel or system as it is manufactured.

B. The Association may regulate the size, type, and shielding of, and the materials used in the construction of, a rain barrel, rainwater harvesting device, or other appurtenance that is located on the side of a house or at any other location that is visible from a street, another lot, or a common area if:

1. the restriction does not prohibit the economic installation of the device or appurtenance on the owner's property; and

2. there is a reasonably sufficient area on the owner's property in which to install the device or appurtenance.

C. In order to enforce these regulations, an owner must receive written approval from the Board or the architectural control or review committee (if one exists) prior to installing any rain barrel or rainwater harvesting system. Accordingly, prior to installation, an owner must submit plans and specifications to and receive the written approval of the Board or architectural control/review committee. The plans and specifications must show

EXHIBIT
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the proposed location, color, material, shielding devices, size and type of such system or device (and all parts thereof). The plans should also identify whether the device or any part thereof will be visible from any street, other lot or common area.

D. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.

E. In the event of any conflict between the new law cited above and any restrictions contained in any governing document of the Association, including design guidelines, policies and the Declaration, the new law and this Rainwater Collection Device Policy control.

IT IS FURTHER RESOLVED that these Rainwater Collection Device Guidelines are effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resoluf on w s adopted by the Board of Directors at a meeting of same on___ __,/""/.,_,_,c.._L-r-....,._ ----- r•and has not been modified, rescinded or revoked.

DATE: 11/aq/4,

Secretary

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.

ROOFING MATERIALS GUIDELINES

WHEREAS, the Texas Legislature passed House Bill 362 which amends Chapter 202 of the Texas Property Code by adding Section 202.011 which precludes associations from adopting or enforcing a prohibition or restriction on certain roofing materials; and

WHEREAS, pursuant to Section 202.011 of the Texas Property Code, the Board of Directors of The Arbor at Willow Grove Homeowners Association, Inc. (the "Association") is permitted to adopt specific limitations on certain roofing materials.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with Section 202.011 of the Texas Property Code, the Board of Directors of Association adopts the following guidelines for certain roofing materials.

A. The Association shall not prohibit an owner who is otherwise authorized to install shingles on the roof of the owner's property from installing shingles that:

1. are designed to:

   (a) be wind and hail resistant;

   (b) provide heating and cooling efficiencies greater than those provided by customary composite shingles;

   (c) provide solar generation capabilities; and

2. when installed:

   (a) resemble the shingles used or otherwise authorized for use on property in the subdivision;

   (b) are more durable than and are of equal or superior quality to the shingles described by subsection (a) above; and

   (c) match the aesthetics of the property surrounding the owner's property.

B. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.

C. In the event of any conflict between these provisions and any roofing material restrictions contained in any governing document of the Association, including design guidelines, policies and the Declaration, this Roofing Materials Policy controls.

EXHIBIT
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IT IS FURTHER RESOLVED that these Roofing Materials Guidelines are effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resolu ion as adopted by the Board of Directors at a meeting of same on ,/1_, F-+ - - -1-1- ' an has not been modified, rescinded or revoked.

DATE: ***11µ1/41***

Secretary

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.

FLAG DISPLAY GUIDELINES

WHEREAS, the Texas Legislature passed House Bill 2779 which amends Chapter 202 of the Texas Property Code by adding Section 202.011 which precludes associations from adopting or enforcing a prohibition or restriction on certain flag displays; and

WHEREAS, pursuant to Section 202.011 of the Texas Property Code, The Arbor at Willow Grove Homeowners Association, Inc. (the "Association") is permitted to adopt specific limitations on certain flag displays.

WHEREAS, Chapter E, Sections E.15 and E.37 of the Specifications Supplement to the Declaration of Covenants, Conditions and Restrictions for the Arbor at Willow Grove contain flag display provisions which conflict with Section 202.011.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with Section 202.011 of the Texas Property Code, the Board of Directors of Association adopts the following guidelines for flag displays.

A. An owner or resident may display:
   1. the flag of the United States of America;
   2. the flag of the State of Texas; or
   3. an official or replica flag of any branch of the United States armed forces.

B. An owner may only display a flag in A. above if such display meets the following criteria:
   1. a flag of the United States must be displayed in accordance with 4 U.S. C. Sections 5-1O;
   2. a flag of the State of Texas must be displayed in accordance with Chapter 3100 of the Texas Government Code;
   3. a flagpole attached to a dwelling or a freestanding flagpole must be constructed of permanent, long-lasting materials, with a finish appropriate to the materials used in the construction of the flagpole and harmonious with the dwelling;
   4. the display of a flag or the location and construction of the supporting flagpole must comply with applicable zoning ordinances, easements and setbacks of record;
   5. a displayed flag and the flagpole on which it is flown must be maintained in good condition and any deteriorated flag or deteriorated or structurally unsafe flagpole must be repaired, replaced or removed;

C. The Association hereby adopts the following additional restrictions on the display of flags on an owner's lot:

EXHIBIT

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1. an owner may not install a flagpole which is greater than twenty feet (20') in height;
2. an owner may not install more than one flagpole on the owner's property;
3. any flag displayed must not be greater than 3' x 5' in size;
4. an owner may not install lights to illuminate a displayed flag which, due to their size, location or intensity, constitute a nuisance;
5. an owner may not locate a displayed flag or flagpole on property that is:
   (a) owned or maintained by the Association; or
   (b) owned in common by the members of the Association.

D. Prior to erecting or installing a flag and/or flag pole, an owner must first submit plans and specifications to and receive the written approval of the Board or architectural control/review committee. The plans and specifications must show the proposed location, material, size and type of such flag and flagpole (and all parts thereof, including any lights to illuminate a displayed flag).

E. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.

IT IS FURTHER RESOLVED that these Flag Display Guidelines are effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resolution was adopted by the Board of Directors at a meeting of same on ___ ..., ____, and has not been modified, rescinded or revoked.

DATE: 11/2c; lu

Secretary

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.

RELIGIOUS ITEM DISPLAY GUIDELINES

WHEREAS, the Texas Legislature passed House Bill 1278 which amends Chapter 202 of the Texas Property Code by adding Section 202.018 which precludes associations from adopting or enforcing a restrictive covenant which governs an owner's or resident's right to display or affix on the entry to the owner's or resident's dwelling one or more religious items the display of which is motivated by the owner's or resident's sincere religious belief; and

WHEREAS, pursuant to Section 202.018(b) of the Texas Property Code, the Board of Directors of The Arbor at Willow Grove Homeowners Association, Inc. (the "Association") is pennitted to adopt certain limitations on the display of religious items.

WHEREAS, Chapter E, Section E.29.9 of the Specifications Supplement to the Declaration of Covenants, Conditions and Restrictions for the Arbor at Willow Grove contains religious display provisions which conflict with Section 202.018.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with Section 202.018 of the Texas Property Code, the Board of Directors of Association adopts the following guidelines to govern the display of religious symbols.

A. An owner or resident may not display or affix a religious item on the entry to the owner or resident's dwelling which:

   1. threatens the public health or safety;
   2. violates a law;
   3. contains language, graphics, or any display that is patently offensive to a passerby;
   4. is in a location other than the entry door or door frame or extends past the outer edge of the door frame of the owner's or resident's dwelling; or
   5. individually or in combination with each other religious item displayed or affixed on the entry door or door frame has a total size of greater than 25 square inches;

B. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.

C. In the event of any conflict between Section 202.018(b) of the Texas Property Code and any restrictions contained in any governing document of the Association, including design guidelines, policies and the Declaration, Section 202.018(b) and this Religious Item Display Policy controls.

EXHIBIT

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IT IS FURTHER RESOLVED that these Religious Item Display Guidelines are effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resol on /4s adopted by the Board of Directors at a meeting of same on // d? not been modified, rescinded or revoked. -

DATE: // /2'1/4

Secretary

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Arty provision herein which **restricts the sate,** rental. or use of this descotied re,i,I i,>roperty because of color **or race is** lnvaUd and unenforceable under fe<ieral **law** STATE OF TEXAS, COUNTY OF fLLIS I hereby certify this instrument was filed on the aate **and** lime **stamped heretn** and was duty recorded in the volume and **page** of tne OF'F'IC!AI PUBLiC RECORDS **of Elita** County Texas **as** stamped hereon,

ithif-.

COUNTY CLERK, aLrs COUNTY. **TEXAS**

ORIGINAL FILED
INSTRUMENT
DEC 04 2013 AM 10:47
COUNTY CLERK

SECOND SUPPLEMENT TO THE
NOTICE OF FILING OF DEDICATORY INSTRUMENTS
FOR
THE ARBOR AT WILLOW GROVE
PURSUANT TO SECTION 202.006 OF THE TEXAS PROPERTY CODE
[Assessment Collection Policy]

STATE OF TEXAS §
§ **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF ELLIS §

THIS SECOND SUPPLE!\:!ENT TO THE NOTICE OF FILING OF DEDICATORY INSTRUMENTS FOR THE ARBOR AT WILLOW GROVE PURSUANT TO SECTION *202.06* OF TH TEXAS PROPERTY CODE (this "Second Supplement") is made this 2 -3rd day of Jt/f'/ZIl , 2013, by The Arbor at Willow Grove Homeowners Association, Inc. (the "Association").

WITNESSETH:

WHEREAS, Hedgewood Partners Limited ("Declarant") prepared and recorded an instrument entitled "Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove" on or about April 9, 2010, as Instrument No. 1008308 at Volume 02506, Page 0319 *et seq.* of the Real Property Records of Ellis County, Texas (the "Declaration"); and

WHEREAS, the Association is the property owners' association created by the Declarant to manage or regulate the planned development subject to the Declaration, which development is more particularly described in the Declaration; and

WHEREAS, Section 202.006 of the Texas Property Code provides that a property owners association must file each dedicatory instrument governing the association that has not been previously recorded in the real property records of the county in which the development is located; and

WHEREAS, on or about March 10, 2011, the Association recorded a Notice of Filing of Dedicatory Instruments for The Arbor at Willow Grove, under Instrument No. 1104928 in the Real Property Records of Ellis County, Texas (the "Notice"); and

WHEREAS, on or about December 9, 2011, the Association recorded a First Supplement to the Notice of Filing of Dedicatory Instruments for The Arbor at Willow Grove, under Instrument No. 1124067 at Volume 02601, Page 1179 *et seq.* of the Real Property Records of Ellis County, Texas (the "First Supplement"); and

FILED FOR RECORD - ELLIS COUNTY, TEXAS
INST NO. 1310360 FILING DATE/TIME: May 01, 2013at 03:48:00 PM

WHEREAS, the Association desires to again supplement the Notice with the dedicatory instrument attached as Exhibit "A" pursuant to and in accordance with Section 202.006 of the Texas Property Code.

NOW, THEREFORE, the dedicatory instrument attached hereto as ***Exhibit*** • " is a true and correct copy of the original and is hereby filed of record in the Real Property Records of Ellis County, Texas, in accordance with the requirements of Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this Second Supplement to the Notice of Filing of Dedicatory Instruments for The Arbor at Willow Grove to be executed by its duly authorized agent as of the date first above written.

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.,
a **Texas non-profit corporation**

By: _____
Its: Officer

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF ELLIS §

BEFORE ME, the undersigned authority, on this day personally appeared \;x)w;,L1\ocA!,-. ,. (JC+,< / of The Arbor at Willow Grove Homeowners Association, Inc., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed on behalf of said corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this J Lf day of Vt() \ \ 2013.

KAREN HEAD
MY COMMISSION EXPIRES
Januruy 3, 2017

Notary Public, State of Texas

V::,1\7
My Commission Expires

Exhibit "A"

Assessment Collection Policy

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC.

ASSESSMENT COLLECTION POLICY

WHEREAS, The Arbor at Willow Grove Homeowners Association, Inc. (the "Association") has authority pursuant to Article 9 of the Amended & Restated Declaration of Covenants, Conditions and Restrictions for the Arbor at Willow Grove (the "Declaration") to levy assessments against Owners of Lots located within the Arbor at Willow Grove, a planned community located in Ellis County, Texas (the "Development"); and

WHEREAS, in order to facilitate the timely collection of assessments and other amounts owed by Owners, and in order to comply with the Declaration and state law regarding the collection of unpaid amounts, the Board desires to establish certain procedures for the collection of assessments that remain unpaid beyond the prescribed due dates.

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the collection of assessments owing and to become owing by Owners in the Development and the same are to be known as the "Assessment Collection Policy" ("Policy") for the Association:

1. Generally. The steps and procedures contained in this Policy serve as a general outline of the Association's collection process. The Association is not bound to follow these exact procedures in every collection matter except as required by the Declaration and the laws that govern collection of assessments. The procedures below are not intended to constitute a prerequisite or condition precedent to the Association's legal ability to collect unpaid assessments and other amounts except as required by the Declaration or law.

2. Delegation to Management. To facilitate cost-effective and timely collection of all amounts owed by owners, including but not limited to assessments, dues, charges and/or related costs, the Association may delegate to management those duties determined by the Board in its sole discretion to be necessary to assist collection efforts.

3. Ownership Interests. As used herein, the term "Delinquent Owner" refers to that person who held title to a Lot on the date an assessment became due. As used herein, the term "Current Owner" refers to that person who then holds title to a Lot. Unless expressly denoted otherwise, the "Owner" of a Lot refers to the Delinquent Owner or the Current Owner or both, as may be appropriate under the circumstances in question.

4. Due Dates. Pursuant to Article 9 of the Declaration, the due date for the Regular Assessment is the first day of the period for which levied. The Board may levy Regular Assessments annually, semi-annually, quarterly or monthly. Currently, the Regular Assessments are levied annually and are due on January 1 of each year. The due date for a Special Assessment, Individual Assessment or Deficiency Assessment is the date stated in the notice of assessment or, if no date is stated, within ten (10) days after the notice of the assessment is given. The due date for any assessment shall be collectively referred to in this Policy as the "Due Date". Any assessment which is not paid in full on or before the Due Date is delinquent (the

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"Delinquency Date") and shall be assessed late fees, handling charges and interest as provided in Paragraphs 7, 8 and 9 below.

5. Written Notice of Delinquency. Subsequent to an Owner becoming delinquent, and prior to sending the account to the Association's legal counsel for collection, the Association will send written notice of the delinquency to the Owner via certified mail, return receipt requested (the "Delinquency Notice"). The Delinquency Notice shall: (i) specify each delinquent amount and the total amount owed; (ii) describe the options the Owner has to avoid having the account turned over to the Association's legal counsel, including the availability of a payment plan; and (iii) provide the Owner a period of at least thirty (30) days to cure the delinquency before further collection action is taken.

6. Payment Plans. Section 209.0062 of the Texas Property Code requires that the Association adopt reasonable guidelines to establish an alternative payment schedule by which an owner may make partial payments for delinquent amounts owed to the Association in certain circumstances. The Board has adopted and recorded a policy which governs payment plans and the Association will follow the policies and procedures contained therein.

7. Interest. In the event any assessment, or any portion thereof, is not paid in full by the Delinquency Date, interest on the principal amount due may be assessed against the Owner, the rate of said interest to be the highest non-usurious rate of interest allowed by Texas law or eighteen percent (18%) per annum, whichever is less, and shall accrue from the Due Date until paid. Such interest, as and when it accrues hereunder, will become part of the assessment upon which it has accrued and, as such, will be subject to recovery in the manner provided herein for assessments.

8. Late Charges. In the event any assessment, or any portion thereof, is not paid in full by the Delinquency Date, a late charge in an amount up to $100.00 shall be assessed against the Owner and his or her Lot. The Board may, from time to time, without the necessity of seeking Owner approval, change the amount of the late charge. Such late charge, as and when levied, will become part of the assessment upon which it has been levied and, as such, will be subject to recovery in the manner provided herein for assessments. The Board may, in its sole discretion, waive the collection of any late charge; provided, however, that the waiver of any late charge shall not constitute a waiver of the Board's right to collect any future assessments or late charges.

9. Handling Charges and Return Check Fees. In order to recoup for the Association the costs incurred because of the additional administrative expenses associated with collecting delinquent assessments, collection of the following fees and charges are part of this Policy:

a. Any handling charges, administrative fees, collection costs, postage or other expenses incurred by the Association in connection with the collection of any assessment or related amount owing beyond the Delinquency Date for such assessment will become due and owing by the Delinquent Owner.

b. A charge of $25.00 per item will become due and payable for any check tendered to the Association which is dishonored by the drawee of such check, the charge being in addition to any other fee or charge which the Association is entitled to recover from an Owner in connection with collection of assessments owing with respect to such Owner's Lot.

c. Any fee or charge becoming due and payable pursuant to this Paragraph 7 will be added to the amount then outstanding and is collectible to the same extent and in the same manner as the assessment, the delinquency of which gave rise to the incurrence of such charge, fee or expense.

10. Application of Funds Received. All monies received by the Association will be applied to the Owner's delinquency in the following order of priority:

a. First, to any delinquent assessment;

b. Second, to any current assessment;

c. Next, to any attorney's fees or third party collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure;

d. Next, to any attorney's fees incurred by the Association that are not subject to Subsection lO(c) above;

e. Next, to any fines assessed by the Association; and

f. Last, to any other amount owed to the Association.

If the Owner is in default under a payment plan entered into with the Association at the time the Association receives a payment from the Owner, the Association is not required to apply the payment in the order of priority specified in this Section, except that a fine assessed by the Association may not be given priority over any other amount owed to the Association.

11. Ownership Records. All collection notices and communications will be directed to those persons shown by the records of the Association as being the Owner of a Lot for which assessments are due and will be sent to the most recent address of such Owner solely as reflected by the records of the Association. Any notice or communication directed to a person at an address, in both cases reflected by the records of the Association as being the Owner and address for a given Lot, will be valid and effective for all purposes pursuant to the Declaration and this Policy until such time as there is actual receipt by the Association of written notification from the Owner of any change in the identity or status of such Owner or its address or both.

12. Notification of Owner's Representative. Where the interests of an Owner in a Lot have been handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice that its interests in a Lot have been and are being handled by a representative or agent, any notice or communication from the Association pursuant

to this Policy will be deemed full and effective for all purposes if given to such representative or agent.

13. Remedies and Legal Actions. If an Owner fails to cure the delinquency within the thirty (30) day period stated in the Delinquency Notice (as provided for above), the Association may, at its discretion and when it chooses, refer the delinquency to legal counsel for the Association. Any attorney's fees and related charges incurred by virtue of legal action taken will become part of the Owner's assessment obligation and may be collected as such as provided herein.

At the direction of Management and/or the Board, legal counsel for the Association may pursue any and all available legal remedies with regard to the delinquencies referred to it including, but not limited to, the following:

a. Notice Letter. As the initial correspondence to a Delinquent Owner, counsel will send a notice letter (the "Notice Letter") to the Owner advising the Owner of the Association's claim for all outstanding assessments and related charges, adding to the charges the attorney's fees and costs incurred for counsel's services.

b. Notice of Lien. If an Owner fails to cure the delinquency indicated in the Notice Letter, upon being requested to do so by the Board and/or Management, counsel may prepare and record in the Real Property Records of Ellis County, a written notice of lien (referred to as the "Notice of Lien") against the Lot. A copy of the Notice of Lien will be sent to the Owner, together with an additional demand for payment in full of all amounts then outstanding.

c. Foreclosure. In the event that the Owner fails to cure the delinquency, the Board may direct legal counsel to pursue foreclosure of the lien. In any foreclosure proceedings, the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorney's fees.

i. Expedited Foreclosure Pursuant to Rules 735 & 736 of the Texas Rules of Civil Procedure. The Board may decide to foreclose its lien by exercising its power of sale granted by the Declaration. In such event, counsel may commence an expedited foreclosure lawsuit under Rules 735 and 736 of the Texas Rules of Civil Procedure ("Expedited Foreclosure"). Upon receipt from the Court of an order authorizing foreclosure of the Lot, counsel may post the Lot for foreclosure at an upcoming foreclosure sale. The Association shall have the power to bid on the Owner's Lot and improvements at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. The Association may institute a personal judgment suit against the former Owner for any deficiency resulting from the Association's foreclosure of its assessment lien.

ii. Judicial Foreclosure. The Association may file suit for judicial foreclosure ("Judicial Foreclosure") of the assessment lien, which suit may also seek a personal money judgment. Upon receipt from the Court of an order foreclosing the Association's assessment lien against the Lot, the sheriff or constable may post the Lot for sheriff's sale at an upcoming foreclosure sale. The Association shall have the power to bid on the Owner's Lot and improvements at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal with

the same.

d. Lienholder Notification. In pursuing Expedited Foreclosure or Judicial Foreclosure, the Association shall provide the 61-day notice letter to lienholders pursuant to Section 209.0091 of the Texas Property Code.

e. Lawsuit for Money Judgment. The Association may file suit for a money judgment in any court of competent jurisdiction.

f. Bankruptcy. Upon notification of a petition in bankruptcy, the Association may refer the account to legal counsel.

g. Suspension of Rights to Use Recreational Facilities. If authorized by the Declaration, Bylaws or rules and regulations, and in accordance with Chapter 209 of the Texas Property Code, the Association may suspend an Owner's privileges to use the Association's recreational facilities.

h. Remedies Not Exclusive. All rights and remedies provided in this Policy and hereinabove are cumulative and not exclusive of any other rights or remedies that may be available to the Association, whether provided by law, equity, the Association's governing documents or otherwise.

14. Lock Boxes. The Association may establish a lock box for the receipt of assessment payments. Payments made to the lock box are deposited in the Association's bank account without regard to communications or other notices enclosed with or stated on the payment. Any notice or communication (including, without limitation, a dispute of the debt) enclosed with or stated on the payment to the lock box will be ineffective and not binding on the Association. Any dispute of an assessment or related charge, any proposed tender of an amount less than the entire amount claimed to be due which is intended to satisfy the Owner's debt in full, or any change in the identity, status or address of an Owner, must be in writing, sent to and received by Management at the address listed on the Association's most recent management certificate.

15. Compromise of Assessment Obligations. In order to expedite the handling of collection of delinquent assessments owed to the Association, the Board may, at any time, compromise or waive the payment of any assessment, interest, late charge, handling charge, collection cost, legal fee or any other applicable charge. The Association may, at its option, notify the Internal Revenue Service of the waiver or forgiveness of any assessment obligation.

16. Credit Bureaus. The Association may also notify any credit bureau of an Owner's delinquency. The Association will notify the Owner that it has filed such a report and will comply with any local, state, or federal laws in connection with the filing of such report.

17. Severability and Legal Intemretation. In the event that any provision herein shall be determined by a court with jurisdiction to be invalid or unenforceable in any respect, such determination shall not affect the validity or enforceability of any other provision, and this Policy shall be enforced as if such provision did not exist. Furthermore, in the event that any provision

of this Policy is deemed by a court with jurisdiction to be ambiguous or in contradiction with any law, this Policy and any such provision shall be interpreted in a manner that complies with an interpretation that is consistent with the law. In the event any provision of this Policy conflicts with the Declaration, the Declaration controls.

IT IS FURTHER RESOLVED that this Policy replaces and supersedes in all respects all prior policies and resolutions with respect to the collection of assessments by the Association and is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resolution was adopted by the Board of Directors at a meeting of same on _____, and has not been modified, rescinded or revoked.

DATE: L{-- ≤,z -1:S _____

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Secretary

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AIWOll AT WILLOW GROVE IIOMEO\VNERS ASSOCIATION

COVENANT ENFORCEMENT AND FINING POLICY

Wlll RlcAS, the Arbor al Willow Grove Homeowners Association (lhc "Associa1ion"') is authorized lo enforce lhe covenants contained in lhe Declaration. 1he Bylaws, rules and regulations, architectural standards bulletins, guidelines and other policies (hereinailcr 1hc Ucclaralion, Bylaws, rules and regulations, guidelines and standards are collectively referred tu as the "Governing Documcnts ¦and impose fines for violations of the Governing Documents: and

\VIIERicAS, pursuant to Article **l** l of the Amended and Revised Declaration of Covenants. Conditions and Restrictions for Arbor at Willow Grove (the "Declaration") and in ordi'r 10 comply with the requirements of Sect'rons 209.006 and 209 007 of the Texas Residential Property Owners Protection /\cl (the "Act"), the Board of'Dircclurs ufthc Association desires 10 promulgate the following policy cstabli hing procedures for the enforcement or the rnstrict1vc covc1wn1.s S!.!L !<)rlh in till! (Jovcrning Documents and for the levying of lines against vicllaling, tHV11('.fS

NOW, TIIEREFORlc, IT IS RESOLVED, that the following procedures and practices arc established for the enforcement of the Governing Documents and for the elimination or violations of the Governing Documents found to exist in, on and about the Lots and Common /\rcas \Vithin Arbor at Willow Grove and the same arc to be knovm as the ·•Co\'cnanl Enforccmclll and Fining Policy" (to be referred lo herein as lhc "Enforcement Poli-:y"). This i:nrorccmcnt Policy and the procedures herein <lo not apply if the Association Jiles suit seeking a temporary rcstrnining order or temporary injunctive rclieC is .seeking unpaid asscssn:cnt:; ;1nd is pursuing judicial or non-judicial foreclosure, is pursuing a self-help remedy, or in the event the A:-.sociation temporarily suspends an Owner's right to use Common Areas based upon *n* violati)n tlwt occurred on the Common Area and involved a significant nnd immediate risk of harm to others in !he community.

Establishment or Violation. t\ny condition, use, activity ur improvcmc111 which docs not comply with the provisions of the Governing Documents shall constitute a --violalion.. under this Poiicy for aii purposes.

2. Report of Violation. The existence of a Violation will be veri!icd by a ticld observation conducted by the 13oard or its delegate. For the purpose of this Enforcement Policy, the delegate ol'lhe Board may include Management, an omcer or member of the Board, a member of the Architectural Control Committee, or a member of any other committee established by the lloard for this purpose. A timely written report shall be prepared by the field observer for each Violation which will include the following information:

a. Identification of the nature and description of the Violation(s)

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b Identification by street address or legal description of the Lot on which the **Viulatinn exists**

c Identification of the authority establishing that the subject improvements, modilrcation.s. conduct, conditions, etc. constitute a Vtolation

d. Dale of the vcri(ication observation and name or the person 111aking such observation.

3 Courtc,y NJ)(ice iOptional). Within ten (I 0) calendar days of confirming the Violation, the Board or its delegate may, but is not obligated to, forward to the Owner and/or **Occupant of' the Lot in question written notice via regular first-class mail or via postcard of the** discovery ofa Violation (the "Courrcsy Notice"). ff the Association has an e-mail address for the Owner or Occupant, a copv of the Courtesy Notice may also be sent by e-mail (in addition to regular mail). The violating Owner or Occupant will have at least fourteen (14) days from the date the CDurtesy Notice is mailed or sent electronically to correct or eliminate the Violation. The **Board or its delegate may, in lieu or this Courtesy Notice, proceed immediately to the notice set frxth in Paragraph • below.**

.:t **Nt)ticc or Violation. As soon as practicable after the ne!d observation report i:; prepared, the i\ssocia1ion will forward lo the Owner of the Lot in question written notice of the** Violntion(s) by first class mail or personal delivery and by certified mail, return receipt requested (the ·•Notice of Violation"). A Noricc of Violation need not be sent if the alleged violator has **previously received a Notice of Violation relating lo a similar Violation within six (6) months or the occurrence of the current Violation and was given a reasonable opportunity to cure the** Violation If the alleged violator was given notice and an opportunity to cure the similar Violation within the previous six (6) months, the Board may impose sanctions as authorized by the Governing Documents and/or this Enforcement Policy without notice to the Owner other than the Final Notice of Violation. The Notice of Violation will state the following:

a. The nature, description and location of the Violation, im.:luding a description of any property damage caused by the Owner.

b. The authority for establishing the Vi,Jbtion, including the authori y for recovering property damages caused by the Owner.

c. The proposed sanction to be imposed, including the amount of any fine or the amount claimed to be due from the Owner for property damage.

d. lfthc Violation is corrected or eliminated within a reasonable time alter the Owner's receipt of the Notice of Violation that a fine will not be assessed and that no further action will be taken.

e. The recipient may, on or before thirty (30) days from the receipt of the **Notice of Violation, deliver to the Association a written request for a hearing**

f. If the Violation is not corrected or eliminated within the time period specified in the Notice of Violation, or if a written request for a hearing is not submitted on or before thirty (30) days from the receipt of the Notice of Violation, that the sanctions delineated in the Notice of Violation may be imposed and that any attorney's fees and costs will be charged to the Owner.

5. Notice of Sanction. A notice of the Violation and the sanction or action to be imposed or taken, including the amount of any fine or the amount of any property damage (the "Notice of Sanction") will be sent by the Association to the Owner by regular first-class mail and by certified mail, return receipt requested under any of the following situations:

a. Where, within the time period specified in the Notice of Violation, the Violation has not been conected or eliminated;

b. Where, within thirty (30) days from the date of receipt by the Owner of the Notice of Violation, the Association has not received a written request for a hearing; or

c. Where, tl1e Owner was previously notified of, and was given a reasonable opportunity to cure, a similar Violation within the preceding six (6) months.

6. Request for a Hearing. If tlle Owner challenges the proposed action by timely requesting a hearing, the hearing shall be held in executive session of the Board affording the alleged violator a reasonable opportunity to be heard. Such hearing shall be held no later than the 30 th day after the date tlle Board receives the Owner's request for a hearing. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The notice of the hearing shall be sent no later than the 10"' day before the date of the hearing. The Board or tlle Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more tllan ten (IO) days. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed by the Board. The Board shall notify the Owner in writing of its action within ten (10) days after the hearing. The Board may, but shall not be obligated to, suspend any proposed sanction if the Violation is cured within the ten-day period. Such suspension shall not constitute a waiver of tlle right to sanction future violations of the same or other provisions and rules by any Owner.

7. Correction of Violation. Where the Owner conects or eliminates the Violation(s} prior to the imposition of any sanction, no further action will be taken (except for collection of any monies for which the Lot Owner may become liable under this Enforcement Policy and/or the Goveming Documents). Written notice of correction or elimination of the Violation may be obtained from the Board upon request for such notice by the Owner and upon payment of a fee for same, tlle amount of which is set by the Board.

8. Corrective Action. Notwitllstanding any oilier provisions contained herein to the contrary, where a Violation is determined or deemed determined to exist, the Board may undertake to cause tl1e Violation to be conected, removed or otherwise abated if the Board, in its

reasonable judgment, dctcrrnines the Violation may *be* readily corrected, removed or abated without undue expense and without breach of the peace. Where the Board decides to initiate any such aclion. the following will apply:

a. The Board must give the Owner and any third party that is known to the J\ssociation to be directly atTected by the proposed action prior written notice of undertaking of **1hc action.**

b. Costs incurred in correcting or eliminating the Violation ,vill be referred to the Association lo be recovered from the Owner.

c. The Association and its agents and contractors will not be liable to the **Owner or any third party for trespass or any damages or costs alleged to arise by virtue of action ,ikcn under this Enforccmcr.t Policy and/or the Governing Documents**

9. Referral to Legal Counsel. Where a Violation is determined or deemed determined to exist and where the Board deems it to be in the best interests of the Association to refer the Violation to legal counsel for appropriate action, the Board may do so at any time Such legal **action may include, without lirnit;Hion, sending demand letters to the violating Owner and/or seeking injunctive relief against the Owner to correct or otherwise abate the Violation Attorney's fees and all costs incurred by the Association in enforcing the GoYcrning Documents and administering this Enforcement Policy shall become the personal obligation of the Owner**

IO fi rtl'S. Subject to the provisions of this Enforceme!ll Policy and/or the Governing **Documents, the imposition of fines will be on the follo\ving bases:**

a. Fines \Vill be based on a per notice or Violation charge for a first Violation, a fine in the amount of $25 .00 will be assessed. In the event the Violation is not cured within thirty (30) days after the date of the final Notice of Violation, an additional line of $75 00 will be assessed and the fine will increase to $225.00 thereafter for every thirty (30) day period in which the Violation is not corrected.

b. Imposition of fines will be in addition to and not exclusive *oC* any other **r'1ghts, remedies and recoveries of th¢ Association as created by 1hc Governing Documents or this** Enforcement Policy. The Board of Directors may elect to set up a payment arrangement The Board of Directors may elect to suspend voting privileges and use of the Common Arca Amenities. The Board of Directors may elect to proceed to Small Claims Court prior to proceeding to District or County Court.

c Fines are imposed against Lots and become the personal obligation of the Owners of such lots.

11. Notices. Unless otherwise provided in the Enforcement Policy, all notices required by this Enforcement Policy shall be in writing and shall be deemed to have been duly given ii" delivered personally and/or if sent by United States Mail, first-class postage prepaid, lo the Owner

al !he address which the Owner has designated in writing and filed with the Secretary of the Association or. if no such address has been designated, to the address of the Lol of the Owner

a. Where the notice is directed by personal delivery, notice shall be deemed 10 huve been given. sent. delivered or received upon actual receipt by any person accepting delivery thereof at the address of the recipient as set forth in such notice or if no person is there, by leaving the notice taped to the front door of the residence.

b. Where the notice is placed into the care and custody of the United Slates **Postal Service, notice shall be presumed lo have been given. sent, delivered or received, as of the** third (3rd) business day lollowing the date of posimark of such notice bearing postage prepaid **and the appropriate name and address as required herein unless otherwise shov,:n by !he recipient lo have been received at a later date.**

c Where a day required for an action to be taken or a notice to be given, sent, delivered or received, as the case may be, falls on a Saturday, Sunday or United States Postal Service holiday, the required date for the action or notice will be extended to the first day following which is neirhcr a Saturday, Sunday or United States Postal Service holiday.

d Where the Board has actual knowledge that an enforcement action would directly affect a third party (e.g. a tenant or a neighbor) or involves a Violation by a party other than the Owner, notices required under this Enforcement Policy may be given, if possible. 10 such **third party in addition to the Owner. Notwithstanding any notice sent to a third party, the Owner** remains the party responsible for compliance with the requirements of the Declaration. The **Board shall accept a response from any such third party only upon the writ ten direction or the** Owner of 1hc l.ot upon which the Violation exists.

c. Where the interests or an Owner in a Lot have been handled by a **representative or agcnl of such Owner or where an Owner has otherwise acted so as to put the** Association on notice that its interest in a Lot has been and arc being handled by a representative **or agent, any notice or communication from the Association pursuant to this Enforcement Policy** will be deemed full and effective for all purposes if given to such rcpresemative or agent,

r. Whc;-c an 0\vncr transfors record title i:o a Lot 9-t any time durir.g the pendency of any procedure prescribed by !his Enforcement Policy, such Owner shall remain personally liable for all costs and fines under this Enforcement Policy. As soon as practical after receipt by the Association of a notice of a change in the record title lo a Lot which is the subject of cnforccmcnl proceedings under this Enforcement Policy, the !3oard may begin enforcement **proceedings against the new Owner in accordance with this EnfOrcemcnt Policy. The new Owner** shall be personally liable for all costs and fines under this Enforcement Policy which arc the result **or the new Owner's failure and/or rcfusaJ lo correct or eliminate the Violalit)n in the time and manner spccilicd under this Enforcement Policy**

12. **Cure of.Violation During Enforcement. An Owner may correct or eliminate a** Violation at any time during the pendency of any procedure prescribed by this Enforcemcnl

Policy Upon verification by written report to the Board and sent, \.Vhcrc appropriate, to the llo"rd that the Violation has been corrected or eliminated, the Violation will be deemed no longer tu exist. The Owner will remain liable for all costs and fines under this Enforcement Policy, which costs and lines, if not paid upon demand therefore by Management, will be rel'crred lo the Board or Directors or the Association for collection.

13 Definitions . The definitions contained in the Declaration and Bylaws arc hereby **incorporated herein by reference.**

IT **IS FURTII!cR R!cSOLVKD** that this Covenant Enforcement and Fining Policy is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended

This is to certify that the foregoing resolution was adopted by the Board of' **Ditcctors at a mec1ins or::rnnc on** ~~---1'.t- _7.;-l.Jo~~ **anC has nut** ~~)c,:::. 10d:l •:er;_:_d or~~ revoked.

YI-1i&l-

Director

V.
BYLAWS

BYLAWS

The bylaws establish the procedures for carrying out the responsibilities set forth in the articles of incorporation. They define the powers and the manner for exercising those powers for the board of directors and by each of the association's officers. The bylaws create committees and describe how rules and regulations can be made and amended. Stated differently, the actual operation of the homeowner' s association is governed by the bylaws of the association.

Among the specifics traditionally found in the bylaws are the policies governing the use of the proxies, the budget and finance procedures, and qualifications and eligibility requirements for the officers and directors. Meetings can be found in the bylaws as well as the dates for the annual and regular meetings.

This instrument amends, restates, and wholly replaces the Bylaws of The Arbor at Willow Grove Homeowners Association, Inc., recorded on December 14, 2007, as Inst. No. 0735538, in Vol. 02356, Pg. 2161, Real Property Records, Ellis County, Texas.

AMENDED & RESTATED

BYLAWS OF

THE ARBOR AT WILLOW GROVE

HOMEOWNERS ASSOCIATION, INC.

(A Texas Property Owners Association)

PROPERTY

This instrument pertains to The Arbor at Willow Grove, a planned development *in* the City of Waxahachie, Texas, the plat of Phase One having been recorded *in* Cabinet H, Slide 498, Plat Records, Ellis County, Texas.

FILED FOR RECORD - ELLIS COUNTY, TEXAS
INST NO. 1006310 FILING DATE/TIME: Apr 09, 2010at 09:55:00 AM

AMENDED & RESTATED

BYLAWS

OF

THE ARBOR AT WILLOW GROVE

HOMEOWNERS ASSOCIATION. INC.

(A Texas Property Owners Association)

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During the Development & Declarant Control Periods, Appendix B of the Declaration has priority over these Bylaws.

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AMENDED & RESTATED

BYLAWS

OF

THE ARBOR AT WILLOW GROVE

HOMEOWNERS ASSOCIATION, INC.

(A Texas Property Owners Association)

ARTICLE 1
INTRODUCTION

1.1. BYLAWS. This instrument amends, restates, and wholly replaces the Bylaws of The Arbor at Willow Grove Homeowners Association, Inc., recorded on December 14, 2007, as Instrument No. 0735538, in Volume 02356, Page 2161, Real Property Records, Ellis County, Texas. The directors of the Association, the Declarant, and owners of 85 percent of the lots in The Arbor at Willow Grove Phase One have determined that it is in the best interests of the current and future members of the Association to amend and restate the Bylaws adopted in 2007 with a document that is designed to work with the Amended & Restated Declaration that is adopted contemporaneously with these Amended & Restated Bylaws. These Amended & Restated Bylaws may hereafter be referred to as the **"Bylaws."**

1.2. PROPERTY. These Bylaws provide for the governance of The Arbor at Willow Grove, a planned community located in the City of Waxahachie, Texas. The plat of The Arbor at Willow Grove Phase One is recorded in Cabinet H, Slide 498, Plat Records, Ellis County, Texas (the **"Property").**

1.3. DECLARATION. The Property is subject to a number of publicly recorded documents, including the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded or to be recorded in the Real Property Records of Ellis County, Texas, having been previously recorded on December 10, 2007, as Instrument No. 0735036, in Volume 2355, Page 2115, Real Property Records, Ellis County, Texas (the **"Declaration").**

1.4. DEFINffiONS. Words and phrases defined in the Declaration have the same meanings when used in these Bylaws.

During the Declarant Control & Development Periods, Appendix B of the Declaration has priority over these Bylaws.

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

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

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

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

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

ARTICLE 2
BOARD OF DIRECTORS

2.1. NUMBER. After the Declarant Control Period, the board will consist of five persons. The number of directors may be changed by amendment of these Bylaws, but may not be less than three.

See Appendix B of the Declaration for the number and qualifications of directors during the Declarant Control Period.

2.2. TERM OF OFFICE. After the Declarant Control Period, each director, upon election, will serve a term of 2 years, subject to the following provisions. **A** director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed. Absent death, ineligibility, resignation, or removal, a director holds office until his successor is elected or appointed.

2.2.1. Exceptions. The following are exceptions to the 2-year term:

a. A person elected to complete the 2-year term of a director who has resigned or been removed will serve the remainder of the original 2-year term.

b. **A** person elected to the initial board or at an election to remove and replace a board or to re-establish staggered terms may serve a term that is shorter or longer than 2 years.

c. An annual election may occur sooner or later than the exact 2-year mark.

2.2.2. Staggered Terms. To maintain staggered terms, two directors will be elected in even-numbered years, and three directors will be elected in odd-numbered years. *{If the number of directors is increased or decreased, an even number will be elected in even numbered years, and an odd number in odd numbered years.)*

2.2.3. Initial Owner-Elected Board. As provided in Appendix B of the Declaration, Declarant will convene a transition meeting of owners for the purpose of electing a board of directors. *(Prior to that meeting, the board is appointed by Declarant)* To establish staggered terms, the candidates receiving the most votes will serve 2-year terms, and the candidates receiving the next-highest votes will serve initial terms of one year. *{The number of 2-year terms and 1-year terms depends on whether the term starts in an even-numbered year or an odd-numbered year.)* Thereafter, their successors will serve 2-year terms. If the board is ever elected en masse, the same methods will be used to re-establish staggered terms.

During the Development & Declarant Control Periods, Appendix B of the Declaration has priority over these Bylaws.

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2.2.4. Timing of Election Meeting. If the meeting at which a director is elected occurs at a time that does not coincide with the Association's annual meeting, the term of the elected director will overlap the next annual meeting, although it may result in a longer term, unless the meeting notice states otherwise.

2.2.5. Timing of Transition Meeting. This Subsection applies only if the transition meeting occurs at a time that does not coincide with the Association's annual meeting. The 5 directors elected at the transition meeting will serve staggered terms that overlap the next annual meeting of the Association, at which no directors will be elected, except to fill a vacancy, if any. This provision results in a term that is longer than one year for the initial directors elected to 1-year terms, and a term that is longer than two years for the initial directors elected 2-year terms.

2.3. NUMBER AND TERM OF OFFICE. After the Declarant Control Period, the board will consist of five persons. The number of directors may be changed by amendment of these Bylaws, but may not be less than three. Upon election, each director will serve a term of 2 years. A director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed.

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

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

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

2.5.2. Entity Member. If a lot is owned by a legal entity, such as a partnership or corporation, any officer, partner, agent, or employee of that entity member is eligible to serve as a director and is deemed to be a member for the purposes of this Section. If the relationship between the entity member and the director representing it terminates, that directorship will be deemed vacant.

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

2.5.4. Delinquency. No person may be elected or appointed as a director if any assessment against the person or his lot is more than 30 days' delinquent at the time of election or appointment, provided he has been given notice of the delinquency and a reasonable opportunity to cure it.

2.5.5. Violations. No person may be elected or appointed as a director if the person or his lot - at the time of election or appointment - has not cured a violation of the Governing Documents for which the Association has given notice and a reasonable opportunity to cure.

2.5.6. Litigation. No person may be elected or appointed as a director if the person is a party adverse to the Association, the board, or a committee of the Association in pending litigation to which the Association, board, or committee is a party.

During the Development & Declarant Control Periods, Appendix B of the Declaration has priority over these Bylaws.

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2.6. ELECTION. Directors will be elected by the members of the Association. The election of directors will be conducted at the annual meeting of the Association, at any special meeting called for that purpose, or by any method permitted by applicable law, such as Section 22.160(d) of the Code, which may include, without limitation, mail, facsimile transmission, electronic mail, or a combination of any of these.

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

2.8. REMOVAL OF DIRECTORS.

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

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

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

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

c. The director has refused or failed to attend 3 or more meetings of the board during the preceding 12 months, provided he was given proper notice of the meetings.

d. The director has refused or failed to cure a violation of the Governing Documents for which he has been given notice, a reasonable opportunity to cure, and an opportunity to request a hearing before the board.

e. The director was an "interested person" in the outcome of a contract, decision, or transaction considered by the board, and (1) failed to fully or timely disclose same to the board, or (2) failed to abstain from voting on the matter.

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

2.9. MEETINGS OF THE BOARD.

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

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2.9.2. Place of Board Meetings. The board will conduct its meetings at a location that is reasonably convenient for the greatest number of directors, and at a place or facility that is sufficiently large to accommodate the number of owners who typically attend board meetings as observers. The decision of where to meet may be made on a meeting by meeting basis by the officer or director who calls the meeting, by board resolution, or by any other practice that is customary for property owners associations. The board is not required (1) to conduct its meetings at the Property, (2) to maintain a fixed place for its meetings, (3) to select a location that is convenient to owners, or (4) to select a facifity that accommodates a larger number of spectator members than is customary.

2.9.3. Types of Board Meetings. Regular meetings of the board may be held at a time and place that the board determines, from time to time, but at least one such meeting must be held each calendar quarter, with or without notice. Special meetings of the board may be called, with notice, by the president or, if he is absent or refuses to act, by the secretary, or by any 2 directors. In case of emergency, as described below, the board may convene an emergency meeting for the purpose of dealing with the emergency after making a diligent attempt to notify each director by any practical method.

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

2.9.5. Informing Members of Board Meetings. The board wilf try to inform Association members of the time and place of each board meeting. The information may be imparted by any method or combination of methods that is likely to be available or communicated to most if not all members in a timely manner, such as by posting on the Association's website, by broadcast email, by signs posted at the Property, or by hand-delivered fliers. On the written request of an owner, the Association will provide the owner with the time and place of the next regular or special meeting of the board. The failure of the Association to disseminate and the failure of an owner to receive timely or accurate information about the date, time, and place of a meeting does not invalidate the meeting.

2.9.6. Conduct of Meetings. The president presides over meetings of the board and the secretary keeps, or causes to be kept, a record of resolutions adopted by the board and a record of transactions and proceedings occurring at meetings. When not in conflict with applicable law or the Governing Documents, the then current edition of Robert's Rules of Order governs the conduct of the meetings of the board.

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

2.9.8. Minutes. The written report of a board meeting is not the minutes of the meeting until approved by the directors at a future meeting. The minutes must report actions taken by the board, but need not report the substance of discussion. The board is not required to distribute minutes of its meetings to the members.

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

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

a. No audio or video recording of the meeting may be made, except by the board or with the board's prior express consent.

b. Members who are not directors may not participate in board deliberations under any circumstances, and may not participate in board discussions unless the board expressly so authorizes at the meeting.

c. Executive sessions are not open to members.

d. The board may prohibit attendance by non-members, including representatives, proxies, agents, and attorneys of members.

e. The board may prohibit attendance by any member who disrupts meetings or interferes with the conduct of board business.

f. The board may but is not required to publish to members the time, date, and place of board meetings, but will provide the information if requested in writing by a member on a meeting by meeting basis.

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

a. The nature of business to be considered in executive session will first be announced in open session.

b. No action may be taken nor decision made in executive session, which is for discussion and informational purposes only.

c. The limited purposes for which the board may convene in executive session are (1) to confer with the Association's legal counsel, (2) to discuss litigation or resolution of claims with which the Association is threatened or involved, (3) to discuss labor or personnel matters, (4) to discuss a complaint from or an alleged violation by an owner when the board determines that public knowledge would be injurious to the owner, and (5) on advice of counsel, to discuss matters of a particularly sensitive nature.

d. At the end of the executive session, the board must return to the open meeting and announce the general nature of the business that was considered in executive session. Any vote, act, or decision that would have been made in executive session (but for this requirement) must be made in the open meeting.

e. Because no action is taken in an executive session, the board is not required to make or maintain minutes of executive sessions, provided the only topics discussed were those announced in open session before and after the executive session.

2.9.12. Telephone Meetings. Members of the board or any committee of the Association may participate in and hold meetings of the board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

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2.10. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the board at a meeting may be taken without a meeting, subject to the following requirements:

2.10.1. Unanimous Consents. If all directors individually or collectively consent in writing to such action, the written consents have the same force and effect as the unanimous approval of directors at a meeting.

2.10.2. Majority Consents. If at least a majority of the directors, individually or collectively, consent in writing to such action, the written consents have the same force and effect as approval by a majority of the directors at a meeting. Prompt notice of the action so approved must be delivered to each non-consenting director.

2.10.3. Procedures. Written consents must state the date of each director's signature. The required number of written consents must be received by the Association within 60 days after the date of the earliest dated consent. Written consents must be filed with the minutes of board meetings. Additional procedures may be required by the Code.

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

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

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

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

2.12.1. Types. For purposes of these Bylaws, there are two categories of emergencies - public emergencies, and private emergencies. As a general rule, if the directors are divided or uncertain as to whether a circumstance arises to the level of an emergency, as defined below, the situation is not an emergency. The board may not declare an emergency for the purpose of evading the requirements of these Bylaws or other Governing Documents or public law.

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

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ruptures utility lines, makes roads impassable, and causes buildings to collapse is a public emergency.

b. A **"private emergency"** is when a condition within or around the Property or a situation to which the Association is a party presents an imminent and substantial threat to health, life, or property of a magnitude that warrants immediate action, although the condition or situation does not rise to the level of a public emergency. Examples of private emergencies are (1) an overturned truck carrying toxic waste, or (2) a The Arbor at Willow Grove resident or worker diagnosed with a lethal and highly contagious disease.

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

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

2.12.4. Emergency Plan. This Section may not be construed to prevent the Association from implementing policies and procedures previously approved by the Association for use in emergencies, such as an evacuation plan.

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

2.14. COMMITTEES OF THE BOARD. Whether referred to as a committee of the board, or a committee of the Association, or an advisory committee or advisory board, each committee derives its authority solely from the board, and serves at the pleasure of the board. This Section may not be construed to require the board to work with or through committees.

2.14.1. Advisory Committees During Declarant Control. During the Declarant Control Period, the board may adopt a policy of delegating to the Association's manager the responsibility for appointing and working with one or more groups of members who are organized as an advisory committee or an advisory board. For such committees, the board's duties under this Article are construed to mean "the board or the manager pursuant to a policy adopted by the board."

2.14.2. Authority. By resolution, the board may create, combine, divide, and disband one or more committees, from time to time, to assist the board with its functions. By resolution, the board names each committee and identifies its responsibilities. The board's delegation of authority to a committee does not relieve the board, or any director or officer, of a responsibility imposed by law or by the Governing Documents. All actions and decisions of a committee are subject to approval, disapproval, or modification by the board, to whom the committee must report on a periodic basis and as requested by the board. In event of conflict between the board and its committees, the decision of the board controls.

2.14.3. Composition. Each committee consists of a chairperson and two or more committee members, each of whom must be appointed by the board. **A** vacancy on a committee may be filled only with a board appointee. The board may determine or limit each committee's size, and may appoint an officer or

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director as a liaison to a committee. The president of the Association is an ex officio member of all committees.

2.14.4. Chair. The chair of each committee must be a member of the Association. The chair is appointed by the board, unless the board delegates selection of the chair to the committee from among its members, in which case the board will ratify the committee's selection. The chair serves as spokesperson for the committee and represents the committee at meetings of the board and at meetings of the Association.

2.14.5. Term. For a standing or continuing committee, each committee member and chair continues to serve until removed by the board, or until the member resigns. The board may establish term limits for all committees, or for certain committees, and may require that a committee be re-appointed annually.

2.14.6. Removal. **A** committee member or chair may be removed, with or without cause, by the board. **A** majority of committee members may recommend to the board that a chair or committee member be removed. **A** committee chair or member whose removal has been proposed must be given an opportunity to be heard. A removed committee member must return any property or records belonging to the Association.

2.14.7. Budget. The board may approve funds for a committee to use in the performance of its duties, and may impose conditions on the committee's use of the funds. No committee may incur liabilities for the Association without the board's prior approval.

2.14.8. Action. An action by the committee must be approved by a majority of the committee's members who are present at a committee meeting at which a quorum is present. The chair must seek prior approval by the board for the actions of the committee. Each committee may adopt rules for its own governance not inconsistent with the Governing Documents, rules adopted by the board for committees, or the resolution by which the committee was authorized.

ARTICLE 3
OFFICERS

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

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

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

3.4. DESCRIPTION OF PRINCIPAL OFFICES.

3.4.1. President. As the chief executive officer of the Association, the president: (1) presides at all meetings of the Association and of the board; (2) has all the general powers and duties which are usually vested in the office of president of an organization; (3) has general supervision, direction, and control of the

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business of the Association, subject to the control of the board; and (4) sees that all orders and resolutions of the board are carried into effect.

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

3.4.3. Secretary. The secretary is responsible for ensuring that the duties incident to the office of secretary are performed, such as: (1) keeping minutes of meetings of the board and of the Association; (2) having charge of such books, papers, and records as the board may direct; and (3) maintaining a record of the names and addresses of the members for the delivery of notices.

3.4.4. Treasurer. The treasurer is responsible for ensuring that the duties incident to the office of treasurer are performed, such as: (1) being responsible for Association funds; (2) keeping full and accurate financial records and books of account showing all receipts and disbursements; (3) preparing all required financial data and tax returns; (4) depositing all monies or other valuable effects in the name of the Association in depositories as may from time to time be designated by the board; (5) preparing the annual and supplemental budgets of the Association; and (6) reviewing the accounts of the managing agent on a monthly basis in the event a managing agent is responsible for collecting and disbursing Association funds.

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

ARTICLE 4
STANDARDS

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

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

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

b. An officer or director is not liable to the Association, its members, or another person for an action taken or not taken as a director if the director acted in compliance with the above-stated standard for discharging duties. **A** person seeking to establish liability of an officer or director must prove that the officer or director did not act (1) in good faith, (2) with ordinary care, and (3) in a manner the officer or director reasonably believed to be in the best interests of the Association.

4.3. RELIANCE. An officer or director may rely on information prepared or presented by (1) an officer or employee of the Association, (2) an attorney licensed by the State of Texas, (3) a certified public accountant, (4) an investment banker, or (5) a person whom the officer or director reasonably believes to possess professional expertise in the matter, and (6) in the case of a director, a committee of the Association of which the director is not a member. Such reliance must be exercised in good faith and with ordinary care. An officer or director may not rely on such information if he has actual knowledge that makes the reliance unwarranted.

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

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

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

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

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

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

4.6. CONFLICT OF INTERESTS. If a contract or transaction is fair to the Association, it is not disallowed merely because an officer, director, or member of the Association has a financial interest in the transaction, provided (1) the "interested" officer, director, or member fully and accurately discloses the nature of his interest to the board in a manner that is timely for the board's consideration of the contract or transaction, and (2) the "interested" officer or director does not participate in the vote to approve the contract or transaction, although the "interested" director may be counted toward a quorum at the meeting. Nothing in this Section may be construed to prevent the board from adopting policies and procedures that are more stringent than the requirements of this Section, or of applicable law, such as Sections 1.003, 1.004, and 22.230 of the Code.

ARTICLE 5
MEETINGS OF THE ASSOCIATION

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

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

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

An owner of each lot is entitled to meeting notices.

5.4. NOTICE OF MEETINGS. Subject to the provisions below, at the direction of the board, written notice of meetings of the Association will be given to an owner of each lot at least 10 days but not more than 60 days prior to the meeting. Notices of meetings will state the date, time, and place the meeting is to be held. Notices

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will identify the type of meeting as annual or special, and will state the particular purpose of a special meeting. Notices may also set forth any other items of information deemed appropriate by the board.

5.4.1. Notice Exception. Individual notice of the regular annual meeting of the Association is not required if (1) the time and place of the meeting is largely unchanged from year to year and (2) information about the time and place is routinely available to all members, such as by year-long posting on the Association's official website or repetitive announcements in the Association's newsletter. This exception does not apply to special meetings of the Association, or to changes in the time and place of the regular annual meeting.

5.4.2. Special Meeting Notice. Within 30 days after the board resolution or receipt of petition, the board must give all members notice of the special meeting. If the board fails or refuses to call the special meeting in a timely manner, an ad hoc committee of owners may do so provided the notice of meeting names the ad hoc committee and its individual members, and further provided that the notice is delivered to an owner of every lot in accordance with these Bylaws. The notice of any special meeting must state the time, place, and purpose of the meeting. No business, except the purpose stated in the notice of the meeting, may be transacted at a special meeting.

5.5. RECORD DATE. Before each meeting of the Association, the board will establish a list of all members for purposes of receiving a meeting notice, and a list or way of identifying members who are ineligible to vote at the meeting because of a delinquent account. These membership lists are described in the Association Records Article below. The "cut off' date on which these lists are based is referred to in the Code as the "Record Date." The Record Date for an Association meeting for which notice is given is 10 calendar days before the date the notice is distributed or published to the members. The Record Date for an Association meeting for which no notice is given is 45 calendar days before the meeting.

5.6. ELIGIBILITY. Every member is entitled to receive notice of Association meetings, to attend Association meetings, and to be counted towards a quorum, even if the member is ineligible to vote or to stand for election to the board.

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

5.6.2. Voting. The board may determine that a member may not vote at a meeting of the Association if the member's financial account with the Association is in arrears on the Record Date, provided (1) the ineligibility applies to every member whose financial account is delinquent, and (2) each ineligible member is given notice of the arrearage and an opportunity to become eligible. The board may specify the manner, place, and time for payment for purposes of restoring eligibility. The Record Date determination of members entitled to vote at a meeting of the Association is effective for any adjournment of the meeting, provided the date of the adjourned meeting is not more than 30 days after the original meeting. The board is not required to disqualify owners with delinquent accounts, and may allow all owners to vote regardless of arrearages.

Every member may attend Association meetings and be counted towards a quorum.

5.7. QUORUM. At any meeting of the Association, the presence in person or by proxy of owners of at least 10 percent of the lots in the Property constitutes a quorum. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of members constituting a quorum.

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

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

5.9.1. Co-Owned Lots. If a lot is owned by more than one member, the vote appurtenant to that lot is cast as follows. If only one of the multiple owners of a lot is present at a meeting of the Association, that person may cast the vote allocated to that lot. If more than one of the multiple owners is present, the vote allocated to that lot may be cast only in accordance with the owners' unanimous agreement. Multiple owners are in unanimous agreement if one of the multiple owners casts the vote allocated to a lot and none of the other owners makes prompt protest to the person presiding over the meeting.

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

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

5.9.4. Lots Owned by Declarant or Builders. Appendix B of the Declaration may establish different voting rights during the Development Period.

5.10. PARTICIPATION. Members may participate in person or by proxy at meetings of the Association. **A** member who participates is deemed "present" and may be counted towards a quorum unless the member participates for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

5.11. PROXIES. A member may participate in the affairs of the Association through a power of attorney or through a proxy. To be valid, each proxy must (1) be signed and dated by a member or his attorney-in-fact; (2) identify the lot to which the vote is appurtenant; (3) designate the person or position (such as "presiding officer") in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (4) identify the meeting for which the proxy is given; (5) not purport to be revocable without notice; and (6) be delivered to the secretary, to the person presiding over the Association meeting for which the proxy is designated, or to a person or company designated by the board. Unless the proxy specifies a shorter or longer time, it terminates 11 months after the date of its execution. Perpetual or self-renewing proxies are permitted, provided they are revocable. To revoke a proxy, the granting member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated. Unless revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled is valid when the meeting reconvenes. **A** proxy delivered by email or by fax may be counted if any of the following occurs: (1) the proxy's authenticity can be confirmed to the reasonable satisfaction of the board, (2) the proxy has been acknowledged or sworn to by the member, before and certified by an officer authorized to take acknowledgments and oaths, or (3) the Association also receives the original proxy within 5 days after the vote.

5.12. CONDUCT OF MEETINGS. The president, or any person designated by the board, presides over meetings of the Association. The secretary keeps, or causes to be kept, the minutes of the meeting which should

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record all resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting. The person presiding over the meeting may appoint a parliamentarian. The then current edition of Robert's Rules of Order governs the conduct of meetings of the Association when not in conflict with the Governing Documents. Votes should be tallied by tellers appointed by the person presiding over the meeting.

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

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

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

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

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

ARTICLE 6
RULES

6.1. RULES. The board has the right to establish and amend, from time to time, reasonable rules and regulations for: (1) the administration of the Association and the Governing Documents; (2) the maintenance, management, operation, use, conservation, and beautification of the Property; and (3) the health, comfort, and general welfare of the residents; provided, however, that such rules may not be in conflict with applicable law or the Governing Documents. The board will, at all times, maintain the then current and complete rules in a written form which can be copied and distributed to the members.

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

6.3. NOTICE AND COMMENT. At least 10 days before the effective date, the board will give written notice to an owner of each lot of any amendment, termination, or adoption of a rule, or will publish same in a newsletter,

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on the Association's website, or in any form or medium that is circulated or available to the members. The board may, but is not required to, give similar notice to residents who are not members. Any member or resident so notified has the right to comment orally or in writing to the board on the proposed action.

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

ARTICLE 7
ENFORCEMENT

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

a. Suspension of use of a common area.

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

c. Charging an owner or a lot for property damage.

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

7.2. NOTICE. The required written notice must contain {l) the date the violation notice is prepared or mailed; (2) a statement that not later than the 30th day after the date the owner receives the notice, the owner may request a hearing to discuss and verify facts and resolve the matter in issue, pursuant to this Article and applicable law, such as Section 209.007 Texas Property Code; (3) a statement of how or where the request for hearing should be made or delivered; (4) a statement that if the hearing is before a committee or any body other than the board, the owner has the right to appeal the decision to the board by written notice to the board; (5) a statement that the owner may be liable for reimbursement of attorneys fees and costs if the violation continues or the damage is not paid by a stated date; and (6) the following contents applicable to violations or damage claims, as the case may be:

7.2.1. Notice of Violation. In the case of a violation of a provision of the Governing Documents, the written notice must also contain the following: (1) a description of the violation; (2) a reference to the rule or provision of the Governing Documents that is being violated, if applicable; (3) a description of the action required to cure the violation; (4) the amount of the fine or charge to be levied, the nature of the common area suspension, and/or the abatement action to be taken; (5) unless the owner was given notice and a reasonable opportunity to cure a similar violation within the preceding 6 months, a statement that the owner may avoid the fine or suspension by curing the violation in a reasonable period of time, which may be specified in the notice.

7.2.2. Notice of Damage. In the case of property damage for which the Association seeks reimbursement or imposition of a charge on the owner or the lot, the written notice must also contain (1) a description of the property damage and (2) the amount of the Association's claim against the owner or the lot.

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

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7.2.4. Receipt of Notice. Unless applicable law provides otherwise, any notice given to an owner pursuant to this Article will be deemed received by the owner (1) on personal delivery to the owner or to a person at the owner's address, or (2) on the third business day after the notice is deposited with the U.S. Postal Service, addressed to the owner at the most recent address shown on the Association's records, whether or not the owner actually receives the notice.

7.3. HEARING.

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

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

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

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

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

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

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

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

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

d. The collection of delinquent assessments.

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

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

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

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

7.6. REIMBURSEMENT OF EXPENSES AND LEGAL FEES. In addition to any other rights set forth in the Governing Documents for violation of a provision of the Governing Documents, the board may levy and collect individual assessments for reimbursement of reasonable fees and expenses, including without limitation legal fees, incurred by the Association to enforce the Governing Documents, including the collection of delinquent assessments, subject to the following conditions:

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

7.6.2. Hearing. If legal fees are incurred by the Association for an action requiring notice and hearing, the owner is not liable for reimbursement of legal fees incurred (1) before the date by which the owner must request a hearing, if the owner does not request a hearing, or (2) before conclusion of the hearing, if the owner does request a hearing.

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

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

7.7. ADDITTONAL ENFORCEMENT RIGHTS. Notwithstanding the notice and hearing requirement, the board may take immediate and appropriate action, without giving the notices required in this Article, against violations of the Governing Documents which, in the board's opinion, are {l) self-evident, such as vehicles parked illegally or in violation of posted signs; (2) threatening to life or property; or (3) repeat violations of the same provision by the same owner to whom prior notices and demands have been given for the same violation. Further, the provisions of this Article do not apply to specific remedies provided in the Governing Documents for certain violations, such as nonpayment of assessments.

ARTICLE 8
OBLIGATIONS OF THE OWNERS

8.1. NOTICE OF SALE. Any owner intending to sell or convey his lot or any interest therein must give written notice to the board of his intention, together with (1) the address or legal description of the lot being conveyed, (2) the name and address of the intended purchaser, (3) the name, address, and phone number of the

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title company or attorney designated to close the transaction, (4) names and phone numbers of real estate agents, if any, representing seller and purchaser, and (5) scheduled date of closing. An owner will furnish this information to the board at least 10 business days before the scheduled date of closing or conveyance. The requirements of this Section may be satisfied by giving the Association a copy of an accepted resale contract in connection with the owner's request to the Association for a resale certificate.

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

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

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

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

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

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

ARTICLE 9
ASSOCIATION RECORDS

9.1. INSPECTION OF BOOKS AND RECORDS. Books and records of the Association will be made available for inspection and copying pursuant to applicable law, such as Section 22.351 of the Code and Section 209.005 Texas Property Code.

9.1.1. Proper Purpose. The board may require a member to submit a written demand for inspection, stating the purpose for which the member will inspect the books and records. The board has the following rights: (1) to determine whether the member's purpose for inspection is proper; (2) to deny the request if the board determines that the member's purpose is not proper; (3) if granting the request, to identify which books and records are relevant to the member's stated purpose for inspection.

9.1.2. Copies. A member, at member's expense, may obtain photocopies of books and records for which the board grants the right of inspection. The board has the right to retain possession of the original

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books and records, to make copies requested by the member, and to charge the member a reasonable fee for copying.

9.1.3. Member's Agent. A member's inspection of the books and records may be assisted or performed by the member's agent, accountant, or attorney.

9.1.4. Records of Attorneys and Accountants. The files and records of an attorney or accountant who performs services for the Association are not records of the Association, are not subject to inspection by members, and are not subject to production in a legal proceeding.

Members may inspect Association records.

9.2. AUDIT. The Association will obtain - annually - an independent audit of the Association's financial records. Copies of the audit must be made available to the owners for inspection and copying. The audit need not be performed by a certified public accountant unless so required by the board.

9.3. RESALE CERTIFICATES. Any officer may prepare, or cause to be prepared, assessment estoppel certificates or resale certificates pursuant to applicable law, such as Chapter 207 of the Texas Property Code, titled Disclosure of Information by Property Owners Association. The Association may charge a reasonable fee for preparing such certificates, and may refuse to furnish such certificates until the fee is paid. Any unpaid fees may be assessed against the lot for which the certificate is furnished. The Association may delegate the responsibility for a resale certificate to its managing agent, if any.

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

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

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

9.5.2. Source of Ownership Information. In compiling the ownership or membership list, the Association may rely on any combination of (1) public records, such as tax rolls, (2) documentation provided by title insurance companies, (3) self-reporting by owners and residents, and (4) any other reasonably reliable and customary source of ownership information. The requirement of maintaining ownership records may not be construed to require the Association to affirmatively investigate or research title to a lot.

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

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acquiring an ownership interest in a lot, acknowledges that the owner's contact information is a record of the Association that is available to all members of the Association.

Membership information is available to members.

9.5.4. Inspection List. In accordance with applicable law, the Association will prepare a list of owners of all lots in the Property for inspection by the members prior to the meeting. The purpose of the list is to enable members to communicate with each other about the meeting. The inspection list must be available for inspection by the members from the second business day after the date notice of the meeting is given until adjournment of the meeting for which it was prepared. The list may be inspected or copied by an owner or the owner's attorney or agent. The inspection list must have the following characteristics:

a. The list must be in alphabetical order of owners' surnames, or in numerical order of street addresses.

b. The list must contain the name of at least one owner of each lot, or an indication that the current ownership cannot be determined and the identify of the last known owner.

c. The list must contain an address for each member.

d. The list must identify how many lots are owned by each owner, if that cannot otherwise be determined from the list.

e. If all lots do not have uniform votes, such as lots owned by Declarant during the Declarant Control Period, the list must identify the number or weight of votes attached to each lot.

f. The list must identify which owners or lots are ineligible to vote at the meeting due to an assessment delinquency or other disqualifying condition.

ARTICLE 10
NOTICES

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

10.2. DELIVERY OF NOTICES. Any written notice required or permitted by these Bylaws may be given personally, by mail, by fax, by email, or by any other method permitted by applicable law, such as the Texas Business Organizations Code. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the member at the address shown on the Association's records. If transmitted by fax or email, the notice is deemed delivered on successful transmission of the facsimile or electronic correspondence. The notice must be sent to the party's last known address as it appears on the records of the Association at the time of transmission. If an owner fails to give the Association an effective address, the notice may be sent (1) to the address of the owner's lot and/or (2) to the owner's address shown on the then-current property tax rolls for the lot. If the Association properly transmits the notice, the owner is deemed to have been given notice whether or not he actually receives it.

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

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ARTICLE 11
INDEMNIFICATION

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

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

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

a. the person reasonably believed (1) in the case of conduct in the person's official capacity, that the person's conduct was in the Association's best interest, or (2) in any other case, that the person's conduct was not opposed to the Association's best interests;

b. in the case of a criminal proceeding, the person did not have a reasonable cause to believe the person's conduct was unlawful;

c. with respect to expenses, the amount of expenses other than a judgment is reasonable; and

d. indemnification should be paid.

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

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

11.3. EXCEPTIONS TO MANDATORY INDEMNIFICATION. A person who is found liable to the Association or is found liable because the person improperly received a personal benefit is not entitled to indemnification under this Article if, in a legal proceeding, the person has been found liable for (1) wilful or intentional misconduct in the performance of the person's duty to the Association, (2) breach of the person's duty of loyalty owed to the Association, or (3) an act or omission not committed in good faith that constitutes a breach of a duty owed by the person to the Association. In all other instances, indemnification of a person who is found liable to the Association is limited to reasonable expenses actually incurred by the person in connection with the proceeding, excluding a judgment, a penalty, a fine, or any other type of sanction. A person indemnified by the Association is considered to have been found liable in relation to a claim, issue, or matter only if the liability is established by an order, including a judgment or decree of a court, and all appeals of the order are exhausted or foreclosed by applicable law.

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

11.4.1. Advancement of Expenses. The Association may pay or reimburse reasonable expenses incurred by an indemnified person who was, is, or is threatened to be made a respondent in a proceeding

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

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

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

ARTICLE 12
DECLARANT PROVISIONS

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

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

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

ARTICLE 13
AMENDMENTS TO BYLAWS

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

13.1.1. Amendments by Board. During the Declarant Control Period, the board may amend these Bylaws unilaterally - without member approval - for any purpose, subject only to Declarant's written consent. Thereafter, the board may not unilaterally amend these Bylaws, except for the following limited purposes, which must be clearly identified in the instrument of amendment, and then only to the extent necessary to achieve the permitted goal, and only with the unanimous written consents of all directors, there being no vacancy on the board:

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a. To qualify the Property or the Association for mortgage underwriting, tax exemption, insurance coverage, or any governmental or quasi-governmental program or benefit, if doing so is in the best interests of the Association and its members.

b. To correct an obvious error that affects the validity or enforceability of the document, if doing so is in the best interests of the Association and its members.

c. To conform the Bylaws to changes in controlling law applicable to any topic addressed in these Bylaws.

d. To change the name of the Association.

e. To restate previously amended Bylaws for the sole purpose of incorporating the amendments into the body of the Bylaws.

13.1.2. Amendments by Declarant. As provided by Appendix B of the Declaration, during the Development Period, Declarant may amend these Bylaws or adopt new Bylaws with or without approval by the board or the members, **for any purpose.**

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

13.2. AMENDMENTS BY MEMBERS.

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

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

13.3. EFFECTIVE. To be effective, an amendment must be in the form of a written instrument (1) referencing the name of the Property, the name of the Association, and the recording data of these Bylaws and any amendments hereto; (2) signed and acknowledged by at least one officer of the Association, certifying the requisite authority and/or approvals; and (3) recorded in the Real Property Records of Ellis County, Texas. An amendment may be effective immediately if adopted at an Association meeting at which owners of two-thirds of the lots are represented. Otherwise, an amendment is not effective until 10 days after an owner of each lot is notified of the amendment and provided with a copy of the amendment or instructions for obtaining a copy.

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

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

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be amended during the Development Period without prior written approval of Declarant. Declarant's written consent must be part of the amendment instrument.

ARTICLE 14
GENERAL PROVISIONS

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

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

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

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

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

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

14.7. FISCAL YEAR. The fiscal year of the Association is any 12-month period that is set by resolution of the board, and is subject to change from time to time as the board determines. In the absence of a resolution by the board, the fiscal year is the calendar year.

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

During the Development & Declarant Control Periods, Appendix 8 of the Declaration has priority over these Bylaws.

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14.9. EXHIBIT. The attached Exhibit A is hereby incorporated into these Bylaws by reference for the duration of the Declarant Control Period, as defined in the Declaration.

CERTIFICATION & ACKNOWLEDGMENT

The foregoing Amended & Restated Bylaws of The Arbor at Willow Grove Homeowners Association, Inc., are adopted for the benefit of The Arbor at Willow Grove Homeowners Association, Inc., by The Arbor at Willow Grove Homeowners Association, Inc., with the acknowledged consents of (1) the Association, (2) the Declarant, and (3) owners of lots whose combined votes exceed two-thirds of the total votes of members, who collectively certify that these Amended & Restated Bylaws are properly adopted as one of the Governing Documents of The Arbor at Willow Grove, in substitution for the Bylaws adopted in 2007.

These Amended & Restated Bylaws of The Arbor at Willow Grove Homeowners Association, Inc., will become effective for the entire membership of the Association when this instrument is publicly recorded in Ellis County, Texas.

{Executed on next two pages.}

Duling the Development & Declarant Control Periods, Appendix B of the Declaration has pliolity over these Bylaws.

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SIGNED on this 7-tt-, *day* of April 2010.

THE ASSOCIATION:

THE ARBOR AT WILLOW GROVE HOMEOWNERS ASSOCIATION, INC., a Texas property owners association and nonprofit corporation

By: _____
"rncih=,;izier, President

THE STATE OF TEXAS §
§
COUNTY OFTARRANT §

This instrument was acknowledged before me on this _ day of April 2010 by Dick Frazier, President of The Arbor at Willow Grove Homeowners Association, Inc., a Texas property owners association and nonprofit corporation, on behalf of the association.

CHRISTINE J FRAZIER
Notary Public, State of Texas
My Commission Expires
September 08, 2010

DECLARANT & OWNER OF 176 HOUSE LOTS *(80%* votes)

HEDGEWOOD PARTNERS, LIMITED, a Texas limited partnership

By: BUZZARD PROPERTIES, LLC, a Texas limited liability company, its general partner

By: _____
Dick Frazier, Manager

THE STATE OF TEXAS §
§
COUNTY OFTARRANT §

This instrument was acknowledged before me on thisZ - day of April 2010 by Dick Frazier, Manager of Buzzard Properties, LLC, a Texas limited liability company, on behalf of the company in its capacity as general partner of Hedgewood Partners, Limited, a Texas limited partnership, on behalf of the limited partnership.

CHRISTINE J FRAZIER
Notary Public, State of Texas
My Commission Expires
September 08, 2010

Notary Public, The State of Texas

During the Development & Declarant Control Periods, Appendix B of the Declaration has priority over these Bylaws.

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OWNER OF 9 HOUSE LOTS (4% votes)

D.R. HORTON - TEXAS, LTD., a Texas limited partnership

By: D. R. HORTON, INC., a Delaware corporation, its authorized agent

By: _____
David L. Booth, Assistant Vice President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on this ay of April 2010 by David L. Booth, Assistant Vice President of D. R. Horton, Inc., a Delaware corporation, on behalf of said corporation in its capacity as authorized agent for D. R. Horton - Texas, Ltd., a Texas limited partnership, on behalf of the limited partnership.

_____
Notary Public, The State of Texas

KAREN *HEAD*
MY COMMISSION EXPIRES
January 3, 2013

During the Development & Declarant Control Periods, Appendix B of the Declaration has priority over these Bylaws.

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EXHIBIT A TO BYLAWS
NOTICE OF GOVERNANCE AND
PURCHASER'S COVENANTS DURING DECLARANT CONTROL PERIOD

Each owner of a home in The Arbor at Willow Grove, by the act of accepting an interest in or title to a lot during the Declarant Control Period, whether or not it is so expressed in the instrument of conveyance, acknowledges, understand, covenants, and agrees to each of the following statements:

NOTICE OF GOVERNANCE

1. The Arbor at Willow Grove is a planned community, the development and marketing of which may extend over several years, even decades. Declarant has reserved for itself the right to control the Association until The Arbor at Willow Grove is fully phased, substantially complete, and close to being "sold out" and closed to homebuyers.

2. Because the Declarant Control Period is a short span of time in the potentially perpetual life of the Property and the Association, Declarant intentionally adopted Governing Documents designed for the long era in which homeowners will control the Association, instead of tailoring the Governing Documents for the relatively brief Declarant Control Period.

3. Written for a homeowner-controlled Association, some. provrsrons in these Bylaws are inapplicable or inappropriate for the Declarant Control Period. For example, Association directors appointed by Declarant are likely to be Declarant's employees or officers, who make decisions for the Association in the ordinary course of their daily work - without formality of called meetings, notices, and minutes.

PURCHASER'S COVENANTS

1. Purchaser has read and understands the significance of this Exhibit to the Bylaws, and Appendix **B** of the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, both of which contain important information about how the Association will be governed during the Declarant Control Period.

2. Purchaser understands that a provision in Appendix **B** of the Declaration controls over a provision in these Bylaws that addresses the same topic.

3. Purchaser understands that owners will not have a voice in the operation and governance of the Association during the Declarant Control Period, except to the extent (if any) granted by Declarant.

4. Purchaser understands that - even after the Declarant Control Period ends - Declarant retains certain rights until the end of the Development Period, such as architectural control.

FOR ELUS COUNTY CLERK, REAL PROPERTY RECORDS
GRANTOR: The Arbor at Willow Grove Homeowners Association, Inc.
GRANTOR: Hedgewood Partners, Limited
GRANTOR: D. R. Horton-Texas, Ltd.
GRANTEE: Public
PROPERTY: The Arbor at Willow Grove Phase One

AFTER RECORDING, PLEASE RETURN TO:
Sharon Reuler, P.C.
5400 LBJ Freeway, Suite 1200
Dallas, Texas 75240

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02506 0430

VOL. PG.

FILED FOR RECORD - ELLIS COUNTY, TX
INST NO. 1008310
on Apr 09, 2010 at 09:55:00 AM

SCANNED

Any provision herein which restricts the sale, rental, or use of this described real property because of color or race Is invaf!d and unenforceable under federal law.
STATE OF TEXAS, COUNTY o'F ELLIS
I hereby certify this in&tlument wes flied on the date and time stamped herein and was duly reoorded In the volume and page of the OFFICIAL PUBLIC RECORDS of Ellis County Texas as sped hellIJOn.

cv'r'', *or.c;,.<* *f/*

COUNTY LERI<, St.us COUNTY, TEXAS

NOTICE OF FILING OF DEDICATORY INSTRUMENTS
FOR
THE ARBOR AT WILLOW GROVE

STATE OF TEXAS §
§ **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF ELLIS §

THIS NOTICE OF FILING OF DEDICATORY INSTRUMENTS FOR THE ARBOR AT WILLOW GROVE (this "Notice") is made this day of F2±ru.a..cy 20_il, by The Arbor at Willow Grove Homeowners Association, Inc. (the "Association").

W I T N E S S E T H:

WHEREAS, Hedgewood Paiiners, Limited ("Declarant") prepared and recorded an instrument entitled "Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove·' on or about April 9, 2010, as Instrument No. I 008308 of the Real Property Records of Ellis County, Texas (the "Declaration"); and

WHEREAS, the Association is the property owners' association created by the Declarant to manage or regulate the planned development subject to the Declaration, which development is more particularly described in the Declaration; and

WHEREAS, Section 202.006 of the Texas Property Code provides that a property owners' association must file each dedicatory instrument governing the association that has not been previously recorded in the real property records of the county in which the planned development is located; and

WHEREAS, the Association desires to record the attached dedicatory instruments in the real property records of Ellis County, Texas, pursuant to and in accordance with Section 202.006 of the Texas Property Code.

NOW, THEREFORE, the dedicatory instruments attached hereto as ***Exhibit*** *"A"* are true and correct copies of the originals and are hereby filed of record in the real prope1iy records of Ellis County, Texas, in accordance with the requirements of Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this Notice to be executed by its duly authorized agent as of the date first above written.

THE ARBOR AT WILLOW GROVE HOME-OWNERS ASSOCIATION, INC., a Texas non-profit corporation

By: _____
Its: Asst VP

FILED FOR RECORD - ELLIS COUNTY, TEXAS
INST NO. 1104928 FILING DATE/TIME: Mar 10, 2011at 01:09:00 PM

ACKNOWLEDGMENT

STATE O.F TEXAS §
§
couNTY oF CollFrL §

-, ,, **qEF(? 1 ME,** the unde: igned , uthority, on this day personal_Iy app?ared 1) ::\\fil,,\ f)...,0-t' L , 1\:..:$1" Vl of The Arbor at WIiiow Grove Homeowners Association, Inc., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed on behalf of said corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this K2_ day of [ibu4.,J 201L /

ANDV SWORD-CAIN
BR Notary Public, **Sttite** of Texas
M commission Expires
S pternbel 10, 2011

Notary Public in and for the State of Texas

Septembe 10, 2011
My Commission Expires

AFTER RECORDING, RETURN TO:
Riddle & Williams, P.C.
3710 Rawlins Street, Suite 1400
Dallas, Texas 75219

G\Notice.ded\arboratwillowgrove.notice

EXHIBIT "A"

DEDICATORY INSTRUMENT

A-I Articles of Incorporation

A-2 Covenant Enforcement and Fining Policy

VI.
ARTICLES OF **INCORPORATION**

ARTICLES OF INCORPORATION

The article of incorporation or "corporate charter" is the document that formally establishes the entity responsible for the maintenance, management and operation of the community property and the community concept. This entity is the homeowners association. The articles of incorporation provide the framework for the association's organization, they define its membership and the voting rights of its members, and they create the officers and directors who will act on behalf of the organization. The charter establishes the association's responsibility to administer to the shared community facilities and to promote and preserve harmony and uniformity within the residential community.

AMENDED & RESTATED
ARTICLES OF INCORPORATION
OF
THE ARBOR AT WILLOW GROVE
HOMEOWNERS ASSOCIATION, INC.

>TOBE FILED Wlll--1 TEXAS SECY OF STATE AS A RESTATED CERTIFICATE OF FORMATION FOR DOMESTIC NONPROFIT CORP.
:,. AMENDS & RESTATES THE ARTICLES ALED IN THE OFFICE OF THE SECRETARY OF STATE OF TEXAS ON OCTOBER 24, 2007
>TOBE FILED WITH ELLIS COUNTY CLERK AS A "DEDICATORY INSTRUMENT" PER §202.006 PROP. CODE

REAL PROPERTY

These Articles pertain to The Arbor at Willow Grove, a residential development and an addition to the City of Waxahachie, Texas, according to the plat thereof recorded in Cabinet H, Slide 498, Plat Records, Ellis County, Texas. *(The property description is provided to enable recording in Ellis County's Public Records.)*

DECLARATION

The Real Property is subject to the Amended & Restated Declaration of Covenants, Conditions and Restrictions for The Arbor at Willow Grove, recorded on April 9, 2010, as Instrument No. 1008308, in Volume 02506, Page 0319, Real Property Records, Ellis County, Texas, having been previously recorded on December 10, 2007, as Instrument No. 0735036, in Volume 2355, Page 2115, Real Property Records, Ellis County, Texas, as it may be amended, supplemented, and restated from time to time (the **"Declaration").**

ARTICLE 1. NAME & TYPE. The name of this domestic nonprofit entity is **The Arbor at Willow Grove Homeowners Association, Inc.** (hereafter, the **"Association").** This entity is the mandatory nonprofit property owners association created by the Declaration to govern the above-referenced Real Property. The filing of these Articles with the Secretary of State as a certificate of formation creates a nonprofit corporation status for the Association.

ARTICLE 2. REGISTERED AGENT & ADDRESS. See Articles 20 and 21.

ARTICLE 3. MANAGEMENT BY BOARD. The management and affairs of the Association are vested in the board of directors, except for those matters expressly reserved to others in the Governing Documents. The Declaration or Bylaws may determine the number and qualification of directors; the term of office of directors; the methods of electing, removing, and replacing directors; and the methods of holding a board meeting and obtaining consents. Directors may not vote by proxy at meetings of the board. See Article 19 for the names and addresses of the initial directors.

ARTICLE 4. MEMBERSHIP. The Association is a nonstock membership organization - the owners of lots in The Arbor at Willow Grove being the members of the Association. The Declaration or Bylaws will determine the number and qualifications of members of the Association; any classes of membership; the voting rights and other privileges of membership; and the obligations and liabilities of members. Cumulative voting is not allowed.

FILED FOR RECORD - ELLIS COUNTY, TEXAS
INST NO. 1019296 FILING DATE/TIME: Sep 01, 2010at 11:28:00 AM

ARTICLE 5. PURPOSES. The general purposes for which the Association is formed are (1) to exercise the rights and powers and to perform the duties and obligations of a Texas property owners association, in accordance with the Governing Documents and applicable State law, as each may be amended from time to time, and (2) for any lawful purpose not expressly prohibited under Chapters 2 or 22 of the Texas Business Organizations Code (the **"Code"),** including any purpose described by Section 2.002 of the Code.

ARTICLE 6. MANNER OF DISTRIBUTION. If the Association is a tax exempt organization under Internal Revenue Code 501(c) at the time of its dissolution, the Association will distribute its assets according to the applicable requirements of the Internal Revenue Code, which may be codified in Texas as Section 22.304 of the Code. If the Association is not a tax exempt organization, the Association is authorized on its winding up to distribute its assets in a manner other than as provided by Section 22.304 of the Code, as follows. The assets of the Association will belong to the members of the Association at the time of winding up and will be distributed, liquidated, or conveyed in accordance with the terms of a termination agreement approved by owners to whom 80 percent or more of the votes in the Association are allocated at the time of winding up.

ARTICLE 7. DURATION. The duration of the Association is perpetual.

ARTICLE 8. POWERS. In furtherance of its purposes, the Association has the following powers which, unless indicated otherwise by the Governing Documents or applicable State law, may be exercised by the board of directors: (1) all rights and powers conferred on nonprofit entities by applicable State law in effect from time to time; (2) all rights and powers conferred on property owners associations by applicable State law, in effect from time to time; (3) all powers necessary, appropriate, or advisable to perform any purpose or duty of the Association as set out in the Governing Documents or applicable State law.

ARTICLE 9. MEETING LOCATION. Unless the Declaration or Bylaws provides otherwise, meetings of members of the Association will be held at a suitable place convenient to the members, as determined by the board.

ARTICLE 10. LIMITATIONS ON LIABILITY. A director of the Association is not liable to the Association or its members for monetary damages for acts or omissions that occur in the person's capacity as a director, except to the extent a person is found liable for (1) a breach of the director's duty of loyalty to the Association or its members; (2) an act or omission not in good faith that constitutes a breach of duty of the director to the Association; (3) an act or omission that involves intentional misconduct or a knowing violation of the law; (4) a transaction from which the director receives an improper benefit, whether or not the benefit resulted from an action taken within the scope of the person's office; or (5) an act or omission for which the liability of a director is expressly provided by an applicable statute. If the director is a member of the Association, this limitation on liability does not eliminate or modify that person's pro rata share of the Association's liability as a member of the Association.

ARTICLE 11. INDEMNIFICATION. As provided by the Bylaws, the Association will indemnify a person who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person is or was a director, officer, committee chair, or committee member of the Association. Additionally, the Association may indemnify a person who is or was an employee, trustee, agent, or attorney of the Association, against any liability asserted against him and incurred by him in that capacity and arising out of that capacity.

ARTICLE 12. IMMUNITY FOR VOLUNTEERS. To preserve the protections for Association volunteers afforded by the Charitable Immunity and Liability Act of 1987 (Chapter 84, Texas Civil Practice & Remedies Code), the Association will operate in a manner that preserves the Association's status as a homeowners association as defined by Section 528(c) of the Internal Revenue Code of 1986, as amended.

ARTICLE 13. AMENDMENT OF ARTICLES. These Articles may be amended or restated subject to the following:

Section 13.1. General Provisions. (1) An amendment may not conflict with the Declaration, the Bylaws, or applicable State law. (2) An amendment may not impair or dilute a right granted to a person by

the Declaration, without that person's written consent. (3) If the Association is incorporated by the State of Texas at the time of amendment, an amendment must be in accordance with applicable provisions of the Code.

Section 13.2. Amendment by Declarant. During the Declarant Control Period, Declarant may unilaterally amend or restate these Articles for any purpose, without a vote of the board or of the owners.

Section 13.3. Amendment by Board. During the Declarant Control Period, the board of directors may unilaterally amend or restate these Articles for any purpose, without a vote of the owners, provided the amendment is approved in writing by Declarant. After the Declarant Control Period, the board of directors may unilaterally amend or restate these Articles, without a vote of the owners, for the following limited purposes: (1) to delete the names and addresses of the initial directors, (2) to delete the name and address of the initial registered agent or office, provided a statement of change is on file with the Secretary of State, (3) to change the name of the Association with the Secretary of State by adding, deleting, or changing a geographical attribute to the name, (4) to qualify the Community Association or to maintain its eligibility for any status that is in the best interests of the Community Association, such as a tax exemption, and (5) to conform these Articles to.changes in public law.

Section 13.4. Amendment by Members. For all other purposes, an amendment must be approved by the board and by owners representing at least two-thirds of the votes or voting interests present, in person or by proxy, at a properly called meeting of the Association for which a quorum is obtained.

ARTICLE 14. AMENDMENT OF BYLAWS. The Bylaws of the Association may be amended or repealed according to the amendment provision of the Bylaws, which reserve those powers to the members, with limited exceptions for the board acting alone.

ARTICLE 1S. ACTION WITHOUT MEETING. Subject to the additional requirements of Code Section 6.202, any action required by the Code or by the Governing Documents to be taken at a meeting of members or owners may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of members or owners as would be necessary to take that action at a meeting at which the required number of owners or members were present and voted.

ARTICLE 16. DECLARANT CONTROL PERIOD. The Declaration provides for a Declarant Control Period during which Declarant determines the number and qualification of officers and directors, who serve at the pleasure of Declarant, who is empowered by the Declaration to appoint, remove, and replace the officers and directors of the Association. The Declaration also determines the weight or numbers of votes allocated to lots owned by Declarant. Because Declarant has powers, rights, and duties in addition to those of other members, Declarant may constitute a membership "class" as described by the Code, the other lot owners constituting a different "class."

ARTICLE 17. CHANGE OF STATUS. The continuing existence of the Association as described in its Governing Documents is vested in its members - the owners of the Real Property - not in its corporate status, its name, or its filing number. During any period in which the Association is not incorporated, it will be subject to the Texas Uniform Unincorporated Nonprofit Association Act (Chapter 252 of the Code), and these Articles will continue to be effective as a Governing Document of the Association.

ARTICLE 18. TERMINOLOGY. Capitalized terms used in these Articles, such as Association, Declarant, Declarant Control Period, Declaration, and Governing Documents, have the same meanings as defined in Article 1 of the Declaration. "Articles" and "Articles of Association" have the same meaning as "Certificate of Formation" and "Articles of Incorporation," wherever used. As applied to this Association, the following terms which are defined or used in the Code are construed as follows:

Section 18.1. "Governing Documents," as defined by the Code, is construed by the Association to mean the "Governing Documents," as defined by the Declaration, even though Governing Documents may have been initially adopted by the Declarant of the Real Property for the benefit and use of the members of the

Association, rather than having been adopted by the Association, as indicated by the Code's definition of Governing Documents.

Section 18.2. "each member entitled to vote at the meeting," as used in the Code, is construed by the Association to mean that if a lot is co-owned, even though all the co-owners are members of the Association, the co-owners share one membership per lot for notification and voting purposes. Therefore, votes and memberships are tabulated on a lot basis, rather than on a headcount of owners and co-owners.

ARTICLE 19. BOARD OF DIRECTORS. The board consists of three directors who serve at the pleasure of Declarant during the Declarant Control Period, and who will serve as directors until the earlier of (1) their successors are appointed by Declarant, or (2) their successors are elected by the members of the Association after the Declarant Control Period. The number of directors after the Declarant Control Period is determined by the Bylaws, and may be changed from time to time by amendment of the Bylaws. The name and address of each current director are as follows:

	Address
David L. Booth	4306 Miller Road, Suite A, Rowlett, Texas 75088
Karen Head	4306 Miller Road, Suite A, Rowlett, Texas 75088
Damon Ainsworth	4306 Miller Road, Suite A, Rowlett, Texas 75088

ARTICLE 20. REGISTERED AGENT. The name of the Association's registered agent is CT Corporation System.

ARTICLE 21. OFFICE OF REGISTERED AGENT. The address of the Association's registered agent is 350 N. St. Paul, Suite 2900, Dallas, Texas 75201.

EXECUTION

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument.

SIGNED this 10 day of August 2010.

David L. Booth, President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on this 10th day of August 2010 by David L. Booth, President of The Arbor at Willow Grove Homeowners Association, Inc., a Texas nonprofit corporation, on behalf of said corporation.

Notary Public, The State of Texas

KAREN HEAD
MY COMMISSION EXPIRES
January 3, 2013

02529 0388

VOL. PG.

Sharon Reuler
5400 LBJ Frwy Ste1200
Dallas TX 75240

SCANNED

Any ptOVision henain wNch rNbicls the sale, rental, or U!S8 of tis deaai>ed real property because of color 0t rac:e ts invalid and unenfon.:eable under teder.al law.

STATE OF TEXAS, COUNTY OF ELLIS

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and- of the OFFICIAL PUBLIC RECOROS ol Ella
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C LE:::'ILIS COUl'TY,TEXAS

FILED FOR RECORD - ELLIS COUNTY, TX
INST NO. 1019296
on Sep 01, 2010 at 11:28:00 AM

Arbor at Willow Grove
Identity Theft Prevention Program
Policy and Procedures
Policy

Arbor at Willow Grove ("Association") strictly complies with all federal and state laws and reporting requirements regarding identity theft, including the federal Red Flags Rule, which implements Section 114 of the Fair and Accurate Credit Transactions Act of 2003. This policy outlines the Association's Identity Theft Prevention Program ("Program"), which is mandated by the Red Flags Rule and governs how Association will (1) identify, (2) detect and (3) respond to "red flags." A "red flag" is defined as a pattern, practice, or specific account or record activity that indicates possible identity theft.

The Program must be approved by Association *Board of Directors* as of January 31, 2011, and the Program must be reviewed and updated at least once a year in order to ensure that the Program keeps current with identity theft risks. In doing so, Association *Board of Directors* will consider the Association's experiences with identity theft situations and similar experiences for other entities in the community association industry, changes in identity theft methods, changes in identity theft detection and prevention methods, and changes in Association's business arrangements with other entities.

It is the Association's policy that the Director of Community Management/Accounting is assigned the responsibility of overseeing, developing, implementing, and administering the Program. Association is committed to ensuring that this individual, designated as Association's privacy official, be provided with sufficient resources and authority to fulfill these duties.

Association requires that its business associates be contractually bound to protect sensitive client information to the same degree as set forth in this policy. Business associates of the Association who violate their agreement will be dealt with first by an attempt to address the problem, and if that fails, by termination of the agreement and discontinuation of services by the business associate.

Association's workforce must be trained on the policies and procedures governing compliance with the Red Flags Rule, and new workforce members are required to receive training on these matters within a reasonable amount of time after they have been hired. Should any policy or procedure related to the Red Flags Rule materially change, the Association shall provide further training within a reasonable amount of time after the policy or procedure materially changes. All training sessions are to be documented, indicating participants, date, and subject matter.

Procedures

I. Identify red flags. While providing community services to homeowners, the Association may encounter inconsistent or suspicious documents, information, or activity that suggests the possibility of identity theft. The following are identified as potential red flags:

1. Notice from a homeowner, a victim of identity theft, a law enforcement agency, or someone else that an account has been opened or used fraudulently
2. A dispute of a bill or assessment by a homeowner who claims to be the victim of any type of identity theft
3. Suspicious documents, such as paperwork that appears altered or forged, and information on the identification that is inconsistent with other information, like a signature card or recent check

4. Suspicious personal identifying information, such as inconsistencies with what is already known and inconsistencies in the information the homeowner has already provided.
5. Suspicious account activity, such as an account that is used in a way inconsistent with established patterns, an account that has been inactive for a long time that is suddenly used again, and information that the homeowner is not receiving their account statements in the mail

II. Detect Red Flags. Employees of the Association will be alert for discrepancies in documents and homeowner information that suggest risk of identity theft or fraud. The Association staff will verify homeowner identity and address before services are provided and billed. Specifically, the procedures for detecting red flags are as follows:

1. When somebody notifies the Association that an account has been opened or used fraudulently, employees are required to report such notifications to their immediate supervisor or the designated privacy official. If reported to a supervisor, that supervisor should relay the information to the privacy official
2. When verifying the identity of a homeowner who is opening a new account, Association staff are required to obtain a name, address, and identification number and, for in-person verification, to check a current government-issued identification card, such as a driver's license or passport
3. Regarding existing accounts, the Association staff is expected to verify the identification of homeowners if they request information, and verify the validity of change-of-address requests and changes in banking information given for billing purposes
4. In general, Association staff should be alert for the possibility of identity theft in the following situations:

    a. The photo identification submitted by the homeowner does not resemble the homeowner
    b. Identifying information submitted by the homeowner appears to be altered or forged.
    c. Information on one form of identification the homeowner has submitted is inconsistent with information on another form of identification or with information already in the records kept by Association
    d. An address or telephone number is discovered to be incorrect, non-existent, or fictitious
    e. The homeowner fails to provide identifying information or documents
    f. The homeowner' s signature does not match a signature in the homeowner' s records

III. Respond to Red Flags. If any employee of Association detects fraudulent activity or if a homeowner claims to be a victim of identity theft, Association will respond to and investigate the situation.

If potentially fraudulent activity (a red flag) is detected by an employee of the Association:

1. The employee should gather all documentation and report the incident to his or her immediate supervisor or the designated privacy official. If reported to a supervisor, that supervisor should relay the information to the privacy official
2. The privacy official will determine whether the activity is fraudulent or authentic
3. If the activity is determined to be fraudulent, then Association should take immediate action, which may include the following:

a. Canceling the transaction;
b. Closing an existing account;
c. Reopening an account with a new account number;
d. Not opening a new account;
e. Not trying to collect on an account or not selling an account to a debt collector;
f. Notifying appropriate law enforcement;
g. Notifying the affected homeowner; and
h. Changing any passwords or other security devices that permit access to accounts.

If a homeowner claims to be a victim of identity theft, the following procedures should be followed:

1. The homeowner should be encouraged to file a police report for identity theft if the homeowner has not done so already.
2. The homeowner should be encouraged to complete the ID Theft Affidavit developed by the Federal Trade Commission, along with supporting documentation.
3. Association will compare the homeowner's documentation with personal information in the homeowner's records.
4. If, following investigation, it appears that the homeowner has been a victim of identity theft, the Association will promptly consider what further remedial act/notifications may be needed under the circumstances.
5. If, following investigation, it does not appear that the homeowner has been a victim of identity theft, the Association will take whatever action it deems appropriate.

Approved 18th *day of* January, *2011.*

President

Secretary

THE STATE OF TEXAS §
§
COUNTY OF ELLIS §

THE ARBOR AT WILLOW GROVE PROPERTY OWNERS ASSOCIATION MANAGEMENT CERTIFICATE

As Required By Section 209.004, Texas Property Code

NOTICE IS HEREBY GIVEN that the below property 1s controlled by a mandatory homeowners association.

I. **SUBDIVISION INFORMATION:** The Arbor at Willow Grove is a phased addition to the City of Waxahachie, Ellis County, Texas. The plat of Phase ! was recorded on 10/1/07, as Document No. 500, in Cabinet H, Slide 498, Plat Records, Ellis County, Texas..

2. **DECLARATION INFORMATION:** Lots in The Arbor at Willow Grove are subject to the Declaration of Covenants, Conditions & Restrictions for The Arbor at Willow Grove, recorded on December I 0, 2007, as Instrument No. 0735026, Volume 02355, Page 2115, Real Property Records, Ellis County, Texas, as it may be amended from time to time.

3. **NAME OF PROPERTY O\VNERS ASSOCIATION:** The Arbor at Willow Grove Owners Association

4. **HOW TO CONTACT THE ASSOCIATION THROUGH ITS MANAGING AGENT:**

c/o Lone Star Association Management, Inc.
2500 Legacy Drive, Suite 220
Frisco, Texas 75034

Phone: (469)-384-2088
Fax: (469)-384-4653
Website: www.lonestarmanagement.com

DATED September 26, 2013

THE ARBOR AT WILLOW GROVE OWNERS ASSOCIATION,
a Texas property owners association

By: **LONE STAR ASSOCIATION MANAGEMENT, INC.,**
a Texas corporation, its managing agent

By: _____
Susan Garrett, Director

FILED FOR RECORD - ELLIS COUNTY, TEXAS
INST NO. 1324242 FILING DATE/TIME: Oct 10, 2013at 10:42:00 AM

ACKNOWLEDGEMENT

THE STATE OF TEXAS §
§
COUNTY OF ELLIS §

BEFORE ME, the undersigned notary public, on this day personally appeared 51,($.IA a4'-VVl'. t±=: **,** known to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged to me that s/he executed the same for the purposes and consideration set forth therein and in the capacity therein stated.

SUBSCRIBED AND SWORN TO BEFORE ME, on this the 20"'fl... day of Sep-/-el'\A bev , 2013.

ELLEN WHITE
Notary Public, Stote of Texas
My Commission Expires
January 29, 2017

NO ARY PUBLIC IN AND FOR THE STATE OF TEXAS

AFTER RECORDING PLEASE RETURN TO:
Lone Star Association Management, Inc.
2500 Legacy Drive, Suite 220
Frisco, Texas 75034

SCANNED

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STATE OF TEXAS, COUNTY OF ELLIS
1 hereby certify this in•tru"1Qflt wee fH!lf.l on the date and time stamped heroin an<l Wf»duly roc0<d€1d in1he volume and page of the OFFICIAi f'UBUC RECORDS of Ellls **CountyTexasasstamf)ephereon.**

/d,tt,'fr

c COUNTY CLERK ELLIS COUNTY.TEXAS

ELLIS COUNTY, TX
INST NO. 132424
On: Oct 10, 2013 at 10:42:00 AM