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Granbury, Texas 76048
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Filed and Recorded - Real Records

RESTRICTIONS

Grantor: BELLA OAKS HOMEOWNERS ASSOCIATION INC

Pages: 74

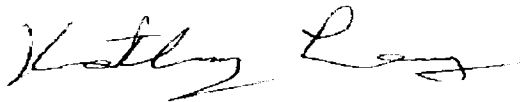
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Any provision herein which restricts the Sale, Rental, or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

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



Katie Lang
County Clerk
Hood County, Texas



Return To:

CAIN & ASSOCIATES
508 N. RIDGEWAY
CLEBURNE, TX 76033



**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR BELLA OAKS SUBDIVISION**

**A Single-Family, Detached Residential Subdivision
an Addition in Hood County, Texas
including provisions relating to**

BELLA OAKS HOMEOWNERS ASSOCIATION, INC.

(A Texas Property Owners Association)

PROPERTY AFFECTED

A tract of land situated in the W.J. Arrington Survey, Abstract No. 18, Hood County, Texas, known as Bella Oaks, containing approximately 208.30 acres of land as described that certain deed recorded on December 1, 2020 from 2D Investments, LLC Series 1 to Legends Land Development, LLC in document number 2020-0018310 of the deed records of Hood County, Texas and including the platted Phase One, Lots 1-9, Block 1; future Phase Two, Lots 10-47, Block 1; future Phase Two, Lots 1-14, Block 2; and future Phase Two, Lots 1-14, Block 3 and recorded as the Plat of Bella Oaks Subdivision recorded on February 2, 2021 at page 781 of the plat records of Hood County, Texas (regarding phase one) along with all future phases within the entire 208.30 acre tract of land;

This land, together with any additional lands annexed pursuant to Article II of this Declaration, is referred to as "Bella Oaks," the "Subdivision," the "Property," or the "Development."

STATE OF TEXAS §

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF HOOD §

§

This Declaration of Covenants, Conditions and Restrictions For Bella Oaks referred to herein as the "Declaration," adopted by Legends Land Development, LLC, a Texas limited liability company, ("Developer" and/or "Declarant") for Bella Oaks, a single-family, detached residential subdivision Addition in Hood County, Texas, and adopted by the Bella Oaks Homeowners Association, Inc. a Texas non-profit corporation (herein "HOA" or "Association"), the intended owner of the Common Areas within the subdivision, which shall obtain legal title to ownership of such Common Areas as provided herein, this Declaration is effective on February 2, 2021 as follows:

RECITALS

WHEREAS, Developer is the owner of all the lands and Lots not previously sold to third parties, all the Common Areas, and all the tracts under development or yet to be developed in that certain real property described in the "Property Affected" above and known as Bella Oaks; and

WHEREAS, the Bella Oaks property contains approximately two hundred eight point three (208.3) acres of land situated in Hood County, Texas, including Phase One platted on February 2, 2021 at page 781 as Plat of Bella Oaks Addition, Lots 1-9, Block 1 of Hood County, Texas together with all future phases and plats ("Division"); and

WHEREAS, Declarant is the Developer of that certain Bella Oaks real property described in the "Property Affected" as Bella Oaks Subdivision; and

WHEREAS, the Declarant desires to hold and, from time to time, convey the Property, or any portion thereof, subject to certain protective covenants, conditions, restrictions, liens, and charges hereinafter set forth which are for the benefit of each individual Lot and the Development as a whole; and

WHEREAS, Declarant desires to create and carry out a uniform plan for the improvements, development and sale of the Subdivision for the benefit of the present and future owners of the Subdivision; and

IT IS THEREFORE RESOLVED, that the Declarant hereby adopts the following Declaration of Covenants, Conditions And Restrictions for Bella Oaks as follows:

BELLA OAKS ADDITION

Property Affected:

A tract of land situated in the W.J. Arrington Survey, Abstract No. 18, Hood County, Texas, known as Bella Oaks, containing approximately 208.30 acres of land as described that certain deed recorded on December 1, 2020 from 2D Investments, LLC Series 1 to Legends Land Development, LLC in document number 2020-0018310 of the deed records of Hood County, Texas and including the platted Phase One, Lots 1-9, Block 1; future Phase Two, Lots 10-47, Block 1; future Phase Two, Lots 1-14, Block 2; and future Phase Two, Lots 1-14, Block 3 and recorded as the Plat of Bella Oaks Subdivision recorded on February 2, 2021 at page 781 of the plat records of Hood County, Texas (regarding phase one) along with all future phases within the entire 208.30 acre tract of land and described by metes and bounds in the attached Exhibit A.

ARTICLE I **DEFINITIONS**

Unless the context otherwise specifies or requires, the following words and phrases in this Declaration shall have these meanings:

1.1 Architectural Control Committee. "Architectural Control Committee" or "ACC" or "Committee" shall mean the committee created pursuant to this Declaration and the Bylaws to review and approve Plans and Specifications for the construction of Improvements upon the Property, certain landscaping matters, and other matters described herein.

1.2 Assessment. "Assessment" or "Assessments" shall mean such assessments or other charges as may be levied by the Association under the terms and provisions of this Declaration.

1.3 Association. "Association" means one or more non-profit corporations, including its successors, assigns, or replacements, created under the laws of the State of Texas, with the first being the Bella Oaks Homeowners Association, Inc. Declarant is hereby authorized to incorporate one or more entities to provide the functions of the Association. No more than one such non-profit corporation shall be in existence at any one time, provided however, the formation of a sub-association is permitted. The Association has jurisdiction over all properties located within the Subdivision, as same may be amended from time to time as additional property is annexed into the Subdivision as allowed under this Declaration. For purposes of clarity, when "Association" is used herein, that term includes the authority, rights, remedies and obligations of the nonprofit corporation, and the authority of the Board, as defined herein, to carry out the authority, rights, remedies, and obligations of the Association.

1.4 Board. "Board" shall mean the Board of Directors of the Association.

1.5 Bylaws. "Bylaws" shall mean the Bylaws of the Association to be adopted by the Board, and as from time to time amended.

1.6 Certificate of Formation. "Certificate of Formation" shall mean the Certificate of Formation of the Association, which shall be filed in the office of the Secretary of State of Texas, and as, from time to time, amended.

1.7 Common Area. "Common Area" shall mean that portion of the Property owned by the Association for the common use and enjoyment of the Members of the Association including but not limited to, all parks, recreational facilities, community facilities, pumps, landscaping, sprinkler systems, perimeter fencing, community entrances, pavement, streets (to the extent not owned by appropriate governmental authorities), walkways, parking lots, pipes, wires, conduits and other public utility lines situated thereon (to the extent not owned by appropriate governmental authorities or by local utility companies). The Common Area to be owned by Association shall include: (i) those areas of land shown on any recorded plat, or its equivalent, of the Property or any portion thereof filed or approved by Declarant and identified thereon as "Greenbelt", "Subdivision Entrance" or "Amenity Area"; (ii) the unpaved and landscaped areas of the right of way for any road within the Subdivision; and (iii) those areas of land and improvements thereon deeded to the Association by Declarant.

1.8 Control Transfer Date. "Control Transfer Date" shall mean and refer to date the Declarant has filed amount the Official Public Records of Hood County an instrument transferring control of the Association and the ACC or if no such instrument is filed, the expiration of twenty (20) years following the sale of the first lot.

1.9 Declarant or Developer. "Declarant" or "Developer" shall mean Legends Land Development, LLC, a Texas limited liability company, and any lawful successor or assign, provided that any assignment of the rights of Declarant must be expressly set forth in writing. The mere conveyance of a portion of the Property without written assignment of the rights of Declarant shall not be sufficient to constitute an assignment of the rights of Declarant hereunder.

1.10 Declarations. "Declaration" and "Declarations" shall mean this instrument, and as it may be amended from time to time.

1.11 Design Guidelines. "Design Guidelines" shall mean the criteria and guidelines established by the Architectural Control Committee for the construction of Improvements, and other matters, within the Property, as further defined herein.

1.12 Development. "Development" shall mean the Subdivision as defined herein.

1.13 Development Period. "Development Period" means that period prior to the Control Transfer date.

1.14 Improvement. "Improvement" shall mean every structure, fixture, addition, and all appurtenances thereto, of every type and kind located above, below, or on the Property, including but not limited to, residences, buildings, outbuildings, storage sheds, patios, tennis courts, basketball goals, above or below ground swimming pools, garages, storage buildings, fences, trash enclosures, propane enclosures, screening walls, retaining walls, stairs, decks, landscaping, poles, signs, exterior air conditioning, water softener fixtures or equipment and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

1.15 Lot or Tract. "Lot" or "Lots" or "Tract" or "Tracts" shall mean any tract, piece, parcel or parcels of land within the Property shown, designated and/or identified as such on a Plat of the Property, together with all Improvements located thereon.

1.16 Member. "Member" or "Members" shall mean any person, persons, entity or entities holding membership rights in the Association.

1.17 Mortgage. "Mortgage" shall mean any mortgage or deed of trust covering all or any portion of the Property given to secure the payment of a debt.

1.18 Mortgagee. "Mortgagee" or "Mortgagees" shall mean the holder or holders of any Mortgage or Mortgages.

1.19 Outbuildings. "Outbuildings" shall mean any building or structure that is not the Main Dwelling, a Detached Guest House, or a Detached Garage. The term "Outbuilding" includes, but is not limited to barns, workshops, storage buildings, playhouses, pet housing, green houses, well houses, gazebos, cabanas, and pavilions.

1.20 Owner. "Owner" or "Owners" shall mean and refer to a person or persons, entity or entities, unless otherwise provided herein, and any Mortgagee holding a fee simple interest in all or any portion of the Property but shall not include a Mortgagee holding only an equitable interest in said Property as a lienholder.

1.21 Person. "Person" or "Persons" shall mean any individual, individuals, entity or entities having the legal right to hold title to real property.

1.22 Plans and Specifications. "Plans and Specifications" shall mean any and all documents designed to guide or control the construction or creation of any Improvement, including but not

limited to, those indicating location, size, shape, configuration, materials, site plans, excavation and grading plans, foundation plans, drainage plans, landscaping and fencing plans, signage, lighting, elevation drawings, floor plans, specifications on all building products and construction techniques, samples of exterior colors, plans for utility services, all other documentation or information relevant to such Improvement.

1.23 Plat. "Plat" shall mean a final subdivision plat of any portion of the Property.

1.24 Restrictions, Governing Documents, Dedicatory Instruments. "Restrictions" and "Governing Documents" and "Dedicatory Instruments" shall each mean collectively: (i) this Declaration, together with any and all Supplemental Declarations, as the same may be amended from time to time; (ii) the Plat of the Subdivision; (iii) the Association's Policies, Rules and Regulations also referred to herein and defined below as the "HOA Policies," and "HOA Rules" and (iv) the Certificate of Formation and the Bylaws, as the same may be amended from time to time.

1.25 HOA Policies and HOA Rules. "HOA Policies" shall mean the policies adopted by the Board as they may be amended from time to time. "HOA Rules" shall mean the rules and regulations adopted by the Board as the same may be amended from time to time.

1.26 Subdivision or Property. "Subdivision" or "Property" shall mean and refer to Bella Oaks Subdivision (including all of the affected property) and such other property within the Development, whether or not all or a portion has been subdivided and shown on a map or plat recorded in the Map and Plat Records of Hood County, Texas, and brought within the purview of this Declaration in accordance with the provisions of Article II of this Declaration.

1.27 Supplemental Declaration. "Supplemental Declaration" shall mean and refer to any declaration of covenants, conditions and restriction that may be recorded hereafter in order: (i) to incorporate additional property into the Development; (ii) to subject any area of the Property to further or differing covenants, conditions, or restrictions; or (iii) to withdraw land from the Property.

ARTICLE II.

PROPERTY SUBJECT TO DOCUMENTS, ORDINANCES, EASEMENTS AND DEDICATIONS

2.1. Subject Property. Approximately two hundred eight point three (208.3) acres of land situated in Hood County, Texas and known as the Bella Oaks Subdivision, platted as sixty-one (61) current and future Lots and recorded that certain deed recorded on December 1, 2020 from 2D Investments, LLC Series 1 to Legends Land Development, LLC in document number 2020-0018310 of the deed records of Hood County, Texas ("Division") and described by metes and bounds in the attached Exhibit A, plus any "Additional Land" hereafter added to the subdivision and platted of record in Hood County, Texas, and made subject to the jurisdiction of the Association, which is held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms, covenants, conditions, restrictions, reservations, liens, and easements of these Protective Covenants, including Declarant's representations and reservations in the attached Exhibit B, 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. 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 Declaration and the Documents referenced herein, and further agrees to maintain any easement that crosses the Owner's Lot and for which the Association does not have express responsibility.

2.2 Lot Subdivision, Combination, Replat and Composite Building Site. One or more Lots may be subdivided and replatted with the approval of all Owners of the Lots directly affected by the replatting. The size of each Lot and the density of the Lots in the Bella Oaks Subdivision must comply with the requirements of Hood County Zoning and Subdivision Ordinances, Rules and Regulations. Any Owner of one or more adjoining Lots (or portions thereof) may replat and consolidate such Lots or portions into one building site, with the privilege of placing or constructing improvements on such resulting site with the prior written approval of all Owners of the Lots directly affected, plus the prior written approval of the Association's Board of Directors and the Architectural Control Committee and Hood County. In such case, the side set-back lines shall be measured from the resulting side property lines rather than from the Lot lines as indicated on the Plat. Combining Lots or portions thereof shall be in compliance with the Hood County Subdivision Ordinance and shall not result in any remaining Lot or remaining portion of any Lot(s) being smaller in size than the smallest of any affected Lot prior to the proposed combination and replatting. The parties executing the replat will provide a copy of the recorded replat to the Association. Replatting of Lots will not alter the number of votes and assessments allocated to each of the Lots as originally platted. However, if replatting of Lots reduces the number of Lots as originally platted by combining Lots, the joined Lot will have one vote, and will continue to have the assessments allocated to the Lots as originally platted. So, by way of example, if two originally platted Lots are replatted into one joined Lot, the joined Lot will continue to have the combined assessments allocated to the two Lots that were replatted into one joined Lot.

2.3. Plat Dedications, Easements & Restrictions. In addition to the dedications, easements, restrictions and protective covenants contained in this Declaration, the Property is subject to the reservations, dedications, limitations, notes, easements, restrictions, and reservations shown or cited on the Plat, which is incorporated herein by reference. All dedications, easements, restrictions, and reservations created herein or shown on the Plat, replats or amendments of the Plat of the Bella Oaks Subdivision recorded or hereafter recorded in the Plat records of Hood County, Texas, shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of Declarant, and on or behalf of conveyances of Lots executed by Lot Owners, whether specifically referred to therein or not. 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 the Plat, and further agrees to maintain any easement that crosses the Owner's Lot and for which the Association does not have express responsibility.

A. Dedication of Utility Easements. Declarant dedicates to the public, the non-exclusive, utility easements over, under and across areas, as described or shown on the Plat. Further, the Declarant dedicates for public use the easements shown on the Plat for the purpose of constructing, maintaining, repairing, removing and/or replacing a system or systems (including all utilities equipment and facilities) of storm surface

drainage, water, sanitary sewer, electric lighting, electric power, natural gas, traditional or fiber optic internet and telephone lines, cable television, or any other utility the Declarant sees fit to install in, across and/or under the Property. All utility easements may be used for the construction of drainage swales in order to provide for improved surface drainage of Common Area and/or Lot(s). Any utility company serving the community shall have the right to enter upon any utility easement for the purpose of installation, repair, and maintenance of their respective facilities. Neither Declarant nor any utility company, political subdivision, or other authorized entity, or any of their agents, employees, or servants using the easements herein referred to, shall be liable for any damages done to trees and lawns, fences, shrubbery, or to other property of the Owner on the property covered by said easements. No Improvement or Structure shall be constructed or placed on any such public easement without the express prior written consent of the Architectural Control Committee. Full rights of ingress and egress shall be had by the Declarant, the Association, and all utility companies serving the Bella Oaks Subdivision, and their respective successors and assigns, at all times over the subdivision for the installation, operation, maintenance, repair or removal of any utility together with the right to remove any obstruction (excluding, however any driveway, fence or other Improvements or Structures which has been heretofore specifically approved by the Architectural Control Committee) that may be placed in such easement that would constitute interference with the use of such easement, or with the use, maintenance, operation or installation of such utility.

B. Dedication of Streets within Property. Declarant dedicates, in fee simple, to Hood County for the public use forever the interior roadways and streets as described on the Plat over, under and across areas of the Property, and as shown on the Plat, unless the streets are shown as private. Further, because the streets and cul-de-sacs within the Property (herein "streets") are capable of being converted from privately owned to publicly dedicated, and vice versa, this Section addresses both conditions. The private streets are part of the Common Area, which is governed by the Association. A public street is part of the common Area only to the extent that it is not maintained or regulated by Hood County. To the extent not prohibited by public law, the Association, acting through the Board of Directors (herein "Board"), is specifically authorized to adopt, amend, repeal, and enforce rules, regulations, and procedures for access and use of the subdivision's interior streets, including but not limited to:

1. Identification of vehicles used by Owners and residents and their guests.
2. Subject to regulation by Hood County, speed limits, initially designated by the Association shall be 25 mph on the subdivision's interior streets and shall be as otherwise designated in Rules adopted periodically by the Association's Board, following any required approval of Hood County.
3. Limitations or prohibitions on curbside parking and no-parking areas.

4. Removal or prohibition of vehicles that violate the Association's applicable rules and regulations.
5. Fines for violations of the Association's applicable rules and regulations.

2.4. Title Subject to Easements. It is expressly agreed and understood that the title conveyed by Declarant to any of the Lots by contract, deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, electric lighting, electric power, water, natural gas, telegraph or telephone purposes, and subject to Party Fence agreements, and other easements hereafter granted affecting the Lots. The Owners of the respective Lots shall not be deemed to own pipes, wires, conduits or other service lines or equipment running through, or existing on, their Lots which are utilized for their Lots or service other Lots, but each Owner shall have an easement in and to the aforesaid facilities as shall be necessary for the use, maintenance, and enjoyment of the Owner's Lot.

ARTICLE III

PROPERTY EASEMENTS, RIGHTS AND RESTRICTIONS

3.1. 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.

3.2. Public Access Easement. As noted and shown on the Plat, various Common Areas are burdened by specific public access easements that may be used by emergency personnel.

3.3. Drainage Easements. Certain Common Areas are burdened by "Drainage Easements." The Drainage Easements, including drainage maintenance and related matters thereon, shall be maintained by the Association as a Common Expense.

3.4. Party Wall Fence Easements. A fence located on or near the dividing line between two Lots and intended to benefit both Lots constitutes a "Party Wall Fence" and, to the extent not inconsistent with the provisions of this Article, is subject to the general rules of law regarding party walls and liability for property damage due to negligence, willful acts, or omissions. Any matters concerning party fences on the common boundary of contiguous Lots, which are not covered by this Declaration's terms, shall be governed by the general rules of law concerning party fences.

3.5 Easement for Screening Wall. The Association is hereby granted a perpetual easement (the "Screening Wall Easement") over, on and along the boundaries of the Bella Oaks Subdivision Property. Whether a privacy screening wall or fence and/or a decorative fence are designed and installed as a Common Element on the various boundaries, or any portion thereon, of the Property, they shall be maintained, in full compliance with any applicable Hood County ordinance. The purpose of the Screening Wall Easement is to provide for the construction, existence, repair, maintenance, improvement, and replacement of the Property's Common Area Screening Wall (privacy screening wall or fence and/or a decorative fence), landscaping, signage relating to the Property on or as an integral part of the wall or fences, and other entry features, which shall be maintained by the Association as a Common Area. The Association shall be

responsible for maintaining, repairing, and replacing any Common Area Screening Wall (privacy screening wall or fence and/or a decorative fence).

In exercising this Common Area Screening Wall Easement, the Association may repair, maintain, improve, and replace improvements reasonably related to the Subdivision's frontage and any other Property perimeter fences, landscaping, street lights and all fixtures relating to the Common Area Screening Wall and the Property. Any Owners of Lots burdened with the Common Area Screening Wall Easement will have the continual use and enjoyment of their Lots for any purpose that does not interfere with and prevent the Association's use of the Common Area Screening Wall Easement. In addition to the easement granted herein, the Declarant and the Association have the temporary right, from time to time, to use as much of the surface of any potentially burdened Lot as may be reasonably necessary for the Association to perform its contemplated work on the Common Area Screening Wall Easement. This easement is perpetual. The Common Area Screening Wall Easement will terminate when the purpose of the easement ceases to exist, is formally abandoned by the Association, or becomes impossible to perform. The Association may assign this easement, or any portion thereof, to a third party agreeing to accept such assignment.

3.6. Owner's Easement of Enjoyment. Every Owner is granted a non-exclusive right and easement of enjoyment over the Common Areas and use of all 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.

3.7. Owner's Ingress/Egress Easements. Every Owner is granted a perpetual easement over the Property's streets, as may be reasonably required, for vehicular ingress to and egress from the Owner's Lot. Similarly, every Owner is granted a perpetual easement over the Property's sidewalks and all Common Areas, subject to abiding by the rules of the Association.

3.8. Association's Lot Access Easement. The Association is granted an easement access and entry to every Lot and Common Area to perform maintenance, to enforce architectural and use restrictions, to respond to emergencies, and to perform any other duties required by the Governing Documents.

3.9. Utility Easements. 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 and the Bella Oaks Development. Any 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, removal or replacement of utility lines and equipment, and to do anything else necessary to properly maintain and furnish utility service to the Property; provided, however, this easement may not be exercised without prior notice to the Board. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, master, or cable television and/or internet, and security.

3.10. Prohibition Against Water Wells. The drilling of water wells on any Association Properties or Lots without the written consent of both the Association and Hood County is prohibited.

3.11. Mineral Rights. No commercial oil or gas drilling, oil or gas development operations or refining, gathering lines, quarrying, or mining operation of any kind, including ingress and egress to any development or operation site of any kind, shall be permitted upon or in any Lot or any portion of the Development. No derrick or other rigging or structures designed for the use of boring or drilling for oil or natural gas shall be erected, maintained, or permitted upon any Lot, nor shall any gathering lines, or any other facility be constructed upon or utilized on the Property. By accepting title to or interest in a Lot, every Owner acknowledges and accepts that any prior mineral reservation or rights may supersede this provision under Texas law.

3.12. Notice of Limitation on Association Liability. Neither the Association, Developer nor Declarant shall be liable for acts of God, negligence of third parties, or property or personal damages of any type, whether brought by the Owner or a third party, and each Owner who purchases a lot agrees to hold the Association, Developer and Declarant harmless and defend to the fullest extent allowed by law against any claim of any sort other than the intentional acts of the Association, Developer or Declarant.

3.13. 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 acknowledge and agrees, for himself and his guests, that Declarant, 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 acknowledge 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, 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 acknowledge and agrees that Declarant, 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.

3.14. Risk. Each resident uses the Bella Oaks subdivision's Common Areas at his or her own risk. The Common Areas are unattended and unsupervised. Each resident is solely responsible for his or her own safety and that of their guests. The Association disclaims any and all liability or responsibility for injury or death occurring from use of the Common Areas and each owner agrees to indemnify, defend, and hold the Association and Developer harmless for any injury occurring in or on any Common Area of the Subdivision.

3.15. Enforcement. If in the opinion of the Board or the Architectural Control Committee, any Owner or Resident (including lessees) has failed to comply with any of the restrictions or has failed in any of the duties or responsibilities herein, then the Board or their designated Agent(s) shall deliver to such Owner or Resident (including lessees) written notice of such failure and such Owner or Resident (including lessees) must within thirty (30) days from and

after delivery of such notice, comply with the restrictions and/or perform the care and maintenance required. In the event of any emergency regarding safety or health related restriction violations, or repeated violations where a thirty (30) day notice has previously been delivered, the required notice period may be unnecessary as permitted by the Texas Property Code. Should any Owner or Resident (including lessees) fail to fulfill this duty and responsibility within the specified period, then the Board or their designated Agent(s) are hereby authorized to enter onto the premises and correct such violations and perform such care and maintenance as necessary without any liability for damages for wrongful entry trespass or otherwise to any person. The Owner or Resident (including lessees) of any Lot on which such work is performed shall promptly reimburse the Association for such cost, plus interest on such cost at the rate of eighteen percent (18%) per annum and all costs of collection. If the Owner or Resident (including lessees) shall fail to reimburse the Association within thirty (30) days from and after delivery by the Association of an invoice setting forth the costs incurred by the Association for such work, then the indebtedness shall be a debt of the Owner and Resident (including lessees) jointly and severally, subject to a reasonable late payment fine, following proper notice of any such fine, and further subject to an Assessment Lien against the Owner's or Builder's Lot according to the provisions of Article 10.

ARTICLE IV **COMMON AREA**

4.1. Ownership. The designation of real property as a Common Area is determined by the Final Plat, as amended, 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. The Declarant may install, construct, or authorize certain improvements on Common Areas in connection with the initial development of the Property, and the cost thereof may or may not be a common expense of the Association, at the discretion of the Declarant. Thereafter, all costs attributable to Common Areas, including general maintenance and any storm drainage, sidewalk, entry monuments and signage, Common Area fencing, landscaping and all landscaping features (including all related facilities and equipment), maintenance and repair, the maintenance of all other Common Area structures and improvements, improvements reasonably related to the entrance, street lamps and fixtures, screening of the residential subdivision, the subdivision's perimeter fencing, and all signage lighting relating to the Property, 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.

4.2. 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; (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.

4.3. Common Area Components. The Common Area of the Property consists of the following components on or adjacent to the Property, even if located on a Lot or a public right-of-way:

- A. All of the Property, save and except the Lots, specifically including, but not limited to, the sidewalks, landscaping and all Common Area landscaping features (including all related facilities and equipment), the subdivision's perimeter fencing, Common Area structures and improvements, improvements reasonably related to the entrance, street lamps and fixtures, screening of the residential subdivision, and all signage relating to the Property, which may exist and/or be depicted on the Plat.
- B. The land described herein 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. Any property adjacent to the Bella Oaks subdivision if the maintenance of same is deemed to be in the best interests of the Association and is not prohibited by the Owner or operator of said property.
- E. Any modification, replacement, or addition to any of the above-described areas and improvements.
- F. Personal property owned by the Association, such as books and records, office equipment, and supplies.

ARTICLE V

RESIDENTIAL LOTS

5.1. Purposes. As a general rule, the Owner or Resident (including lessees) of a Lot has the sole and exclusive use of the Owner's Lot - from boundary to boundary and, except for the Association's maintenance responsibilities and rights defined herein, is solely responsible for the maintenance of all portions of such Lot and all of the improvements on the Lot from boundary to boundary.

5.2. Encroachment, Reservations and Easements. Driveways and additional parking pads encroachment reservations and easements are created by this Declaration and are in addition to easements, if any, shown on a Plat or created by separate instrument.

Concrete driveways and any additional parking pads shall be constructed as the initial improvements on the Property with respect to individual Lot lines. The Owner of the Lot that is served by the driveway or parking pad has exclusive use of those improvements and is solely responsible for the maintenance, repair, replacement, and reconstruction of same as if it were constructed entirely on the Owner's Lot.

5.3. Damage to Property. If a Lot Owner or Resident (including lessees) damages the adjoining Lot, or damages or destroys any improvement or personal property on the adjoining Lot, in exercising the easements and reservation created by this Article, the Owner is obligated to restore the damaged property to its original condition just prior to the damage), at his or her or its expense, within a reasonable period of time and indemnifies and holds harmless the Association, Declarant and Developer from any claims regarding such damage.

ARTICLE VI

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 the Common Areas in order to preserve and enhance the Property's value and architectural harmony. 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, other structures, fences, landscaping, retaining walls, yard art, sidewalks and driveways, and further including replacements or modifications of original construction or installation. And a fourth purpose is to maintain the value of property owned by each Lot Owner and the Association and Developer. During the Development Period, a primary purpose of this Article is to reserve and preserve Declarant's right of architectural control.

6.2. Declarant's Architectural Control During Development Period. At the conclusion of the Development Period, the Declarant shall cause an instrument transferring control of the Association and its function and the control over the Architectural Control Committee to be filed in the Official Public Records of Hood County, Texas and shall appoint not less than three (3) Owners to form the Architectural Control Committee. Declarant shall have and exercise sole control of and over the Association and its functions and the Architectural Control committee until control thereof shall have been transferred to the Association as above provided. Thereafter, annually the Association shall elect members in accordance with the Bylaws. Additionally, the Declarant shall have the right to discontinue the exercise of architectural control privileges and arrange for the transfer to the Association at any time prior to the Control Transfer Date by filing a statement and instrument to such effect in the Official Public Records of Hood County, Texas.

During the Development Period, neither the Association, the Association's Board of Directors, nor a committee appointed by the Association or the Board (no matter how the committee is named) may involve itself with the approval of the structural design or construction modification or exterior appearance of the homes and other improvements on the Lots, except as may be delegated by the Declarant. During the Development Period, the Architectural Control Committee for the approval of the structural design or construction modification or exterior appearance of the homes and the other improvements is the Declarant or its delegates, unless released in writing by Declarant to the Association, the Association's Board of Directors, or a committee appointed by the Association or the Board.

6.2.1. 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, demolition, or exterior alteration of 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.

6.2.2. Delegation by Declarant. During the Development Period, Declarant may from time to time, but without obligation, delegate all or a portion of its reserved rights under this Article to (1) an Architectural Control Committee appointed by Declarant or by the Association's Board with Declarant's approval of all such Architectural Control Committee appointed members or to (2) a committee appointed by Declarant or by the Association's Board, with Declarant's approval of all members appointed to the committee, such committee being comprised of architects, engineers, or other qualified 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.

BEFORE MAKING ANY IMPROVEMENT OR ANY ALTERATION TO A LOT OR DWELLING, A BUILDER OR OWNER MUST APPLY TO THE DECLARANT OR TO THE ARCHITECTURAL CONTROL COMMITTEE FOR WRITTEN APPROVAL!

6.3. 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, 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 Architectural Control Committee, will assume jurisdiction over architectural control.

6.3.1. Architectural Control Committee Membership. After the development period expires the Architectural Control Committee will consist of three (3) persons appointed by the Board, pursuant to the ByLaws. Members of the Architectural Control Committee shall serve at the pleasure of the Board after the development period and may be removed and replaced at the Board's discretion. At the Board's option, the Board may act as the Architectural Control Committee, in which case all references in the Governing Documents to the Architectural Control Committee are construed to mean the Association's Board. Members of the Architectural Control Committee 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 Association's Board.

6.3.2. Limits on Liability. The Architectural Control Committee has sole discretion with respect to taste, design, and all standards specified by this Article. The members of the Architectural Control Committee have no liability for the Architectural Control Committee's decisions made in good faith, and which are not arbitrary or capricious. The Architectural Control Committee is not responsible for: (1) errors in or omissions from the plans and specifications submitted to the Architectural Control Committee, (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.

6.4. Prohibition of Construction, Alteration & Improvement. Without the Architectural Control Committee'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 Control Committee has the right, but not the duty, to evaluate every aspect of construction, landscaping, and property use that may adversely affect the general value or appearance of the Property.

6.5. Architectural Approval. To request architectural approval, an Owner must make written application to the Architectural Control Committee and submit two (2) identical sets of plans and specifications showing the nature, kind, shape, color, size, materials, including two (2) sets of plot plans showing locations on the Lot of the work to be performed, and a foundation, storm drainage and landscaping plan. 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 for which a variance is sought. The Architectural Control Committee will return one set of plans and specifications to the applicant marked with the Architectural Control Committee's response, such as "Approved," "Denied," or "More Information Required." The Architectural Control Committee will retain the other set of plans and specifications, together with the application, for the Architectural Control Committee's files. Verbal approval by the Declarant, an Association director or officer, the Association's manager, the Architectural Control Committee, or a member of the Architectural Control Committee, does not constitute architectural approval by the Declarant or the appropriate Architectural Control Committee, which must be in writing.

6.5.1. Deemed Approval. Under the following limited conditions, the applicant may presume that his request has been approved by the Declarant or the Architectural Control Committee:

- 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 thirty (30) days after delivering his complete application to the Architectural Control Committee; or

- B. if the proposed improvement or modification strictly conforms to requirements and construction specifications contained in this Declaration and in any design guidelines for the Property in effect at the time of application.
- C. 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 Board's actual receipt of the Owner's complete application. Under no circumstance may approval of the Declarant or the Architectural Control Committee 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 and in any design guidelines for the Property in effect at the time of application.

6.5.2. No Approval Required. No approval is required to repaint exteriors in accordance with the same color scheme previously approved by the Architectural Control Committee, or to rebuild a dwelling in accordance with any previously approved plans and specifications. Nor is approval required for an Owner to remodel or repaint the interior of a dwelling.

6.5.3. Building Permit. If the application is for work that requires a building permit, the Architectural Control Committee's approval is conditioned on the issuance of the appropriate permit. The Architectural Control Committee's approval of plans and specifications does not mean that the plans comply with any permit requirements. Alternatively, the issuance or approval of a permit does not ensure Architectural Control Committee approval.

6.5.4. Declarant Approved. Notwithstanding anything to the contrary in this Declaration, any improvement to the Property made or approved by Declarant during the Development Period is deemed to have been approved by the Architectural Control Committee.

6.6. Architectural Guidelines. Declarant, during the Development Period, and the Association, thereafter, may publish architectural restrictions, guidelines, and standards in the Association's Rules & Regulations, which may be revised from time to time by the Association's Board to reflect changes in circumstances in the Bella Oaks subdivision of technology, style, and taste.

6.7. Variance. The use of the Property is subject to the restrictions contained in this Article, and subject to rules adopted pursuant to this Article. The Board or the Architectural Control Committee, 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. The Board or the Architectural Control Committee may authorize variances from compliance with any of the provisions of this Declaration or minimum acceptable construction standards or regulations and requirements as promulgated from time to time by the Declarant when circumstances such as topography, natural obstructions, Lot configuration, Lot size, hardship, aesthetic, or environmental considerations may require a variance. The Declarant reserves the right to grant variances as to building set-back lines, minimum square footage of the residence,

building materials, colors, and other items. To be effective, a variance must be in writing. The grant of a variance does not constitute 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. The granting of any variance shall not affect in any way the Owner's obligation to comply with all governmental laws and Hood County ordinances or regulations affecting the property and the Plat.

ARTICLE VII

GENERAL RESTRICTIONS

7.1 All of the Property in Bella Oaks Subdivision shall be owned, held, encumbered, leased, used, occupied, and enjoyed subject to the following limitations and restrictions:

7.1.1 ACC Approval Required. All Plans and specifications for construction, creation, alteration, or placement of Dwellings and Improvements must be approved in writing by the ACC prior to being constructed, erected, altered, or placed on the Property.

7.1.2 Single Family Residential Construction - General. Except for Common Areas or as otherwise set forth herein, all Lots shall be used solely for single family residential purposes. The residential improvements on all Lots shall be site-constructed, single family detached residences, as such residences are defined. No building shall be erected, altered, placed, or permitted to remain on any Lot other than one "principal dwelling" unit per each Lot to be used for residential purposes, and if approved by the Declarant, the Board or the Architectural Control Committee, an additional detached dwelling, which shall be known hereinafter as the "guest dwelling" or "guest house." All principal dwellings and guest houses, detached garages, workshops, out buildings and other structures must be approved in writing by the Architectural Control Committee prior to being erected, altered, or placed on the Property. Any building, structure or improvement commenced on any Lot shall be completed as to exterior finish and appearance within nine (9) months from the commencement date. As used herein, the term "residential purposes" shall be construed to prohibit manufactured homes, mobile homes, prefabricated homes, modular homes, or trailers being placed on said Lots, and prohibit the use of said Lots for duplex houses, townhomes, condominiums, or apartment houses.

7.1.2.1 Single Family. Lots within the Subdivision shall be used exclusively for single-family residential purposes. The term "single-family" as used herein shall refer not only to the architectural design of the Dwelling but also to the permitted number of inhabitants, which shall be limited to a single group consisting of individuals related to one another by marriage, or by blood or adoption within the first and second degrees of consanguinity. It is not the intent of this provision to exclude from a Lot any individual who is authorized to so remain by any state or federal law. If it is found that this provision is in violation of any law, then this provision shall be interpreted to be as restrictive as possible to preserve as much of the original provision as allowed by law.

7.1.2.2 No Prefab Manufactured or Mobile Homes. The term "Dwelling" does not include manufactured, mobile, or prefabricated homes, regardless of whether the same are placed upon a permanent foundation, and said homes are not permitted within the Subdivision.

7.1.3 Foundations. The foundation of the Dwelling(s) can be concrete slab, or a combination of concrete slab and piers.

7.1.4 Dwelling Heights. Dwelling in Phase One must not exceed Forty (40) feet in height, at its highest point, measured from the highest elevation of virgin native soil.

7.1.5 Colors. All exterior colors of any structures must be natural or earth tones and must compliment the surrounding landscape. The Architectural Control Committee may, in its sole discretion, approve other color schemes so long as such colors compliment the Subdivision.

7.1.6 Dwellings Square Footage. All Main Dwellings must have at least Two Thousand, Seven Hundred (2,700) square feet of air-conditioned living area for one story homes subject to the Architectural Control Committee's ability, in unique circumstances, to grant a variance of up to Three Hundred (300) square feet or less, that is to Two Thousand, Four Hundred (2,400) square feet, in the Architectural Control Committee's sole discretion. The grant of such a variance must be done in accordance with any requirements set out herein and does not constitute a waiver or estoppel of the Association's right to deny a variance in other similar circumstances. Any dwelling with more than one story shall have situated on the first floor at least One Thousand, Eight Hundred (1,800) square feet of air-conditioned living area. All Main Dwellings must be built of new construction material.

7.1.7 Exterior Masonry. The type, quality, and color of the principal dwelling exterior wall materials must be approved by the Declarant or the Architectural Control Committee. The principal dwelling on a Lot, and a detached guest dwelling approved by the Declarant or by the Architectural Control Committee to be constructed on a Lot, must each be built with matching, new, exterior construction material, of one hundred percent (100%) of the coverage of the total exterior walls to the top plate, excluding doors and windows. The exterior construction material must be stone, brick, stucco, or Hardiplank or masonry-like construction, or a glass building material of the kind usually used for exterior wall construction, referred to herein as the "Primary Exterior Siding." Other materials of equal or similar characteristics may be approved by the Declarant or the Architectural Control Committee for the Primary Exterior Siding.

The remainder of the total exterior siding of the principal dwelling on a Lot and a detached guest dwelling, if approved to be constructed on a Lot, beyond the Primary Exterior Siding, referred to herein is known as the "Remainder Exterior Siding" which may with the approval of the Board or the Architectural Control Committee include concrete barrier board siding, approved hardwoods, including redwood, and other materials of equal or similar characteristics.

The exterior siding of a detached auxiliary building, planned to be utilized as a garage, workshop or for storage, if approved by the Declarant or the Architectural Control Committee to be constructed on a Lot, must be constructed on the lower twenty percent (20%) of the building's coverage of the total exterior walls, excluding doors and windows, with new, exterior construction material matching the Primary Exterior Siding of the principal dwelling. The remainder of the total exterior siding of the detached auxiliary building on a Lot, if approved to be constructed on a Lot, beyond the Primary Exterior Siding, referred to herein as the "Remainder Exterior Siding," may with the approval of the Board or the Architectural Control Committee to be harmonious or

compatible with the color of the principal dwelling. Aluminum siding is not permitted exterior wall material, the exceptions being "accessory structures" defined elsewhere in the Governing Documents.

7.1.8 Roof Pitch. The construction design and materials for roofs of residences and all other structures to be constructed on Lots in Bella Oaks must be submitted and approved by the Board or the Architectural Control Committee and be in compliance in all respects with the applicable Hood County ordinance, prior to commencing any roof construction. The principal dwelling on a Lot, and any detached guest dwelling, and/or any detached auxiliary building approved by Declarant or by the Architectural Control Committee to be constructed on a Lot, must each be built with matching, new, construction roofing material. All roof pitches shall be a minimum of eight feet by twelve feet ("8/12") pitch. Roofs must be covered with material having a manufacturer's warranty of at least thirty (30) years. Wood shake shingles shall not be permitted. The use of asphalt tile and fiberglass shingles are permitted. Metal roof panels are permitted but must be certified as at least 26 gauge. The color of roofing material must be an earth tone color approved by the Board or the Architectural Control Committee. The Board or Architectural Control Committee may permit or require other weights, materials, and exterior colors.

7.1.9 Roofing Materials. The roof surface of all principal and secondary structures including garages and outbuildings shall be made of slate, stone, asphalt or composition 30-year dimensional shingles, concrete tile, clay tile, or other tile of a ceramic nature, or metal. All metal roofs shall be left natural or painted a color approved by the Architectural Control Committee, using standing or battened seams. The Committee shall have the authority and sole discretion to approve other roof treatments and materials if the form utilized will be harmonious with the surrounding homes and Subdivision as a whole and complies with any rules or regulations adopted by the Association or Committee.

7.1.10 Garages. Each principal dwelling must have an attached or detached garage for at least three (3) full-size automobiles. Each garage shall be oriented on a Lot so that the garage doors do not face the front but face the side or rear of the Lot. All driveways must be surfaced with concrete. Driveways that require culverts will be CMP culverts with safety end caps and concrete base. Vehicles shall not be parked on any non-paved portion of any Lot. Without the Association 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 at least three standard-size operable vehicles therein. Garage doors are to be kept closed at all times except when a vehicle is entering or leaving.

7.1.11 Driveway Restrictions. Driveway approach locations on corner Lots shall be located to approximately line up with the side of the house or garage that is farthest from the intersection. The Lot's driveway must be constructed of concrete or concrete-mix paving materials, with mixes, designs and colors approved by Declarant or by the Architectural Control Committee. The driveway portion of a Lot may not be used for any purpose that interferes with its ongoing use as a route of vehicular access to the garage or to the principal dwelling, the guest dwelling, or the auxiliary building. Without the Association's Board's prior approval, a driveway may not be used: (1) for outdoor storage purposes, including storage of RVs, Boats, Camper Trailers, Jet skis, Trailers, large Trucks, Commercial vehicles, and inoperable vehicles; or (2) for repair or restoration of vehicles, boats, or trailers.

7.1.12 Accessories. Installation of all exterior items and surfaces, including address numbers required on all mailboxes, decorative hardware, external ornamentation, light fixtures, and exterior paint and stain, is subject to the Architectural Control Committee's prior approval, including approval of design, color, materials, and location.

7.1.13 Carports. No carport may be installed, constructed, or maintained on any Lot or dwelling, without approval of the Architectural Control Committee. Subject to the approval of the Architectural Control Committee, carports may be allowed to be constructed as an attachment to a detached auxiliary building for screened storage of RVs, Boats, Camper Trailers, Jet skis, Trailers, Trucks, and inoperable vehicles.

7.1.14 Accessory Structures, Spas and Swimming Pools. Accessory structures, such as dog houses, gazebos, storage sheds, playhouses and greenhouses, and spas or swimming pools may not be located in front yards or in unfenced portions of side or rear yards. Below ground swimming pools and their fencing may be installed only with the prior written approval of the Architectural Control Committee. Above-ground swimming pools are not permitted. Accessory structures shall not be permitted on any Lot if it has not received Architectural Control Committee approval or if it exceeds the maximum permitted height, length, width, or the total square footage footprint, or is in violation of the design and construction specifications established by the Board in the Association's Rules & Regulations. If an accessory structure that is visible from a street or another Lot is installed on a Lot without the prior written approval of the Architectural Control Committee, the Architectural Control Committee 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 relocate it, screen it, or remove it.

7.1.15 Temporary Structures. No temporary dwelling, shop, portable shed, tent, trailer, mobile home, camper or recreational vehicle of any kind, or any improvements of a temporary character, except as permitted in section 7.1.14 above (accessory structures, spas and swimming pools), shall be permitted on any Lot, further except that the Declarant, Builder or Contractor may have temporary improvements (such as a sales office and/or construction trailer and/or a portable toilet) on a given Lot during construction of the residences on that Lot. Dwellings and a detached, auxiliary building under construction shall be required to have one portable toilet for up to three houses and one trash container (plywood box) per house, which must be onsite before foundation forms are set and continuously onsite until the required final building inspection. No building materials of any kind or character shall be placed or stored upon the property until the Owner thereof is ready to commence construction of improvements, and then such materials shall be placed within the property lines of the Lot upon which the improvements are to be erected.

7.1.16 Air Conditioners. Air conditioning equipment may not be installed in the front yard of a dwelling. Window units are prohibited.

7.1.17 Address Numbers and Cluster Mailboxes. All dwellings shall have their own address numbers, with a design and location established by the Architectural Control Committee, mounted in a stone address block on the exterior front wall of each such dwelling facing the street. All dwellings shall have an individually keyed and lockable mail box installed and assigned by the Association, at each Homeowner's cluster mailbox equipment and installation cost of Five Hundred and No/100 Dollars (\$500.00), payable to the Developer/Declarant as a condition of and prior to the Architectural Reviewer's approval of the dwelling's application for design and

construction approval of the dwelling, in the Lot's assigned cluster mailbox location, according to United States Postal Service requirements and guidelines. Curbside mailboxes may not permitted by the United States Postal Service.

7.1.18 Subdivision Perimeter Fencing. Except for Lots 1-9, Block 1, also known as Phase One of Bella Oaks Subdivision, any "perimeter fencing" on and along the Property's border shall be designed and constructed according to specifications, materials, dimensions, and color determined in the sole discretion of the Board or the Architectural Control Committee and shall be a "Common Maintenance Expense" of the Association.

Lots 1-9, Block 1 in Phase One of Bella Oaks Subdivision are required to conclude construction of the dwelling with a Five Foot (5') tall, four (4) rail, pipe fence made in like material, finish, and connect to as the Subdivision Entry Fencing constructed by the Developer.

7.1.19 Subdivision Lot Fences and Walls. No Interior lots or those contained in Phase Two may construct Fences between a dwelling's front building line and the front street property line. Except for any Common Area perimeter fences, fences and walls must be built according to the design, materials, and constructions specifications set forth in this Section 7.1.19 and as set forth in the Association's Rules & Regulations and approved by the Architectural Control Committee prior to construction. The use of chain link, barbed wire, unfinished concrete block, and similarly undesirable fencing designs, materials, and colors, as determined in the sole discretion of the Board or the Architectural Control Committee, is prohibited. Fences and walls must be approved prior to construction by the Architectural Control Committee. If a backyard fence is built by a lot owner, then it must be constructed to one of the following specifications:

(a) a six foot (6') tall privacy, treated cedar slat fence with steel posts set in concrete at least 18 inches deep installed no more than ten feet (10') apart, and with the finished side facing the street and other outside visible areas. The cedar fences must be stained with the stain color approved by the Architectural Control Committee.

(b) a minimum five feet (5') tall, all black, ornamental, or aluminum wrought iron fencing with steel anchor posts set in concrete at a depth of at least two feet in the ground, with the fencing between anchor posts spaced eight feet (8') to ten feet (10') apart.

(c) a minimum five feet (5') tall, all black, top-rail steel pipe fencing constructed of steel anchor posts set in concrete at a depth of at least two feet in the ground, with the fencing between anchor posts spaced eight feet (8') to ten feet (10') apart with a horizontal black steel pipe top-rail.

Section 7.1.18 and this Section 7.1.19 are subject to the Architectural Control Committee's right to adopt additional or different specifications for construction or reconstruction of fences and walls. Retaining walls must be constructed entirely with Architectural Control Committee-approved design and materials; however, railroad ties may not be used for a retaining wall. A fence located on or near the dividing line between two Lots and intended to benefit both Lots constitutes a "Party Wall Fence" and, to the extent not inconsistent with the provisions of this Article, is subject to the general rules of law with regarding party walls and liability for property damage due to negligence, willful acts, or omissions. Adjoining Owners of an existing Party Wall Fence that does not have a smooth side on such adjoining Owner's side of the fence may at such Owner's sole cost and expense install and stain with a consistent color of the existing fence additional

vertical cedar slats on such adjoining Owner's side of the Party Wall Fence to create a smooth side of the fence on his or her side of the fence, subject however to ensuring or supplementing the strength and integrity of the fence sufficient to support the additional cedar slats on his side. Matters concerning party fences and party walls of adjoining Lots are governed by Section 3.4 of this Declaration and by the general rules of law concerning party walls and party fences.

7.1.20 Party Wall Fences. 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 Article. 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.

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.

A Buyer who purchases a Lot without any existing fencing on the side or sides of Buyer's Lot next to the Lot subsequently purchased by Buyer and then installs a fence located on or near the dividing line between such Buyer's Lot and an adjacent Lot, without the written permission of the Owner of the contiguous Lot, must do so at such Buyer's sole expense. A subsequent Buyer of a Lot contiguous to a Lot with an existing fence located on or near the dividing line between the two Lots shall have no responsibility or liability to reimburse the Lot Owner with the existing fence for any of the expense of construction, when the Buyer either purchases his or her Lot with an existing fence on the Lot or if the contiguous Lot Owner built the fence following his or her purchase of the Lot, unless agreed otherwise in a written agreement between the Owner of the Lot with the existing fence and the Buyer of the contiguous vacant Lot. The subsequent Buyer of the vacant Lot next to the Lot with the existing fence shall be obligated to share in the general normal wear and tear maintenance of the existing party fence from the date of such Buyer's purchase of the Lot with an existing fence. However, the Buyer of the vacant Lot with an existing fence shall have no obligation to share in the expense of repairing or replacing all or any portion of the fence for damages to the fence caused by an external force, whether caused by natural forces or caused by animals or man.

The Owners of adjoining Lots shall otherwise 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 Hood County's Deed Records 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 Article is appurtenant to the land and passes to the Owner's successors in title.

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.

7.1.21 Colors & Color Changes. The colors of buildings, window treatments visible from the street or from another dwelling, fences, walls, exterior decorative items, and all other improvements on a Lot are subject to regulation by the Architectural Control Committee. Because the relative merits of any color are subjective matters of taste and preference, the Architectural Control Committee determines the colors that are acceptable to the Association. Lot Owners cannot change or add colors that are visible from the street, a Common Area, or another Lot without the prior written approval of the Architectural Control Committee.

7.1.22 Annoyance. No Lot or Common Area may be used in any way that: (1) may reasonably be considered to be annoying or a nuisance 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 Association shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance.

7.1.23 Appearance. Both the Lot and each dwelling and any detached auxiliary building or any accessory structure must be maintained in a manner so as not to be unsightly when viewed from the street or neighboring Lots. The Architectural Control Committee is the arbitrator of acceptable appearance standards.

7.1.24 Garbage & Trash Disposal and Debris. No lot may be used or maintained as a dumping ground for rubbish. Trash, garbage, other waste, or debris shall not be allowed to accumulate, shall be kept in sanitary containers and shall be disposed of frequently and regularly. All equipment for storage or disposal of such material shall be kept in a clean and sanitary condition, out-of-public-site location. Garbage and trash or other debris accumulated in the Bella Oaks Subdivision shall not be permitted to be dumped at any place upon adjoining land where a nuisance to any residence of the Bella Oaks Subdivision or to a neighbor of the Bella Oaks Subdivision is or may be created. Materials incident to construction or repair of improvements on a Lot may be stored temporarily on the Lot during construction while work progresses and must be removed when construction or repair is complete. However, construction waste materials and debris shall not be allowed to accumulate, shall be kept in sanitary containers and shall be disposed of frequently and regularly. In the event of the failure of any Owner to comply with the above requirements after ten (10) days written notice thereof, the Association or their designated agents may, without liability to the Owner, Contractor or any occupants of the Lot in trespass or otherwise enter upon (and/or authorize one or more others to enter upon) said Lot, cause to be removed, such garbage, trash, construction waste materials, and any other rubbish and debris, or do any other thing necessary to secure compliance with these Protective Covenants. Payment for the charges by the offending Owner shall be payable on the first day of the next calendar month, and collection of such charges, plus interest and any penalties which may be assessed by the Association shall be subject to a lien which the Association may enforce against the Owner's Lot.

7.1.25 Association's Right to Promulgate Rules. The Association, acting through its Board, is granted the right to adopt, amend, repeal, and enforce reasonable Rules & Regulations, and penalties for infractions thereof, regarding the occupancy, use, disposition, maintenance, appearance, and enjoyment of the Property. Members, Builders, and all parties living in or working on properties in the Crossroads Subdivision are required to be aware of and comply with the Rules & Regulations adopted by the Board as part of the Governing Documents of the Association. In addition to the restrictions contained in this Article, each Lot is owned and occupied subject to the right of the Board to establish Rules & Regulations, and penalties for infractions thereof, governing such matters as the following:

- A. Use of Common Areas;
- B. Hazardous, illegal, or annoying materials, or nuisance or annoyance activities on the Property;
- C. The use of Property-wide services provided through the Association.
- D. The use and consumption of propane, whether billed to Owners or the Association;
- E. The use, maintenance, and appearance of exteriors of dwellings and Lots, including for example such items as yard art, permanently installed basketball goals (only), outdoor drying of clothes or clothes lines, outdoor cooking or grilling on any Lot visible from any street, and the coverings of windows that face the streets;
- 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; and/or
- K. Anything that interferes with maintenance of the Property, operation of the Association, administration of the Documents, or the quality of life for residents.

7.1.26 Animal Restrictions. No animal, bird, fish, reptile, or insect of any kind may be kept, maintained, raised, or bred anywhere on the Property for any commercial purpose or for food. However, up to two (2) horses, along with related horse husbandry, is permitted on lots of three (3) or more acres.

Customary domesticated household pets may be kept for personal companionship subject to 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. If the rules fail to establish animal occupancy quotas that work for the Bella Oaks community, the Board or the ACC may amend the Rules as necessary.

No more than three (3) domesticated household pets may be maintained on each Lot. Pets must be kept in a manner that does not disturb the peaceful enjoyment of residents of other Lots. Pets must be maintained inside the dwelling or may be kept in a fenced yard only if they do not disturb residents of other Lots. Any pets permitted by a resident to be outdoors outside of Owners' fenced yards in the Bella Oaks Subdivision must be strictly controlled by such resident, either on a leash, physically held by the resident or otherwise physically contained and controlled. Every resident is responsible for the removal of his or her pet's wastes from the Common Area

or the Lot of another Owner. All dogs and cats must be properly vaccinated and tagged for health, safety, and identification. No animal, bird, fish, reptile, or insect of any kind may be kept, maintained, raised, or bred anywhere on the Property for any commercial purpose.

Dogs, cats, caged birds, and aquarium fish are "permitted pets" and shall be subject to all of the Restrictions and Rules and Regulations of the Association. Any animals other than those listed above as "permitted pets" or "permitted livestock" must receive Written Consent from the Declarant or from the Board of Directors, to have an animal kept in an Owner's residence or on any Owner's Lot. A letter providing the required Written Consent for such animals other than the "permitted pets" and "livestock" from the Board of Directors permitting the Owner to keep an animal in an Owner's residence or on any Owner's Lot, must also be signed and acknowledged by the animal's owner or custodian. Continual barking or dangerous dogs, dogs that destroy neighboring Owners' property, goats, pigeons, pigs, and snakes are specific examples of animals that may be deemed by the Board of Directors, in its sole discretion, to be an "annoyance" or "nuisance" in violation of Section 12 of the Protective Covenants.

All animals shall be kept in such a manner so as not to disturb the other residents, regardless of whether the animal is inside or outside an Owner's residence. No pet will be permitted to remain on the property if it is barking, whining, screeching or other noise is audible to other residents during extended or repeated periods of time. If an animal becomes obnoxious to other Owners, the Owner or person having control of the animal shall be given a Written Notice from the Board of Directors to correct the problem or, if not corrected, the Owner, upon thirty (30) days' written notice, shall be required to remove the animal.

If the Board determines that an animal has disturbed neighbors or other residents and has been in repeated violation of these rules and the Owner or other custodian of the animal has failed to cause the violation to be corrected, the Association may remove, or cause the removal of, the animal from the subdivision, if necessary, after first leaving a Written Notice in a conspicuous place, if in the sole judgment of the Association Management representative the animal's owner or custodian has:

- A. abandoned the animal;
- B. left the animal in the residence or another structure or enclosure for an extended period of time without food or water;
- C. failed to care for a sick animal; and/or
- D. violated any other of the Association's animal rules.

Reasonable charges and fines will be imposed for picking up, keeping, and caring for an animal, or for reporting or delivering them to the Humane Society or to Hood County Animal Control.

The Owner or handler of any animal is responsible for the animal's actions at all times and agrees to abide by these rules.

All animals at all times must have current rabies shots and licenses required by law. Evidence must be available to the Association if requested.

Each Owner owning an animal shall assume full responsibility for personal injuries or property damage caused by said animal, and each Owner must agree to indemnify the Association for all costs incurred, including for all costs of litigation and attorney's fees, and hold the Association and its agents harmless against any loss, claim or liability of any kind or character whatsoever arising from or growing out of the privilege of having an animal in on a Lot or in a residence in the Bella Oaks subdivision. All responsibility for animals of visitors shall rest with the Lot Owner.

7.1.27 Declarant Privileges. In connection with the development and marketing of the Property, 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 Exhibit B of this 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.

7.1.28 Drainage. No person may impair or interfere with the natural established drainage pattern over any part of the Property unless an adequate alternative provision for proper drainage has been approved by the Association Board or the Architectural Control Committee and any applicable governmental authority. Driveway culverts must be installed and will be of sufficient size to afford proper drainage of ditches without backing water up into the ditch or diverting the flow. Drainage culvert installation is subject to the inspection and approval of the Architectural Control Committee and must be installed prior to any construction on the Lot. All driveways must be constructed in accordance with standard detail adopted by the Architectural Control Committee.

7.1.29 Landscaping and Yard Maintenance. Prior to occupancy of any dwelling, each Lot on which a dwelling is constructed shall have landscaping, a front yard, and an underground sprinkler system installed and maintained in compliance with local rules and regulations. Each residence's landscaping must be a well-designed balance of mature trees, shrubs, and law grass around the perimeter of each new home. Plants must screen most of exposed foundations. In each front yard, each Lot owned by a Lot Owner should include at least eight (8) shrubs, ground cover and grass of a sufficient quality, quantity, and design to be compatible with the Bella Oaks Subdivision, as approved by the Board or the Architectural Review Committee. Lot owners are obligated to mow, trim, fertilize and otherwise maintain such Owners' or Residents' (including lessees') yards, and are also responsible for irrigating and otherwise watering their lawns and all plants and trees on their Lots, and for the prompt replacement of all dead or dying trees or plants on their Lot. During the Development Period described in Exhibit B, all yard areas on every Lot owned by Declarant and all Common Area grounds shall be regularly mowed, trimmed, fertilized, and otherwise maintained by Declarant or by the Association at the sole discretion of the Declarant. Following the Development Period, all yard areas on every Lot not occupied by an Owner or Residents (including lessees) shall be regularly mowed, trimmed, fertilized, and otherwise maintained by the Association. Further subject to the provisions in Exhibit B, Declarant and the Association shall have a blanket "Yard Power Easement" on and over the yard areas of all Lots in the entire Property. If in the opinion of the Association's Board an Owner or Resident either violates the landscaping or other maintenance rules of this Declaration, or the By-Laws, or other rules promulgated by the Association's Board, or in the sole opinion of the Board causes or allows damage to occur to his yard, plant beds,

tree, other landscaping, or sprinkler system, the Association may perform such landscaping or other maintenance which the Association deems appropriate at the offending Owner's or Resident's expense, and such Owner or Resident shall be liable for the cost of any maintenance, repair or restoration which may be performed by Declarant or the Association. The Owner of a Lot is liable to the Association for any expenses incurred by the Association in connection with enforcement of the landscaping and yard maintenance requirements of this Article. No person may perform landscaping, planting, or gardening on the Common Area without the Board's prior written authorization.

No fence, wall, hedge, tree, or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above roadways shall be placed or permitted to remain on any corner Lot with triangular areas formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines, or in the case of the street lines extended. The same sight line limitations shall apply on any Lot within ten (10) feet of the intersection of a street property line with the edge of a driveway. No tree shall be permitted to remain within such distance of an intersection unless the foliage line is maintained at a sufficient height to prevent obstruction of such sight lines.

7.1.30 Leasing of Dwellings or Lots. Leasing of Dwellings of Lots in the Bella Oaks subdivision is discouraged and shall not be permitted without the written approval of the Declarant or the Association Board. With the written approval of the Declarant or the Association Board, an Owner may lease a dwelling on his Lot or his Lot for terms of no less than six months and no more than twelve months total to any and all lessees. Declarant and any Builders approved to lease dwellings during the Development Period, prior to the sale of the Lot to a third party, shall be exempt from this restriction. Whether or not it is so stated in a lease, every tenant is subject to the Documents. An Owner is responsible for providing his tenant with copies of the Documents and notifying him of changes thereto. The Owner is also responsible to supply the Association with the names of tenants and all family members of tenants living in the dwelling, plus phone and e-mail contact information, and the beginning and ending dates of any such lease. Failure by the tenant or his family members or invitees to comply with the 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, including eviction of the tenant. The Owner of a leased Lot is liable to the Association for any expenses incurred by the association in connection with enforcement of the Documents against his tenant. The 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 Documents against the Owner's tenant.

7.1.31 Use Restrictions against Home Business, Profession or Hobby. The use of a Lot is limited exclusively to residential purposes or any other use permitted by this Declaration. No activity whether for profit or not, shall be conducted on any Lot which is not related to single family residential purposes, unless said activity meets the following criteria: No Owner, Resident

or Member shall conduct, transmit, permit, or allow any type or kind of home business or home profession or hobby on any Lot or within any residence which would:

- A. attract automobile, vehicular or pedestrian traffic to the Lot;
- B. involve lights, sounds, smells, visual effects, pollution and the like which would adversely affect the peace and tranquility of any one or more of the Residents within the Bella Oaks subdivision. The use of outdoor mercury lighting is expressly prohibited, and a Lot's outdoor lighting must not allow a beam or bright light to be directed into the windows of another residence, nor may an outdoor lighting beam or bright light be allowed to be directed into any street in the Bella Oaks subdivision. All residents must exercise reasonable care to avoid making or permitting noises to be loud, disturbing, or objectionable, and to avoid making or permitting noxious odors, that are likely to disturb or annoy residents of neighboring Lots. The Association's Rules may prohibit the use of loud, disturbing, or objectionable, noise-producing, security devices and wind chimes; or
- C. require any signage. Any such advertising signs are prohibited. This restriction is waived in regard to the customary sales activities required to sell townhomes in the Bella Oaks subdivision.

This residential restriction does not, however, prohibit a resident from using a dwelling for personal business or professional pursuits provided that: (1) the uses are incidental to the use of the dwelling as a residence; (2) the uses conform to applicable governmental ordinances; (3) there is no external evidence of the uses; (4) 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 (5) the uses do not interfere with residents' use and enjoyment of neighboring Lots.

7.1.32 Screening. The Architectural Control Committee 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 the Declarant, the Board or the Architectural Control Committee; (6) garbage cans and refuse containers; (7) anything determined by the Board to be unsightly or inappropriate 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.

7.1.33 Signs. No sign of any kind shall be displayed to the public view on any Lot except one (1) professional security system sign of not more than one (1) square foot, one political election sign per any contested political election (no more than 90 days prior to the election day and 30 days following the election day) displayed during an election of up to four (4) square feet in size and no more than three (3) feet in height above the ground, and one (1) sign conforming to the rules of the Association of not more than six (6) square feet advertising the Lot for sale or

for rent, or signs used by a Builder or supplier to advertise the Lot during the construction and sales period. No other 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. The Association may cause the removal of any sign or object that violates this Article or which the Board deems inconsistent with neighborhood standards without liability for trespass or any other liability connected with the removal. Any portion of this provision that does not comply with federal or state law shall be deemed automatically revised to the most restrictive allowed under federal or state law.

7.1.34 Television, Electronic Equipment, Etc. 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 or from another Lot are prohibited within the Property, except that (1) reception-only antennas or satellite dishes designed to receive television broadcast signals, (2) antennas or satellite dishes that are twenty-four inches (24") or less in diameter and designed to receive direct broadcast satellite service (DBS), or (3) antennas or satellite dishes that are twenty-four inches (24") or less in diameter or diagonal measurement and designed to receive video programming services via multipoint distribution services (MDS) (collectively, the "Antenna") are permitted if located (a) inside the structure (such as in an attic or garage) so as not to be visible from outside the structure, (b) in a fenced yard, or (c) attached to or mounted on the rear wall of a structure below the eaves. If an Owner determines that an Antenna cannot be located in compliance with the above guidelines without precluding reception of an acceptable quality signal, the Owner may install the Antenna in the least conspicuous location on or near the roof where an acceptable quality signal can be obtained. The Association may adopt reasonable rules modifying the size restrictions herein and for the location, appearance, camouflaging, installation, maintenance, and use of the Antennas to the extent permitted by public law.

7.1.35 Vehicles. All vehicles on the Property, whether owned or operated by the residents or their families and guests, 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 Board may cause the removal of any vehicle in violation of this Declaration or the Rules without liability to the Owner or operator of the vehicle.

7.1.36 Mineral Development. No commercial oil or gas drilling, oil or gas development operations, oil or gas refining, quarrying or mining operation of any kind shall be permitted upon or in any Tract. No derrick or other structures designed for the use of boring for oil or natural gas shall be erected, maintained, or permitted upon any Tract. Water wells may be used only for irrigation purposes. All water wells drilled must be permitted and approved by the appropriate governmental body. However, this restriction is not intended to prohibit any action necessary to carry out or comply with any fiduciary duty owed by the Association and/or the Owners to any mineral owners. Should action be necessary to carry out or comply with any fiduciary duty regarding mineral owners and mineral interests in the Property, this restriction may be waived by the Board upon filing a written waiver in the Official Public Records of Hood County, Texas. If

such a waiver is necessary, the Association has the authority to impose reasonable restrictions upon any activities necessary to fulfill the Association's and/or Owners' fiduciary duties to the mineral owners.

7.1.37 New Construction. A "principal dwelling" must be constructed on each Lot in the Bella Oaks Subdivision. A principal dwelling, or a "guest dwelling," or addition constructed elsewhere may not be moved onto a Lot. The construction of a dwelling must be started promptly after the Architectural Control Committee approves the dwelling's plans and specification. At the start of construction, but not before, building material to be used in the construction may be stored on the Lot or with the Declarant's approval, on a nearby Lot. Once started, the dwelling and all improvements on the Lot must be completed with due diligence.

7.1.38 Occupancy. Other than the completed principal dwelling and a guest dwelling, if a guest dwelling is approved by the Architectural Control Committee to be constructed on a Lot, 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, manufactured homes, mobile homes, recreational vehicles, campers, tents, and storage sheds.

7.1.39 Alteration or Removal of Improvements. Any construction that alters the exterior appearance of any Improvement or removes any Improvement shall be performed only with prior written approval of the Architectural Control Committee.

7.1.40 Model Homes. Notwithstanding anything herein contained, Builders shall be allowed to construct model or speculative homes so long as such model or speculative home conforms to these restrictions.

7.1.41 Light Pollution. Exterior lights such as those for security, safety, and decorative reasons are allowed, provided all exterior lighting is hooded or the main source of any beam of light is not visible from any part of the Property. The purpose of any restrictions or design guidelines on all exterior lighting on the Property shall be to:

- (A) Minimize light pollution of the night sky;
- (B) Minimize the visibility of light sources from any part of the Property; and
- (C) Enhance the aesthetic nighttime appearance of each Lot, Main Dwelling, and the Property in general by promoting a consistent and harmonious scheme for exterior lighting.

7.1.42 Noise Pollution. No exterior speakers, horns, whistle, bells, or other sound devices (other than security devices used exclusively for security or public safety purposes) shall be located, used, or placed on any Tract such that it becomes or will become clearly audible at the property line of adjoining property owners.

7.1.43 Trailers, Recreational Vehicles, Boats. All trailers, travel trailers, graders, recreational vehicles (RVs), ATV'S, boats, tractors, campers, wagons, buses, motorcycles, motor scooters, and lawn and garden maintenance equipment shall be kept at all times, except when in actual use, in a covered enclosed structure, which structure complies with the terms of this Declaration. The size of the enclosure must be appropriate for the size of the Lot. The Architectural Control Committee may require extensive screening of the enclosure in order to minimize its

visibility from all streets, neighboring Lots, and above if the enclosure is visible from higher elevation Lots.

7.1.44 Animal Husbandry. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Tract except dogs, cats, or other household pets that may be kept for domestic purposes in a quantity not to exceed a total of three (3) per Tract. Horses are permitted for lots over three (3) acres but no more than two horses for a lot of three or more acres. Dogs must be kept in a Dwelling, kennel, dog run, or fenced area that confines such dog(s) to the area. Dogs will not be permitted to run loose in the Subdivision and must be kept on leash if outside of those confines mentioned above. Animal breeding operations will not be allowed in the Subdivision.

7.1.45 Drainage. No Person or Persons shall impair the natural established drainage patterns of streets, Tracts, or roadway ditches. No creeks or natural drainage areas may be dammed, or water impounded, diverted, or used for any purpose without the prior written consent of the Architectural Control Committee.

7.1.46 Driveways. All driveways must be surfaced with concrete. Driveways must be surfaced upon completion of the Main Dwelling.

7.1.47 Hunting. No hunting is allowed in the Subdivision; no discharge of handguns, rifles, shotguns, or other firearms are allowed. No bow or cross bow hunting is allowed.

7.1.48 Outside Burning and Fireworks Restrictions. There shall be no exterior fires, except barbeques, outside fireplaces, braziers, and other incinerator fires contained within facilities or receptacles and in areas designed and approved by the Association. The discharge or display of fireworks in the community is discouraged and shall not be permitted within 300 feet of a home occupied by a U.S. Military Veteran who has notified the Board of his or her opposition to the discharge of fireworks within 300 feet of his or her home. However, the discharge or display of fireworks shall be permitted on areas of the Common Property with the Board's written consent of each individually approved fireworks activity, subject to adult supervision and all other safety requirements imposed by the Board. Certain approved fireworks may be permitted on Owners' Lots on Board approved holidays and during special events requested in writing by Owners and approved in writing by the Board but shall be conducted at Owners' sole risk and liability. No Owner shall permit any condition upon its portion of the Property which creates a fire hazard or is in violation of fire prevention regulations. Violations of these restrictions shall be subject to a fine established by the Board of Directors.

7.1.49 Athletic Facilities. No basketball goals or backboards or any sporting equipment or athletic facilities of either a permanent or temporary nature shall be placed on any Lot in the Subdivision where same would be readily visible from the street or an adjoining Lot when not in use and without prior written consent of the Architectural Control Committee.

7.1.50 Visual Screening on Lots - No Public Drying of Clothes. No article deemed to be unsightly by the Architectural Control Committee shall be permitted to remain on any Lot so as to be visible from adjoining property or streets. The drying of clothes in public view is prohibited. Similarly, all service areas, storage areas, loading areas, propane tanks and appurtenant equipment, yard equipment, woodpiles or storage piles shall be kept screened, in order to conceal them from view from neighboring Lots or streets.

7.1.51 Wind and Solar Devices. Installation of wind and solar devices shall be in harmony with the design of the other Improvements on the Lot and shall have received the written approval of the Architectural Control Committee and/or the Declarant before installation. The Association or Committee may adopt rules or regulations regarding the installation of wind and solar devices that comply with the Texas Property Code.

7.1.52 Rain Water Collection. Installation of rain water collection systems shall be in harmony with the design of the other Improvements on the Lot and shall have received the written approval of the Architectural Control Committee and/or the Declarant before installation. The Association or Committee may adopt rules or resolutions regarding the installation of rain water collection systems that comply with the Texas Property Code.

7.1.53 Flags. Installation of flags shall not be permitted any closer to the street front of any Lot than within an area extending from the front exterior wall of the Main Dwelling to a maximum distance of fifteen feet (15') from the front of the Main Dwelling and shall be in harmony with the design of the other Improvements on the Lot and shall have received the written approval of the Architectural Control Committee and/or the Declarant before installation. The Association or Committee may adopt rules or regulations regarding the installation of flags that comply with the Texas Property Code. No provision within this Declaration may prohibit or restrict an Owner from display of: (a) a US flag, (b) a Texas flag, or (c) a flag for any branch of the US armed forces.

7.1.54 Construction Work. Construction work shall be conducted on all Lots in accordance with rules and regulations promulgated from time to time by the Association or the Architectural Control Committee. Construction should only be conducted from 7:00 a.m. to 7:00 p.m. unless otherwise approved by the Association.

7.1.55 Traffic Regulations. All vehicular traffic on the streets and roads in the Property shall be subject to the laws of the State of Texas, Hood County, and the City of Tolar (after any future annexation), and any other governmental body having jurisdiction concerning operation of motorized vehicles on public streets. The Association is hereby authorized to promulgate, administer, and enforce reasonable rules and regulations governing vehicular and pedestrian traffic including reasonable safety measures, speed limits and modification of those in force on public street within the Property. The Association shall be entitled to enforce same by establishing such enforcement procedures as it deems appropriate including levying fines for the violation thereof. In the event of conflict of laws of the State of Texas, Hood County, the City of Tolar (after any future annexation), any other governmental jurisdiction and the rules and regulations promulgated by the Association, the more restrictive rules and regulations shall govern. Only drivers licensed to operate motor vehicles by the State of Texas or by any other state in the United States may operate any type of motor vehicle within the Property. All vehicles of any kind and nature which are operated on the streets of the Property shall be operated in a careful, prudent, safe, and quiet manner and with due consideration for the rights of all residents of the Property.

7.2 No Warranty of Enforceability. It is the Declarant's intention to comply with the Texas Property Code and any other applicable State and Federal statutes. While Declarant has no reason

to believe that any of the restrictive covenants of other terms and provisions contained in this Article or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, terms, or provisions. Any Owner acquiring a Lot in reliance on one or more of such restrictive covenants, terms or provisions shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant and Developer harmless therefrom.

ARTICLE VIII

ASSOCIATION AND MEMBERSHIP RIGHTS

8.1. Governance. The Association shall come into operating existence on the earlier of (1) the issuance of its corporate charter and full legal formation, or (2) the initial levy of assessments against the Lots and Owners. The Association will continue to exist at least as long as this Declaration is effective against the Property, regardless of whether its corporate charter lapses from time to time. Generally, the Association may do any and all things that are lawful and necessary, proper, or desirable in operating for the peace, health, comfort, safety, and general benefit of its Members, subject only to the limitations on the exercise of such powers as stated in the Documents. The Association will be governed by a Board of Directors elected by the Members. Unless the Association's Bylaws or Articles of Incorporation provide otherwise, the Board will consist of at least three (3) persons elected at the annual meeting of the Association, or at a special meeting called for that purpose. The Association will be administered in accordance with the Bylaws and these Protective Covenants. Unless the Documents provide otherwise, any action requiring approval of the Members may be approved in writing by Owners of at least a majority of all Lots, or at a meeting by Owners of at least a majority of the Lots that are represented at the meeting.

8.2. Board. Unless the 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 Documents to the "Association" may be construed to mean "the Association acting through its Board of Directors." The affairs of the Association shall be conducted by its Board of Directors (herein referred to as the "Board"). The Board shall be selected in accordance with the Articles of Incorporation and Bylaws of the Association.

8.3. Duties of the Association. The duties and powers of the Association are those set forth in the Documents, together with the general and implied powers of the Bella Oaks HOA, Inc., a nonprofit corporation organized under the laws of the State of Texas. Among its duties, the Association levies and collects assessments, and maintains the Common Areas and Common Area grounds at the assessed expense of the Owners as set forth in the Governing Documents and pays the expenses of the Association. The Board shall have the exclusive right to contract for all goods, services and insurance, and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner for the performance, on behalf of the Association, of services which the Board is otherwise required to perform

pursuant to the terms hereof, such contracts to be upon such terms and conditions and for any consideration as the Board may deem proper, advisable and in the best interest of the Association. The Board shall also have the following specified rights, powers, and duties:

- A. Tax Assessment. to execute all declarations of ownership for tax assessment purposes with regard to any of the Common Property;
- B. Agreements and Contracts. to enter into agreements or contracts with insurance companies, taxing authorities and the holders of first mortgage liens on the individual Lots with respect to:
 - 1. taxes on the Common Property;
 - 2. insurance coverage (if any) on Common Property; and
 - 3. utility installation, consumption, and service matters.
- C. Association Borrowing. on behalf of and for the benefit of the Association, to borrow funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit or secured by such other assets of the Association as are deemed appropriate by the lender and the Association.
- D. Contracts and Banking. to enter into contracts, maintain one or more bank accounts, and, generally, to have all the powers necessary or incidental to the operation and management of the Association.
- E. Common Property Protection. to protect or defend the Common Property from loss or damage by suit or otherwise, to sue or defend in any court of law on behalf of the Association and to provide adequate reserves for repairs and replacements.
- F. Rules & Regulations. to make reasonable Rules & Regulations for the operation of the Common Property and the Lots and to amend them from time to time.
- G. Annual Report to Owners. to make available to each owner within ninety days (90) days after the end of each year an Annual Report.
- H. Members Assessments. to assess the Members and adjust the assessment amount, collect, and use any insurance proceeds to repair damage or replace lost property; and if proceeds are insufficient to repair damage or replace lost property, to assess the Members in proportionate amounts to cover the deficiency.
- I. Enforcement of Governing Documents. to enforce the provisions of the Association's Governing Documents, including this Declaration, the ByLaws and all Rules & Regulations established by the Board of Directors, and to fine, enjoin and/or seek damages from any Owner for violation of such provisions or rules.

8.4. Association 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, regardless of the existence of the contract, seller remains liable for all assessments attributable to his Lot until fee title to the Lot is transferred.

8.5. Voting. One vote is appurtenant to each Lot. The total number of votes equals the total number of Lots in the originally platted Property. Each vote is uniform and equal to the vote appurtenant to every other Lot, except during the Development Period. Cumulative voting is not allowed. Votes may be cast by written proxy, according to the requirements of the Association's Bylaws.

8.6. Voting by Co-Owners. The one vote appurtenant to a Lot is not divisible. If only one of the multiple Co-Owners of a Lot is present at a meeting of the Association, that person may cast the vote allocated to the Lot. If more than one of the Co-Owners is present, the Lot's one vote may be cast with the Co-Owners' unanimous agreement. Co-owners are in unanimous agreement if one of the Co-Owners casts the vote and no other Co-Owner makes prompt protest to the person presiding over the meeting. Any Co-Owner of a Lot may vote by ballot or proxy and may register protest to the casting of a vote by ballot or proxy by the other Co-Owners. If the person presiding over the meeting or balloting receives evidence that the Co-Owners disagree on how the one appurtenant vote will be cast, the vote will not be counted.

8.7. Books & Records. The Association will maintain copies of the Documents and the Association's books, records, and financial statements. Books and records of the Association will be made available for inspection and copying pursuant to any requirements and limitations set out in Texas Business Organization Act or its successor statute.

8.8. 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.

8.9. Obligations of Owners. Without limiting the obligations of Owners under the Documents, each Owner has the following obligations:

8.9.1. Owners' Information. Within thirty (30) days after acquiring an interest in a Lot, and within thirty (30) days after the Owner has notice of a change in any information required by this Subsection, and on request by the Association from time to time, an Owner will provide the Association with the following information: (1) a copy of the recorded deed by which Owner has title to the Lot; (2) the Owner's address, phone number, and e-mail address, and driver's license number, if any; (3) any mortgagee's name, address, and loan number; (4) initial and annual proof of casualty insurance on Owner's dwelling; (5) the name and phone number of any resident other than the Owner (6) the name, address, and phone number of Owner's managing agent, if any.

8.9.2. Pay Assessments. Each Owner will pay assessments properly levied by the Association against the Owner and his Lot and will pay Regular assessments in advance as set forth in Section 9.4.1. below, without demand by the Association.

8.9.3. Comply. Each Owner will comply with the Documents as amended from time to time.

8.9.4. Reimburse for Damage. Each Owner will 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.

8.9.5. Liability. Each Owner is liable to the Association for violations of the Documents by the Owner, a resident of the Owner's Lot, or the Owner's or resident's family, lessees, 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.

8.9.6. Transfer-Related Fees. A number of independent fees may be charged in relation to the transfer of title to a Lot, including but not limited to fees for resale certificates, estoppel certificates, copies of Documents, compliance inspections, ownership record changes, and priority processing, provided the fees are customary in amount, kind, and number for the local marketplace. As of the effective date of this Declaration, a One Thousand and No/100 Dollars (\$1,000.00) Transfer Fee shall be charged to the Buyer of any Lot from the Declarant or Builder of each Lot in the Bella Oaks Subdivision. A separate Reserve bank account shall be established by the Association to accumulate reserves to primarily maintain, repair and replace the drainage facilities serving the Bella Oaks Subdivision, funded by a transfer allocation of Two Hundred Fifty and no/100 Dollars (\$250.00) per Lot portion into the Reserve Account out of each One Thousand and no/100 Dollars (\$1,000.00) Initiation Transfer Fee collected by the Association.

Five Hundred and no/100 Dollars (\$500.00) Transfer Fee shall be collected from each Buyer purchasing a Lot thereafter. Further allocations of funds to be transferred to the Bella Oaks Reserve account out of the Transfer Fees collected by the Association shall be at the

sole discretion of the Board. Each Five Hundred and no/100 Dollars (\$500.00) Transfer Fee shall be collected by and for the benefit of the Association at the closing of each such transfer of title of any such Lot.

The Association Board of Directors is hereby granted the power and authority to modify and establish a higher or lower Transfer Fee in its sole discretion at any time hereafter. Transfer-related fees are not refundable and may not be regarded as a prepayment of or credit against regular or special assessments. Transfer-related fees do not apply to the following transfers unless a party to the transfer requests the corresponding documentation: (1) foreclosure of a deed of trust lien, tax lien, or the Association's assessment lien; (2) transfer to, from, or by the Association; (3) voluntary transfer by an Owner to one or more Co-Owners, or to the Owner's spouse, child, or parent. Transfer-related fees may be charged by the Association or by the Association's managing agent provided there is no duplication of fees. Transfer-related fees are not refundable and may not be regarded as a prepayment of or credit against regular or special assessments. Transfer-related fees do not apply to the following transfers unless a party to the transfer requests the corresponding documentation: (1) foreclosure of a deed of trust lien, tax lien, or the Association's assessment lien; (2) transfer to, from, or by any Builder first owning a Lot or the Association; (3) voluntary transfer by an Owner to one or more Co-Owners, or to the Owner's spouse, child, or parent. Transfer-related fees charged by or paid to a managing agent must have the prior written approval of the Association, are not subject to the Association's assessment lien, and are not payable by the Association or Declarant.

ARTICLE IX

COVENANT FOR ASSESSMENTS

9.1. Purpose of Assessments. The Association will use assessments for the purpose of maintaining the Property values and promoting the health, safety and welfare of the Owners of the Subdivision Property and Additional Property, which hereafter may become subject to the jurisdiction of the Association, and 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, repair or replacement of real and personal Common Area property, drainage easements 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.

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 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 Article of this Declaration may not be amended without the approval of Owners of at least two-thirds (2/3^{rds}) 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 thirty (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 two-thirds (2/3^{rds}) 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 thirty (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 a two-thirds (2/3^{rds}) majority of the Lots disapprove the Special Assessment by petition or at a meeting of the Association.

9.4. Types of Assessments. There are four (4) types of assessments: Regular, Special, Individual, and Deficiency.

9.4.1 Regular Assessments. Regular assessments are based on the annual budget established annually in amounts sufficient to meet the reasonable operation expenses and reserve requirements of the Association to allow the Association to carry out its duties. Each Lot is liable for its equal share of the annual budget. Regular Assessments are due in advance for the period of the assessment. The initial Regular Assessment, pro-rated by Declarant for 2021, shall be Six Hundred and no/100 Dollars (\$600.00) per Lot per year, or as otherwise established by the Association, whose Board shall be charged with the responsibility of assessing the Members at least the amount necessary to pay the maintenance and operational expenses of the Association.

Fifty and no/100 Dollars (\$50.00) per Lot per year of the Regular Assessments received by the Association shall initially be allocated to and deposited into a separate Reserve Fund established to repair and maintain the common areas and improvements within Bella Oaks. If the Board does not approve an annual budget or fails to determine new Regular Assessments for any year following the Board's approval of the initial and subsequent annual budgets for the Association, 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, and as appropriate, administrative expenses of the Association and operating expenses of the Common Area, specifically including but not limited to all street lamps and fixtures, and all visibility, access and

maintenance easements, screening fences, the Bella Oaks Subdivision entrances and traffic signage, and all other common areas and common facilities and amenities defined in this Declaration;

- B. utilities billed to the Association;
- C. services billed to the Association and serving all lots;
- D. taxes on property owned by the Association 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 any required fidelity bonds and directors' and officers' liability insurance;
- H. contributions to the reserve funds;
- I. all costs of the Association's performance of its Property (including but not limited to all Lots) landscaping and maintenance obligations; and/or
- J. any other expense which the Association is required by law or the 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 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 purposes of funding Common Expenses not anticipated by the annual budget or reserve funds. Special Assessments shall be prorated equally among all Lots, and do not require the approval of the Owners. All Special Assessments will automatically become effective unless Owners of at least two-thirds ($2/3^{\text{ds}}$) of the Lots disapprove the Special Assessment by petition or at a meeting of the Association as provided in Section 9.3.1 above. However, the above provisions in Section 9.4.1, notwithstanding, Special Assessments for the following purposes, must be approved by Owners of at 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; and/or

- 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 Documents; fines for violations of the 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 benefits 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 of the Property 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 within the Governing Documents.

9.6. Declarant Obligation. Declarant's obligation for and exemption from assessments is described in Exhibit B. Unless Exhibit 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. 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. 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.

9.8. Due Date. The Board may levy regular assessments on any periodic basis, such as annually, semi-annually, quarterly, or monthly. Regular Assessments are due on the first day of the period for which levied. Special and Individual and Reserve Fund Assessments are due on the date stated in the Notice of Assessment or, if no date is stated, within ten (10) days after notice of the assessment is given. Assessments are delinquent if not received by the Association on or before the due date.

9.9. Reserve Funds. The Association will establish, maintain, and accumulate reserves for operations, replacement, repair, and Common Area improvements approved according to Section 9.4.2.B above. The Association must budget for reserves and may fund reserves out of Regular Assessments. A separate Reserve bank account shall be established by the Association to accumulate reserves to primarily maintain, repair and replace the common area improvements and drainage facilities serving the Bella Oaks Subdivision, funded by a transfer allocation of Two Hundred, Fifty Dollars (\$250.00) per Lot portion into the Reserve Account out of each One Thousand and no/100 Dollars (\$1,000.00) Initiation Transfer Fee collected by the Association, as required in Section 8.9.6 supra. Additionally, according to Section 9.4.1 supra, a transfer allocation of Fifty and No/100 Dollars (\$50.00) per Lot per year of the initial Regular Assessments received by the Association shall initially be allocated to and deposited into the Bella Oaks separate Reserve Fund account.

The Board will establish, maintain, and accumulate reserves for operations and for replacement and repair. The Board must budget for reserves and may fund reserves out of the Initiation Transfer Fee and the initial Regular Assessments. Reserve funds will be maintained and accounted for separately from other funds maintained for annual operating expenses, and the Board will establish separate, bank trust accounts in order to better demonstrate that the amounts deposited therein are capital contributions and not net income to the Association.

9.9.1. Operations Reserves. The Association will endeavor to maintain Operations Reserves at a level determined by the Board to be sufficient to cover the cost of operational or maintenance emergencies or contingencies.

9.9.2. Replacement, Repair and Maintenance Reserves. The Association will endeavor to maintain replacement, repair and maintenance reserves at a level that anticipates the scheduled replacement or major repair of components of the Common Areas.

9.10. Association's Right to Borrow Money. The Association is granted the right to 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.

9.11. 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 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 Regular and Special Assessments, or reimbursed to the Owner if those assessments are paid in full.

ARTICLE X

ASSESSMENT LIEN

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, and hereby grants to the Association a contractual lien on such Lot, which may be foreclosed on by judicial or non-judicial foreclosure and pursuant to the provisions of Section 51.002 of the Texas Property Code (and any successor statute); and each such Owner hereby expressly grants the Association a power of sale in connection therewith. 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.

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 first or senior purchase money vendor's lien or 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 first or senior purchase money mortgage, an FHA-insured mortgage, or a VA-guaranteed mortgage.

10.3. Effect of Mortgage's Foreclosure. Foreclosure of a superior lien extinguishes the 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. The purchaser at the foreclosure sale of a superior lien is liable for assessments coming due from and after the date of the sale.

10.4. Notice and Release of Notice. The Association's Assessment 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 Hood County's Deed Records. 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 Associations Assessment 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 XI

EFFECT OF NONPAYMENT OF ASSESSMENTS

11. 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 attempt to collect an assessment. The following remedies are in addition to and not in substitution for all other rights and remedies available to the Association.

11.1. 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 eighteen percent (18%) or the maximum permitted by law. If the Board fails to establish a rate, the rate is eighteen percent (18%) per annum.

11.2. Late Fees. Delinquent assessments are subject to reasonable late fees, at a rate to be determined by the Board from time to time.

11.3. 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 attorney's fees and processing fees charged by the manager.

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

11.5. Suspension of Use. If an Owner's account has been delinquent for at least thirty (30) days, the Association may suspend the right of Owners and residents to use Common Areas and Common Services during the period of delinquency. Suspension does not constitute a waiver or discharge of the Owner's obligation to pay assessments.

11.6. 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.

11.7. 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.

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

11.9. 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.

ARTICLE XII

ENFORCING THE DOCUMENTS

12.1. Notice and Hearing. Before the Association may exercise any 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. Notices are also required before an Owner is liable to the Association for certain charges, including reimbursement of attorneys' fees incurred by the Association.

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

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

12.2.2. Violations. The Association may levy reasonable charges, as an Individual Assessment, against an Owner and his Lot if the Owner or resident (including lessees), or the Owner or resident's family, lessees, guests, employees, agents, or contractors violate a provision of the Documents. Fines may be levied by the Board 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 Documents.

12.2.3. 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's or resident's family, lessees, guests, employees, agents, or contractors violate the Documents. A suspension does not constitute a waiver or discharge of the Owner's obligations under the Documents.

12.2.4. 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 erection, thing, animal, person, vehicle, or condition that violates the 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. Unless an emergency situation exists in the good faith opinion of the Board, the Board will give the violating Owner ten (10) days' notice of its intent to exercise self-help.

12.2.5. Legal Proceedings. Failure to comply with the 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.

12.3. Board Discretion. The Board may use its sole discretion in determining whether to pursue a violation of the 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.

12.4. No Waiver. The Association and every Owner has the right to enforce all restrictions, conditions, covenants, liens, and charges now or hereafter imposed by the Documents. Failure by the Association or by any Owner to enforce a provision of the Documents in one or more instances 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 Documents at any future time. No officer, director, or Member of the Association is liable to any Owner for the failure to enforce any provisions of the Governing Documents at any time.

12.5. 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 Documents, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of the Documents or the restraint of violations of the Documents, the prevailing party is entitled to recover from the non-prevailing party all reasonable and necessary costs incurred by it in such action, including reasonable attorneys' fees.

ARTICLE XIII
ADMINISTRATION OF COMMON PROPERTY

13.1. Common Property Policy. The Common Property, including Common Areas and Common Amenities shall be administered for the benefit of the Owners of Lots.

13.2. Management. All decisions relating to the Common Property shall be vested in the Association. The Association shall have all powers and duties necessary for the administration, management, maintenance, operation, and regulation of Common Property, including but not limited to the following:

- A. Delegation. to delegate the exercise of some or all of its powers and duties, from time to time, to one or more agents;
- B. Budgets. to prepare, adopt, and amend budgets for revenues, expenditures, and reserves relating to Common Property;
- C. Reserves. to maintain adequate reserves for periodic repair or replacement of Common Property elements, based on age, remaining useful life, quantity, and replacement cost;
- D. Common Property Assessments. to levy and collect Common Property assessments;
- E. Hiring, Contracts and Liabilities. to hire and terminate agents, employees, and contractors, and to make contracts and incur liabilities;
- F. Common Area Rules. to adopt, amend, and enforce reasonable rules regulating the use, maintenance, repair, replacement, modification, improvement, and appearance of Common Property;
- G. Common Area Improvements. to cause to be designed, constructed, repaired, improved, replaced and maintained improvements on the Common Property, as authorized, and constructed in accordance with the Governing Documents;
- H. Common Property Grants. to grant easements, leases, licenses, and concessions through or over any portion of the Common Property;
- I. Common Property Violation Fines. if legal notice and an opportunity to be heard are given, to impose reasonable fines for violations of rules regulating the use of Common Property;
- J. Assessments Collection. to adopt, enforce, and amend rules regulating the collection of delinquent assessments and the application of payments, and to impose interest and late charges for late payment of assessments, and to levy returned check charges;

- K. Insurance and Bonds. to purchase insurance and bonds it considers appropriate or necessary;
- L. Common Property Visibility and Safety Protection. to remove anything that, in the opinion of the Association, reduces visibility on Streets, interferes with the use or maintenance of Common Property, or distracts from the appearance of Common Property;
- M. Removal of Improperly Parked Vehicles. to tow or cause the removal of vehicles improperly parked on the interior streets of the Bella Oaks subdivision;
- N. Reasonable Exercise of Powers. to do anything necessary or desirable, and reasonably related to the functions, powers, and duties of the Association under this Article; and
- O. Common Property Acceptance. to accept a conveyance of fee title in and to the Common Property, if and when a Lot Owner wishes to make such a conveyance.

ARTICLE XIV **MAINTENANCE AND REPAIR OBLIGATIONS**

14.1. Association's Duty of Maintenance. 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, funded by the Members of the Association, subject to any insurance then in effect, the portions of the Property listed below, regardless of whether the portions are on Lots or Common Areas.

- A. All Common Area improvements and grounds, and all common facilities or amenities thereon, in a well-maintained, safe, clean, and attractive condition at all times, including without limitation all landscaping, walls or fences, and other improvements situated on the Common Property. The Association will perform the routine yard maintenance on all the Common Areas as well as on all the yards on every Lot owned by Declarant, at the Association's expense.
- B. Any real and personal property owned by the Association, but which is not a Common Area, such as a Lot owned by Declarant or the Association.
- C. All private drives (as identified by recorded plat or otherwise) and not reserved for the exclusive use of each individual Owner, including, without limitation, all grass, trees, shrubbery or other plantings, sidewalks, fences, walls, street lights, benches, trash receptacles, sprinkler systems, informational and directional street signage installed by Declarant, security gates, and any other landscaping or improvements located along or within such private drives, and any other property Declarant designates as a maintenance obligation of the Association by an amendment to this Declaration.

- D. Any property adjacent to the Bella Oaks Subdivision Property, 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.
- E. Any area, item, easement, or service, the maintenance of which is assigned to the Association by this Declaration or by the Plat.
- F. In addition, to the extent permitted by the applicable governmental authority, the Association may maintain or replace all grass, trees, shrubbery or other plantings, sidewalks, fences, walls, street lights, benches, trash receptacles, sprinkler systems, information and directional signage, security gates, traffic signals and any other landscaping or improvements located along or in dedicated rights of way, which were installed by Declarant. Further, the Association shall bear the responsibility for all utility charges incurred because of street lights, security gates, and sprinkler systems which are installed on or about the Common Property, and shall pay all insurance premiums attributable to or connected with any portion of the Common Property.

14.2 Lot Owner's Duty of Maintenance. Every Owner has the following joint and several responsibilities and obligations, at their sole cost and expense, to keep their Lots, yards, and homes in a well-maintained, safe, clean, and attractive condition at all times, and to maintain, repair, and replace the property, subject to the architectural control requirements of article 6, and the use restrictions of Article 7. "Yard(s)" means all parts of the Lot other than the dwelling, including fenced and unfenced portions of the Lot. Such maintenance includes, but is not limited to the following:

- A. Mow to prevent grass in the lawns and weeds in the plant beds from exceeding eight (8') inches in height, edge, weed-eat, trim and otherwise maintain all yards of Owner's Lots at regular intervals, blow grass and weed cuttings off the street, sidewalks and driveways, and away from flower and shrubbery beds and porches and patios; and prune and maintain an attractive appearance for all trees, shrubs, flowers, other plant material, and all landscaping features and artifacts that are visible from a street, and maintain plant beds and yard sprinkler systems on Owner's Lots at such Owner's cost at a level, to a standard, and with an appearance that is commensurate with the neighborhood;
- B. Replace plant material, as needed, to maintain the minimum landscaping requirements prescribed by the Association;
- C. Screen plant vegetable gardens from being visible from a street;
- D. Regularly water sufficiently to keep grass and plant material alive;
- E. Support the Association's maintenance of an attractive ground cover or lawn on all Common Areas and all yards on Declarant-owned Lots visible from a street. Owners are encouraged to take pride in the Bella Oaks community by avoiding littering at all times and assisting in the removal of litter and trash in all these areas, and promptly removing from the exterior of Owner's Lot and from sight all litter, trash, debris, refuse and waste;

- F. Support the Association's edging and trimming of the Common Areas and on all the Declarant-owned Lots along the street curbs, and front and back yard perimeter edges at regular intervals;
- G. Support the Association's mowing of the Common Areas and all the yards and lawns on all the Declarant-owned Lots at regular intervals;
- H. Keep Owner's exterior lighting and mechanical facilities in working order;
- I. Keep Owner's driveways in good repair;
- J. Promptly repair damage to Owner's improvements visible to the public; and
- K. Comply with all government health and policy requirements.

14.3. Avoid Damage. An Owner may not do any work or 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.

14.4. Responsible for Damage. An Owner is responsible for his own willful or negligent acts and those of his or the resident's family, lessees, guests, agents, employees, or contractors when those acts necessitate maintenance, repair, or replacement to the Common Areas or the property of another Owner.

14.5. 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. However, in case of an emergency, or where the health or safety of residents or guests in the subdivision are endangered, or in cases where the Association has given at least one previous written notice of a repeated or continuing violation of the Declaration restrictions or of the Rules & Regulations promulgated pursuant to this Declaration, the Board's responsibility to give the Owner written notice may be waived and the Board may take any action it deems necessary to protect persons or property or to enforce the Declaration restrictions or the Rules & Regulations, the cost of the action being at the Owner's expense.

14.6. Party Wall Fence 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 Article. 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.

14.7. Right to Repair Party Wall Fence. 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.

14.8. Shared Party Wall Fence Costs. A Buyer who purchases a Lot without any existing fencing on the side or sides of the Lot next to the Lot subsequently purchased by Buyer and then installs a fence located on or near the dividing line between such Buyer's Lot and an adjacent Lot, without the written permission of the Owner of the contiguous Lot, must do so at such Buyer's sole expense. A subsequent Buyer of a Lot contiguous to a Lot with an existing fence located on or near the dividing line between the two Lots shall have no responsibility or liability to reimburse the Lot Owner who built the fence for any of the expense of construction, unless by written agreement between the Owner of the Lot with the existing fence and the Buyer of the contiguous vacant Lot. The subsequent Buyer of the vacant Lot next to the Lot with the existing fence shall be obligated to share in the general normal wear and tear maintenance of the existing party fence from the date of such Buyer's purchase of the vacant Lot; however, the Buyer of the vacant Lot shall have no obligation to share in the expense of repairing or replacing all or any portion of the fence for damages to the fence caused by an external force, whether caused by natural forces or caused by animals or man.

The Owners of adjoining Lots shall otherwise 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 Hood County's Deed Records 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 Article is appurtenant to the land and passes to the Owner's successors in title.

14.9. Party Wall Fence 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 XV **INSURANCE**

15.1. 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. Additional insurance policies and provisions should when possible include the following:

15.1.1. Notice of Cancellation or Modification. Each insurance policy maintained by the Association should contain a provision requiring the insurer to give at least ten (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.

15.1.2. Deductibles. An insurance policy obtained by the Association may contain a reasonable deductible amount, which will be paid by the party who would be liable for the loss or repair in the absence of insurance. If a loss is due wholly or partly to an act or omission of an Owner or resident or their invitees, the Owner must reimburse the Association for the amount of the deductible that is attributable to the act or omission.

15.2. 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.

15.3. 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.

15.4. 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.

15.5. 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.

15.6. Owner's Responsibility for Insurance. Each Owner will obtain and maintain fire and extended coverage on all the dwellings and other 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. 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, lessee and resident is solely responsible for insuring his personal property in his dwelling and on the Lot, including furnishings, vehicles, and stored items. This Article may not be construed to require the Association to continually monitor the Owners' insurance coverages.

ARTICLE XVI

MORTGAGEE PROTECTION

16.1. **Introduction.** This Article establishes certain standards for the benefit of Mortgagees, as defined below. 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 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 Documents. In case of conflict, this Article controls. As used in this Article, a "Mortgagee" is a holder, insurer, or guarantor of a purchase money mortgage secured by a recorded senior or first deed of trust lien against a Lot. Some Sections of this Article apply to all "Known Mortgagees." Other Sections apply to "Eligible Mortgagees," as defined below.

16.1.1. **Known Mortgagees.** An Owner who mortgages his Lot should notify the Association, giving the complete name and address of his mortgagee and the loan number. An Owner will also provide that information on request by the Association from time to time. The Association's obligations to mortgagees under the Documents extend only to those mortgagees known to the Association. All actions and approvals required by mortgagees will be conclusively satisfied by the 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.

16.1.2. **Eligible Mortgagees.** "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. A representative of an Eligible Mortgagee may attend and address any meeting which an Owner may attend.

16.2. **Mortgagee Rights.**

16.2.1. **Termination.** An action to terminate the legal status of the Property after substantial destruction or condemnation must be approved by at least fifty-one percent (51%) 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 (2/3rds) of the Owners and Eligible Mortgagees. The approval of an

Eligible Mortgagee is implied when the Eligible Mortgagee fails to respond within thirty (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.

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

16.2.3. Financial Statements. If a Mortgagee so requests, the Association will give the Mortgagee any existing previously compiled statement for the preceding fiscal year within one hundred and twenty (120) days after the Association's fiscal year-end. A Mortgagee may have an audited statement prepared at its own expense.

16.2.4. 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.

16.3. Insurance Policies. If an Underwriting Lender is a Mortgagee, or if an Owner, at the request of the Underwriting Lender requests, 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 these Protective Covenants.

ARTICLE XVII **AMENDMENTS**

17.1. 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 two-thirds (2/3rds) of the Lots.

17.2. 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.

17.3. 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 Deed Records of Hood County, except as modified by the following Section.

17.4. Declarant Provisions. Declarant has an exclusive right to unilaterally amend this Declaration. 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 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.

This Declaration or any Supplemental Declaration may be amended by the Declarant acting alone until the earliest to occur of: (1) the expiration of the Development Period, or (2) the Control Transfer Date. No amendments by Declarant after the earliest occurring of such events shall be effective until there has been recorded in the Official Public Records of Hood County, Texas, an instrument approved, executed, and acknowledged by Declarant and setting forth the amendment, and an instrument executed and acknowledged by the President and Secretary of the Board certifying that the Declarant had the requisite number of votes. Notwithstanding the foregoing, Declarant may unilaterally amend this Declaration at any time to correct typographical and grammatical errors, oversights, ambiguities, and/or inconsistencies, provided that any such Amendment shall not impair or adversely affect the vested property, or other rights of any Owner or his mortgagee.

17.5. Ordinance Compliance. When amending the Documents, the Association must consider the validity and enforceability of the amendment in light of current laws and ordinances.

17.6. 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 at least two-thirds (2/3rds) of the Owners 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 corporation pursuant to the merger. The surviving or consolidated association may administer the provisions of the Documents within the Property, together with the covenants and restrictions established upon any other property under its jurisdiction. No merger or consolidation, however, will cause or result in a revocation, change, or addition to the covenants established by this Declaration within the Property.

17.7. 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 one hundred percent (100%) of the Lots.

17.8. 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 XVIII

DISPUTE RESOLUTION

18.1. Introduction & Definitions. The Association, the Owners, Declarant, 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:

18.1.1. "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 Documents.
- B. Claims relating to the rights and/or duties of Declarant as Declarant under the Documents.
- C. Claims relating to the design, construction, or maintenance of the Property.

18.1.2. "Claimant" means any Party having a Claim against any other Party.

18.1.3. "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.

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

18.2. Mandatory Procedures. Claimant may not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of its Claim until Claimant has complied with the procedures of this Article.

18.3. 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 Documents or other authority out of which the Claim arises); (3) what Claimant wants Respondent to do or not do to resolve the Claim; and (4) that the Notice is given pursuant to this Section.

18.4. Negotiation. Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within sixty (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 Claim 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.

18.5. Mediation. If the parties negotiate but do not resolve the Claim through negotiation within one hundred, twenty (120) days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have thirty (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 five (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.

18.6. Termination of Mediation. If the parties do not settle the Claim within thirty (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.

18.7. 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.

18.8. Enforcement of Resolution. 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.

18.9. Release Exemptions. 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 according to the procedures of this Article.

18.10. Litigation Approval & Settlement. In addition to and notwithstanding the above alternate dispute resolution procedures, 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. 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. This Section may not be amended without the approval of Owners of at least sixty-seven percent (67%) of the Lots.

ARTICLE XIX **GENERAL PROVISIONS**

19.1. Compliance. The Owners hereby covenant and agree that the administration of the Association will be in accordance with the provisions of the 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.

19.2. Higher Authority. The Documents are subordinate to federal and state law, and local ordinances. Generally, the terms of the Documents are enforceable to the extent they do not violate or conflict with local, state, or federal law or ordinance. To the extent they violate or conflict with local, state, or federal law or ordinance, then the provision shall be modified, where possible, to cure the violation or conflict as nearly as written.

19.3. Notice. All demands or other notices required to be sent to an Owner or resident by the terms of this Declaration may be sent by ordinary or verified mail, postage prepaid, to the party's last known address as it appears on the records of the Association at the time of mailing. If an Owner fails to give the Association an address for mailing notices, all notices may be sent to the Owner's lot, and the Owner is deemed to have been given notice whether or not he actually receives it.

19.4. Liberal Construction. The terms and provision of herein and within each Document are to be liberally construed to give effect to the purposes and intent of the Document. All doubts regarding a provision, including restrictions on the use or alienability of property, will be resolved in favor of the operation of the Association and its enforcement of the Documents, regardless which party seeks enforcement.

19.5. 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.

19.6. Captions. In all 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.

19.7. Exhibits and Attachments. The following attachments to this Declaration and incorporated herein by reference:

Exhibit A – Property Legal Description (metes and bounds)

Exhibit B – Declarant Representations & Reservations

19.8. Interpretation. Whenever used in the 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.

19.9. Run with the Property Unless terminated or amended by Owners 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.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of this 29 day of March 2021.

DECLARANT:

Legends Land Development LLC

By:

Garry Z Luker
Garry Z Luker, Managing Member

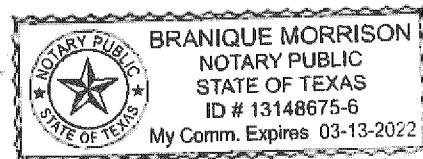
STATE OF TEXAS §

§

COUNTY OF HOOD §

This instrument was acknowledged before me on this 29 day of March 2021 by Garry Z Luker, Managing Member of Legends Land Development, LLC, a Texas limited liability company on behalf of said company as the Declarant of Bella Oaks Homeowners' Association, Inc.

Branique Morrison
Notary Public



After recording, please return to:

D. Scott Cain
Cain & Associates, PC
508 N. Ridgeway Drive
Cleburne, Texas 76033

EXHIBIT A

**Hood County Clerk
201 W Bridge Street
PO BOX 339
Granbury, Texas 76048
Phone: 817-579-3222**

Document Number: 2020-0018310 -
Filed and Recorded - Real Records

WARRANTY DEED WITH VENDORS LIEN

Grantor: 2D INVESTMENTS LLC SERIES 1

Pages: 7

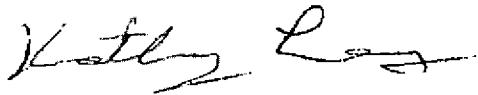
Recorded On: 12/01/2020 09:16 AM

**This page is a permanent part of the document.
Do Not Destroy**

Recorded On:	12/01/2020 09:16 AM	Notes:
Document Number:	2020-0018310	
Receipt Number:	R2018354	
Amount:	\$41.00	
Recorded By:	Simplifile	

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

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



Katie Lang
County Clerk
Hood County, Texas



Return To:

ADAMS, BENNETT & DUNCAN
5060 E INTERSTATE 20 SERVICE
WEATHERFORD, TX 76087-3218



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

2025-314746

Warranty Deed with Vendor's Lien

Date: November 23, 2020

Grantor: 2D INVESTMENTS, LLC SERIES 1

Grantor's Mailing Address:
P.O. Box 214
Dennis, TX 76439

Grantee: LEGENDS LAND DEVELOPMENT, LLC

Grantee's Mailing Address:
5310 E. Hwy. 377
Granbury, TX 76049

Consideration:

TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, and a note of even date executed by Grantee and payable to the order of INTERBANK in the principal amount of THREE MILLION EIGHT HUNDRED FORTY-TWO THOUSAND FIVE HUNDRED SIXTY FIVE AND NO/100 DOLLARS (\$3,842,565.00). The note is secured by a first and superior vendor's lien and superior title retained in this deed in favor of INTERBANK and by a first-lien deed of trust of even date from Grantee to MARK MARTIN, trustee.

Property (including any improvements):

BEING 208.30 acres out of the W.J. Arrington Survey, Abstract No. 18; the C. Arrington Survey, Abstract No. 10; the T.W. Bundick Survey, Abstract No. 24; and the J.W. Smith Survey, Abstract No. 905, Hood County, Texas and being that certain tract conveyed to Mildred C. McKenzie by deed recorded in Volume 1250, Page 445 of the Official Public Records of Hood County, Texas and being more particularly described on Exhibit "A" attached hereto and made a part hereof for all purposes.

Reservations from Conveyance:

The herein described tract of land is also being conveyed subject to all, or a portion of the oil, gas and other minerals in, under, or that may be produced from the herein described tract of land, all, or a portion of same having been reserved by prior grantors, together with all outstanding

oil and gas leases appearing of record in the Deed Records and/or Official Records of the County of the property described herein, all of which are excepted from the WARRANTY hereinafter given.

Special Provision:

As a material part of the Consideration for this deed, Grantor and Grantee agree that Grantee is taking the property "AS IS" with any and all latent and patent defects and that there is no warranty by Grantor that the Property has a particular financial value or is fit for a particular purpose. Grantee acknowledges and stipulates that Grantee is not relying on any representation, statement, or other assertion with respect to the Property condition but is relying on Grantee's examination of the Property. Grantee takes the Property with the express understanding and stipulation that there are no express or implied warranties.

Exceptions to Conveyance and Warranty:

Liens described as part of the Consideration and any other liens described in this deed as being either assumed or subject to which title is taken. All recorded and existing restrictions, reservations, and, covenants affecting the land described herein; validly existing easements, rights-of-way, and prescriptive rights, whether of record or not. All taxes for 2020, which Grantee assumes and agrees to pay, and subsequent assessments for that and prior years due to change in land usage, ownership, or both, the payment of which Grantee assumes.

Grantor, for the Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's heirs, successors, and assigns forever. 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, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty.

The vendor's lien against and superior title to the Property are retained until each note described is fully paid according to its terms, at which time this deed will become absolute.

INTERBANK, at Grantee's request, has paid in cash to Grantor that portion of the purchase price of the Property that is evidenced by the note. The first and superior vendor's lien against and superior title to the Property are retained for the benefit of INTERBANK and are transferred to INTERBANK without recourse against Grantor.

When the context requires, singular nouns and pronouns include the plural.

2D INVESTMENTS, LLC SERIES I

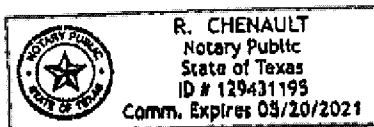
By: 
DON FLETCHER, MANAGER


By: 
DIANE LYNN WALLACE, MANAGER

STATE OF TEXAS)

COUNTY OF PARKER)

This instrument was acknowledged before me on November 23, 2020, by DON FLETCHER, MANAGER of 2D INVESTMENTS, LLC SERIES I.

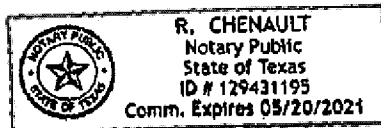




Notary Public, State of Texas
My commission expires: 5-20-21

STATE OF TEXAS)

COUNTY OF PARKER)

This instrument was acknowledged before me on November 23, 2020, by DIANE LYNN WALLACE, MANAGER of 2D INVESTMENTS, LLC SERIES I.




Notary Public, State of Texas
My commission expires: 5-20-21

PREPARED IN THE OFFICE OF:

ADAMS BENNETT DUNCAN & HENLEY
2745 Wind River Lane
Denton, TX 76210
Tel: (940) 566-6221
Fax: (940) 566-4977

AFTER RECORDING RETURN TO:

Legends Land Development
5310 E Hwy 377
Granbury TX 76049

EXHIBIT "A"

BEING 208.30 acres out of the W.J. Arrington Survey, Abstract No. 18; the C. Arrington Survey, Abstract No. 10; the T. W. Bundick Survey, Abstract No. 24; and the J. W. Smith Survey, Abstract No. 905, Hood County, Texas and being that certain tract conveyed to Mildred C. McKenzie by deed recorded in Volume 1250, Page 445 of the Official Public Records of Hood County, Texas and being more particularly described as follows:

BEGINNING at a 6 inch fence post, found in place, on the Northeast line of that certain tract conveyed to Wayne E. and Jean E. Kuykendall by deed recorded in Volume 1105, Page 561 of the Official Public Records of Hood County, Texas, said point being the most Westerly corner of that certain tract conveyed to Wayne Wienecke by deed recorded in Volume 2518, Page 972 of the Official Public Records of Hood County, Texas, for the most Southerly corner of this tract;

THENCE N 32D 29' 14" W, generally along an existing fence and along and with the Northeasterly line of said Kuykendall tract, a distance of 370.10 feet to a ½ inch iron rod, found in place, said point being the Southeast corner of that certain tract conveyed to Cosmos, Inc. by deed recorded in Clerk File Number 2015-0001097, for an angle point of this tract;

THENCE N 33D 00' 59" W, generally along an existing fence and along and with the Northeasterly line of said Cosmos, Inc. tract, a distance of 327.36 feet to a 5/8 inch iron rod with cap, found in place, for an angle point of this tract;

THENCE N 23D 46' 59" W, generally along an existing fence and along and with the Northeasterly line of said Cosmos, Inc. tract, a distance of 959.16 feet to a 5/8 inch iron rod, found in place, for an angle point of this tract;

THENCE N 23D 34' 59" W, generally along an existing fence and along and with the Northeasterly line of said Cosmos, Inc. tract, a distance of 206.31 feet to a ½ inch iron rod, found in place, said point being the Northeast corner of said Cosmos, Inc. tract and being the Southeast corner of that certain tract conveyed to Lindsay Reagan Dillard by deed recorded in Clerk File Number 2014-0002517, for an angle point of this tract;

THENCE N 23D 43' 02" W, generally along an existing fence and along and with the Northeasterly line of said Dillard tract, a distance of 1356.17 feet to a wood fence post, found in place, on the Southeasterly line of that certain tract conveyed to Mary Ives and Paula Dee Hunter-Perkins by deed recorded in Clerk File Number 2017-0013723, for the most Westerly corner of this tract;

THENCE N 59D 42' 35" E, generally along an existing fence and along and with the Southeasterly line of said Ives and Hunter-Perkins tract, a distance of 2655.75 feet to a ½ inch iron rod, set, on the Southwesterly line of Knox Road, for the most Northerly corner of this tract;

THENCE S 31D 23' 27" E, generally along an existing fence and along and with the Southwesterly line of said Knox Road, a distance of 678.81 feet to a fence post, found in place, for an angle point of this tract;

THENCE S 39D 54' 12" E, generally along an existing fence and along and with the Southwesterly line of said Knox Road, a distance of 253.10 feet to a ½ inch iron rod, set, for an angle point of this tract;

THENCE S 40D 55' 21" E, generally along an existing fence and along and with the Southwesterly line of said Knox Road, a distance of 324.55 feet to a fence post, found in place, for an angle point of this tract;

THENCE S 32D 47' 05" E, generally along an existing fence and along and with the Southwesterly line of said Knox Road, a distance of 122.80 feet to a ½ inch iron rod, set, for an angle point of this tract;

THENCE S 27D 46' 04" E, generally along an existing fence and along and with the Southwesterly line of said Knox Road, a distance of 108.61 feet to ½ inch iron, set, for an angle point of this tract;

THENCE S 25D 29' 24" E, generally along an existing fence and along and with the Southwesterly line of said Knox Road, a distance of 62.58 feet to a fence post, found in place, for an angle point of this tract;

THENCE S 23D 42' 29" E, generally along an existing fence and along and with the Southwesterly line of said Knox Road, a distance of 403.82 feet to a ½ inch iron rod, set, for an angle point of this tract;

THENCE S 24D 48' 56" E, generally along an existing fence and along and with the Southwesterly line of said Knox Road, a distance of 377.38 feet to a ½ inch iron rod, set, for an angle point of this tract;

THENCE S 30D 33' 24" E, generally along an existing fence and along and with the Southwesterly line of said Knox Road, a distance of 427.29 feet to a fence post, found in place, for an angle point of this tract;

THENCE S 23D 19' 18" E, generally along an existing fence and along and with the Southwesterly line of said Knox Road, a distance of 253.68 feet to a fence post, found in place, for an angle point of this tract;

THENCE S 03D 34' 59" E, generally along an existing fence and along and with the Southwesterly line of said Knox Road, a distance of 135.48 feet to a 5 inch pipe fence post, found in place, for the most Easterly corner of this tract;

THENCE S 57D 40' 44" W, generally along an existing fence, a distance of 207.11 feet to a 6 inch pipe fence post, found in place, said point being the Northeast corner of that certain tract conveyed to Mark and Ranae Dempsey by deed recorded in Clerk File Number 2012-0003298, for an angle point of this tract;

THENCE S 57D 53' 51" W, generally along an existing fence and along and with the

Northwesterly line of said Dempsey tract, a distance of 546.84 feet to a 3 inch pipe fence post, found in place, for an angle point of this tract;

THENCE S 58D 00' 32" W, generally along an existing fence and along and with the Northwesterly line of said Dempsey tract, a distance of 375.12 feet to a 5/8 inch iron rod with cap, found in place, said point being the most Northerly corner of said Wienecke tract, for an angle point of this tract;

THENCE S 58D 00' 32" W, generally along an existing fence and along and with the Northwesterly line of said Wienecke tract, a distance of 252.73 feet to a 3 inch pipe post, found in place, for an angle point of this tract;

THENCE S 58D 06' 49" W, generally along an existing fence and along and with the Northwesterly line of said Wienecke tract, a distance of 1472.03 feet to the place of beginning and containing 208.30 acres.

NOTE: The Company is prohibited from insuring the area or quantity of the land described herein. Any statement in the legal description contained in Schedule "A" as to area or quantity of land is not a representation that such area or quantity is correct, but is made only for informal identification purposes and does not override Item 2 of Schedule "B" hereof.

EXHIBIT B
DECLARANT RESERVATIONS

A. General Provisions

A.1. Introduction. Exhibit B to the Declaration of Terms, Conditions, Easements, Restrictions and Protective Covenants for Bella Oaks Subdivision describes special provisions relating to the Declarant, Developer and Builders within the Property.

A.1.1. Definitions. As used in this Exhibit B and elsewhere in the Documents, words and phrases will have the same meaning as in section I of the Declaration unless specified as follows:

A.1.1.1. “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 any home building or home marketing company that is an affiliate of Declarant.

A.1.2. Builders. Declarant, in its own name or through its affiliates, intends to construct dwellings on the Lots in connection with the sale of the Lots. However, Declarant may, without notice, sell some or all of the Lots to one or more Builders to improve the Lots with dwellings to be sold and occupied.

A.1.3. Declarant Control Period Reservations. Declarant reserves the following powers, rights, and duties during the Declarant Control Period.

A.1.3.1. Officers & Directors. During the Declarant Control Period, Declarant may appoint, remove, and replace any officer or director of the Association, including the Architectural Control Committee, none of whom need be Members or Owners, and each of whom is indemnified by the Association as a “Leader.”

A.1.3.2. Weighted Votes. During the Declaration Control Period, the vote appurtenant to each Lot owned by Declarant is weighted three (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 three (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.

A.1.3.3. Developer’s allocated cost of improvements to Lots and Common Areas (which costs are not included in the price of the Lot at the time of purchase by an Owner) may at Declarant’s discretion be assessed to the Owners as a Special Assessment as permitted in the Declaration.

A.1.3.4. Declarant Assessments. During the Declarant Control Period, any real property owned by Declarant is not subject to assessment of any kind by the Association.

A.1.3.5. Builder Obligations. During the Declarant Control Period, 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 reduction or waiver is in writing signed by the Developer. 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.

A.1.3.6. 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.

A.1.3.7. Budget Control. During the Declarant Control Period, the right of Owners to veto assessment increases or special assessments is not effective and may not be exercised.

B. Development Period Provisions.

B.1. Development Period Reservations. Declarant reserves the following easements and rights, exercisable at Declarant's sole discretion, at any time during the Development Period.

B.1.1. Platting. Any portion of the Property may be platted or replatted at any time by the Declarant.

B.1.2. Expansion. Declarant's right to annex land is for a term of years and does not require that Declarant own Lots or land within the Property at the time or times Declarant exercises its right of annexation.

B.1.3. Withdrawal. During the Development Period, Declarant may withdraw from the Property any portion of real property that is not platted provided no portion of the withdrawn property is conveyed to an Owner other than Declarant or a Builder.

B.1.4. Changes in Development Plan. Declarant may modify the initial development plan to respond to changes in market or circumstances. Such changes may include, but are not limited to, changes in the sizes, dimensions, and configurations of the Lots and streets, changes in the minimum dwelling size, changes in the building setback requirements, or the elimination or modification of any feature of the Property.

B.1.5. 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 closings. Without Declarant's prior written approval, a Builder may not use a sales office or model in the Property to market houses, Lots, or other products located outside the Property.

B.1.6. Amendment. During the Development Period, Declarant may amend the Declaration and other Governing Documents, without consent of other Owners or any mortgagee, for the following purposes:

1. To add real property and improvements to the Property.
2. To withdraw real property from the Property.
3. To create Lots, Easements, and Common Areas, Common Facilities and Common Amenities within the Property.
4. To subdivide, combine, or reconfigure Lots.
5. To convey or dedicate portions of the Property to the Association or to a public entity.
6. To convert Lots into Common Areas.
7. To modify the construction and use restrictions portions of the Declarations.
8. To merge the Association with another property owner's association.
9. To comply with requirements of an underwriting lender.
10. To resolve conflicts, clarify ambiguities, and to correct misstatements, errors, or omissions in the Documents.
11. To enable any reputable title insurance company to issue title insurance coverage on the Lot.
12. To enable an institutional or governmental lender to make or purchase mortgage loans on the Lots.
13. To change the name or entity of Declarant.
14. To change the name of the addition in which the Property is located.
15. To change the name of the Association.
16. For any other purpose, provided the amendment has no material adverse effect on any right of any Owner.

B.1.7. 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.1.8. Easement to inspect & Right to Correct. During the Development Period, Declarant reserves for itself the right, but not the duty, to inspect, monitor, test redesign, correct, and relocate any structure, improvement, 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 will promptly repair, at its sole expense, any damage resulting from the exercise of this right. By way illustration only, relocation of a screening wall may be warranted by a change of circumstance, imprecise sitting of the original wall, or desire to comply with public does and ordinances. This section shall not be construed as creating a duty for Declarant or the Association.

B.1.9. 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.1.10. Offices. During the Development Period, Declarant reserves for itself the right to use dwellings owned or lease by Declarant or its affiliates 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.1.11. Access. During the Development Period, Declarant has an easement and right of ingress and egress in and through the entire Property for purposes of constructing, maintaining, managing, and marketing the Property, and for discharging Declarant's obligations under this Declaration. Declarant also has the right to provide a reasonable means of access for the home-buying public through any existing or future gate that restricts vehicular access to the Property 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.1.12. Utility Easements. During the Development Period, Declarant may grant permits, license, and easements over, in, on, under, and through the Property for drainage, utilities, roads, and other purposes necessary for the property 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 drainage features, utilities, or other improvements. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, propane, telephone, television, cable, internet

services, 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 Owner.

B.1.13. 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 of termination of the Development Period, from that day forward Declarant is liable for assessments on each Lot then owned by Declarant in the same manner as any Owner.

B.1.14. Land Transfers. During the Development Period, any transfer of an interest in the Property to or from Declarant or to or from the first Builder to own a Lot is not subject to any transfer-related provision in the Documents, including without limitation an obligation for transfer or resale certificate fees, and the transfer-related provisions 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.

C. Yard Power.

C.1. Declarant's and/or the Associations Yard Power. Although the Association is interested in the condition and appearance of all Lots in the Property, Declarant may be particularly concerned, from time to time, about the appearance of the unfenced front and side yards because of their heightened visibility to potential purchasers of the Property. Therefore, on recording this Declaration, Declarant creates the Yard Power Easement defined below, which attaches to and burdens all of the Lots in the Property for the duration of the Development Period. The purpose of this easement is to permit, but not require, the Association, during the Development Period, to control the condition and attractiveness of yards that are visible to the homebuying public.

C.1.1. Definitions. As used in this Section, the following terms have specified meanings:

1. "Yard Area" means that portion of the Lot surface that is (1) exterior to the dwelling, (2) not within a fenced yard, and (3) visible from a street.
2. "Yard Improvements" means all items, materials, and plants in the Yard Area, including but not limited to, fences, retaining walls, planter boxes, plant beds, mailboxes, yard lamps, decorative yard items, trees, shrubs, flowers, ground covers, lawns, other plant material, and yard irrigation systems. All Yard Improvements are owned by the Lot Owner.
3. "Yard Power Easement" means an easement of maintenance, access, and entry over the Yard Areas of all Lot in the Property to ensure the attractiveness of the Yard Areas from streets in and around the Property. Declarant hereby reserves a right and easement of access and entry to the front, side and back Yard Areas of each Lot to exercise the discretionary rights created by this easement. Nothing in

this Section may be construed to obligate Declarant to install any improvement on any Lot in the Property.

C.1.2. Neighborhood Standards. For purposes of this Section, the Architectural Control Committee shall be the sole arbiter of the standards of maintenance and appearance for the Yard Areas. The Architectural Control Committee may have higher standards for Yard Areas in certain parts of the Property at different times during the marketing of homes.

C.1.3. Duration of Easement. This easement terminations automatically at the end of the Development Period but may continue in effect if adopted by the Association.

C.2. Working Capital Fund. Declarant may, but is not required to, establish a working capital fund for the Association by requiring purchasers of Lots to make a one-time contribution to this fund, subject to the following conditions:

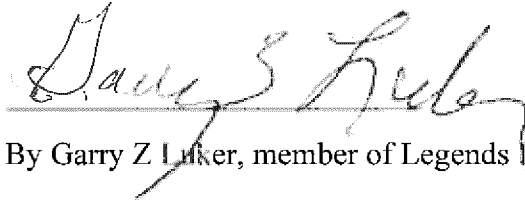
1. The amount of the contribution, at Declarant's discretion may be any amount up to \$1,00000 and will be collected on the closing of the sale of the Lot to an Owner other than Declarant, a Successor Declarant, a Declarant affiliate, or a Builder purchasing a Lot from Declarant.
2. A Builder who buys Lots form Declarant is exempt from the Working Capital Fund contribution obligations.
3. Subject to the foregoing Builder provision, if a Lot's contribution is not collected from the Owner at closing either by payment in cash or by Owner's execution of a Regular Assessment or Special Assessment Promissory Note payable to the Declarant or to the Association, neither Declarant nor the Owner of the Lot is thereafter liable for the contribution.
4. Contributions to the fund are not advance payments of regular assessments and are not refundable to the contributor by the Association or by the Declarant. This may not be construed to prevent a selling Owner from negotiating reimbursement of the contribution from a purchaser.
5. Declarant will transfer the balance of the Working Capital Fund to the Association on or before termination of the Declarant Control Period. Declarant may not use the fund to defray Declarant's expenses or construction costs.

C.3. Successor Declarant. Declarant may designate one or more Successor Declarants for specific designated purposes and/or for specified potions of the Property, or for all purposes and all of the Property. Such designation is effective upon the filing of the designation with the property records where the Property is located. Any Successor Declarant shall have the same rights, privileges, and obligations as the Declarant as to those provisions related to such designation.

CERTIFICATION AND ACKNOWLEDGMENT

As the Declarant of the Bella Oaks Subdivision, I hereby certify that the foregoing Representations and Reservations were made on this date and filed along with the Declarations regarding Bella Oaks Subdivision.

SIGNED this the 29 day of March 2021.

A handwritten signature in cursive script, appearing to read "Garry Z Luker", is written over a horizontal line.

By Garry Z Luker, member of Legends Land Development, LLC