

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
MiraVista

THE STATE OF TEXAS)
)
COUNTY OF ROCKWALL) KNOW ALL MEN BY THESE PRESENTS

THIS DECLARATION of COVENANTS, CONDITIONS AND RESTRICTIONS for MiraVista (the “Declaration”), made on the date hereinafter set forth by CHISHOLM LAND HOLDINGS, L.P., a Texas limited partnership, for the purpose of evidencing the covenants, conditions and restrictions contained herein.

W I T N E S S E T H:

WHEREAS, Declarant (defined herein) is the owner of certain real property in the City of McLendon-Chisholm, Rockwall County, State of Texas and more particularly described on Exhibit “A” attached hereto and made a part hereof (the “Property”).

WHEREAS, Declarant desires to create an exclusive residential community to be known as MiraVista on the Property and such other property as may be added thereto pursuant to the terms and provisions of this Declaration;

NOW, THEREFORE, Declarant hereby declares that all of the Property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the real property. These easements, covenants, restrictions and conditions shall run with the real property and be binding on all parties having or acquiring any right, title or interest in the above described Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of Declarant and each Owner (defined herein) thereof.

ARTICLE I

DEFINITIONS

1.1 ASSOCIATION. “Association” shall mean and refer to the MIRAVISTA-CHISHOLM HOMEOWNERS ASSOCIATION, INC., or the closest available name as determined through the Texas Secretary of State, a Texas non-profit corporation established for the purposes set forth herein, its successors and assigns.

1.2 AREAS OF COMMON RESPONSIBILITY. “Areas of Common Responsibility” shall mean (i) the areas and easements defined as such in Section 7.27(b) below, which may be landscaped or otherwise improved by the Association and may include entry monuments and signs, sprinkler systems and other improvements, (ii) the entrance improvements, fencing, landscaping, monuments, signs, sidewalks, trails, sprinkler systems and other improvements in the areas described in clause (i) above and the clauses below, (iii) the landscape easement along the frontage of /FM 1139 and to the extent any grass or landscape exists in the right-of-way area along such road, such right of way area (all of such areas in clauses (i) through (iii) above are common areas in the Development or easement areas benefiting the Development, most of which are shown on the Subdivision Plat), (iv) the areas covered by the lake area (the “Lake #1 Area”) in Lots ___ TBD by Declarant ___ of Block A (such Lots being referred to herein collectively as the “Lake #1 Lots”), (v) the areas covered by the lake area (the “Lake #2 Area”) in Lots ___ TBD by Declarant ___ of Block A (such Lots being referred to herein collectively as the “Lake #2 Lots”) (the Lake #1 Area and the Lake #2 Area are referred to herein collectively as the “Lake Areas”) (the Lake #1 Lots and the Lake #2 Lots are referred to herein collectively as the “Lake Lots”), (vi) any improvements on the Lake Areas such as sprays and any improvements thereto by Declarant (collectively, “Lake Improvements”), and (vii) any other area conveyed to the Association, as well as property not to be conveyed to the Association but designated as areas of common responsibility in writing by the Declarant and recorded in the deed records of the County where the Property is located, and such other improvements in such areas, if any, including entrance or other monuments and signs, all as designated by the Board of Directors of the Association for the preservation, protection and enhancement of the property values and the general health, safety or welfare of the Owners. As long as the Declarant owns any Lot on the Property, the Declarant shall have the right to delay deeding any part of the Areas of Common Responsibility to the Association, and the right to dedicate any part of such areas to the City, without the joinder or consent of any Owner or any other party.

1.3 DECLARANT. The term “Declarant” shall mean and refer to CHISHOLM LAND HOLDINGS, L.P., a Texas limited partnership, its successors and assigns.

1.4 CITY. “City” shall mean the City of McLendon-Chisholm, Rockwall County, Texas.

1.5 GOVERNING DOCUMENTS. “Governing Documents” shall mean, singly or collectively as the case may be, this Declaration, the Subdivision Plat, the Bylaws of the Association, the Association’s Certificate of Formation, and the Rules of the Association, as any of these may be amended from time to time.

1.6 HOME OR RESIDENCE. “Home” or “Residence” shall mean a single-family residential unit constructed on a Lot being a part of the Property, including the parking garage utilized in connection therewith and the Lot upon which the Home is located.

1.7 LIENHOLDER. “Lienholder” or “Mortgagee” shall mean the holder of a first mortgage lien, either on any Home and/or any Lot.

1.8 LOT. “Lot” shall mean and refer to a portion of the Property designated as a Lot on the Subdivision Plat of the Property, excluding common area lots, streets, alleys and any Area of Common Responsibility. Where the context requires or indicates, the term Lot shall include the Home and all other improvements which are or will be constructed on the Lot.

1.9 MEMBER. “Member” shall mean and refer to every person or entity who holds membership in the Association. The Declarant and each Owner shall be a Member.

1.10 OWNER. “Owner” shall mean and refer to the record Owner, other than Declarant whether one (1) or more persons or entities, of a fee simple title to any Lot and shall include the homebuilder, but shall exclude those having such interest merely as security for the performance of an obligation. However, the term “Owner” shall include any Lienholder or Mortgagee who acquires fee simple title to any Lot which is a part of the Property, through deed in lieu of foreclosure or through judicial or non-judicial foreclosure.

1.11 PROPERTY, PREMISES OR DEVELOPMENT. “Property”, “Premises” and/or “Development” shall **initially** mean and refer to that certain real property known as MiraVista, as described on Exhibit “A”.

1.12 SUBDIVISION PLAT. “Subdivision Plat” shall mean or refer to the Final Plat which has been or will be filed with respect to the Property in the Map or Plat Records of Rockwall County, Texas, as same may be amended from time to time.

1.13 BOARD OF DIRECTORS. “Board of Directors” or “Board” shall mean the board of directors elected by the Association pursuant to its Certificate of Formation and/or bylaws.

ARTICLE II

THE ASSOCIATION

2.1 ESTABLISHMENT OF THE ASSOCIATION. The formal establishment of the Association will be accomplished by the filing of the Certificate of Formation of MiraVista - Chisholm Homeowners Association, Inc. with the Secretary of State of Texas, under this name or the closest available name as determined through the Texas Secretary of State, and the subsequent issuance by the Secretary of State of the Certificate of Formation of the Association.

2.2 ADOPTION OF BY-LAWS. By-laws for the Association will be established and adopted by the Board of Directors of the Association.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

3.1 MEMBERSHIP. Declarant, during the time it owns any single family Lot, and each person or entity who is a record Owner of a fee or undivided fee interest in any single family Lot shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one (1) membership. Membership shall be appurtenant to the ownership of each Lot and may not be separated from any ownership of any Lot which is subject to assessment by the Association. Transfer of ownership, either voluntarily or by operation of law, shall terminate such Owner's membership in the Association, and membership shall be vested in the transferee; provided, however, that no such transfer shall relieve or release such Owner from any personal obligation with respect to assessments which have accrued prior to such transfer.

3.2 VOTING RIGHTS. The Association shall have two (2) classes of voting membership:

(a) Class "A". The Class "A" Members shall be all Owners. The Class "A" Members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot owned by a Class "A" Member.

(b) Class "B". The Class "B" Member(s) shall be Declarant. The Declarant shall be entitled to ten (10) votes for each Lot it owns; provided however, that Declarant shall cease to be a Class "B" member and shall become a Class "A" member entitled to one (1) vote per Lot owned upon the happening of either of the following:

(i) when the total votes outstanding in the Class "A" membership equals the total votes outstanding in the Class "B" membership, or;

(ii) upon the expiration of ten (10) years from the recording date of this instrument in the Deed Records of Rockwall County, Texas.

3.3 NO CUMULATIVE VOTING. At all meetings of the Association, there shall be no cumulative voting. Prior to all meetings, the Board of Directors shall determine the total number of votes outstanding and entitled to vote by the Members.

3.4 MEMBER IN GOOD STANDING. Notwithstanding anything contained herein to the contrary, a Member otherwise eligible to vote shall be entitled to vote only when such Member is a Member in Good Standing as defined by the By-laws of the Association or policies set by the Board of Directors.

ARTICLE IV

COVENANT FOR ASSESSMENTS

4.1 CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. Each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be expressed in any such deed or other conveyance, covenants and agrees to pay to the Association: (i) annual assessments or charges, and (ii) special assessments for capital improvements. Such assessments (collectively, the "Assessments") are to be fixed, established and collected as provided herein. Assessments, together with such interest thereon, costs of collection thereof, any fines and penalties imposed as permitted by law, and/or any applicable statutory damages, as hereinafter provided, shall be a charge on the Lot and shall be secured by a continuing lien which is hereby created and impressed for the benefit of the Association upon the Lot against which each such Assessment is made. Each such Assessment, together with such interest, costs, fines and penalties, applicable statutory damages, and reasonable attorney's fees shall also constitute a personal obligation of the person or entity who was the record Owner of such Lot at the time of the Assessment. The personal obligation for delinquent Assessments shall not pass to successors in title unless expressly assumed by such successors; however the lien upon the Lot shall continue until paid.

4.2 PURPOSE OF ASSESSMENTS. The Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Owners of the Lots, the improvement and maintenance of the Areas of Common Responsibility, and the performance and/or exercise of the rights and obligations of the Association arising hereunder. Assessments shall include, but not be limited to, funds to cover actual Association costs for all taxes, insurance, repair, replacement, maintenance and other activities as may from time to time be authorized by the Board of Directors; fines or penalties imposed for violations of the Governing Documents; legal and accounting fees, and any fees for management services; expenses incurred in complying with any laws, ordinances or governmental requirements applicable to the Association or the Property; reasonable replacement reserves and the cost of other facilities and service activities, including, but not limited to, mowing grass, grounds care, sprinkler system, landscaping, and other charges required or contemplated by this Declaration and/or that which the Board of Directors of the Association shall determine to be necessary to meet the primary purpose of the Association, including the establishment and maintenance of a reserve for repair, maintenance, taxes and other charges as specified herein.

4.3 BASIS AND MAXIMUM OF ANNUAL ASSESSMENT'S.

(a) Until January 1, 2016, the maximum regular annual Assessment shall be \$2000.00 per Lot and the annual Assessment shall be \$2000.00 per Lot unless decreased by the Board of Directors or increased as provided in subsection (b) below. The annual Assessment shall be due for each Lot at the time it is sold by Declarant to an Owner, and it shall be prorated for the remaining partial year after each such sale for the subject Lot. The regular annual assessment for the Lake Lots shall include an additional initial maximum annual amount of \$500.00 per Lot (the "Lake Lot Supplement"), which additional funds will solely be used to provide for maintenance of the Lake Areas and any Lake Improvements (any references herein to maintenance of the Lake Areas shall include maintenance of the Lake Improvements). Such initial maximum annual amount may be decreased by the Board of Directors if there are adequate Lake Lot Supplement funds then available and expected from future funds at the reduced assessment level for the reasonably projected current and future maintenance of the Lake Areas. Such initial maximum annual amount may be increased by the Board of Directors if there are not adequate Lake Lot Supplement funds then available and expected from future funds at the current assessment level for the reasonably projected current and future maintenance of the Lake Areas, provided that any increase over and above 10% of the previous year's Lake Lot Supplement shall not be implemented if two-thirds (2/3) or more of the Lake Lot Owners object in writing to such increase over such 10% level within 10 days after written notices of such increase are sent out by the Association.

(b) From and after January 1, 2016, the maximum regular annual assessment may be increased by an amount up to ten percent (10%) over the preceding year's regular annual assessment solely by the Board of Directors. Any increase over and above 10% of the previous year's regular annual assessment shall be done only by the prior written approval of sixty-six and two-thirds percent (66 2/3%) of the outstanding votes (determined pursuant to Section 3.2 hereof) held by the Members at a meeting at which a quorum is present.

4.4 SPECIAL ASSESSMENTS. In addition to the regular annual Assessment authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the costs incurred by the Association pursuant to the provisions of this Declaration, provided that any such Special Assessment shall have the prior written approval of sixty-six and two-thirds percent (66 2/3%) of the outstanding votes (determined pursuant to Section 3.2 hereof) held by the Members at a meeting at which a quorum is present. Any Special Assessments shall be prorated based on the period of time the Owner owns the Lot during such year. The Association may also levy a Special Assessment payable only by the Lake Lot owners for the purpose of defraying, in whole or in part, the costs incurred by the Association pursuant to the provisions of this Declaration which relate solely to the maintenance of the Lake Areas, provided that the portion of such a Special

Assessment which is more than the previous year's Lake Lot Supplement shall not be implemented if two-thirds (2/3) or more of the Lake Lot Owners object in writing to such portion of such Special Assessment within 10 days after written notices of such Special Assessment are sent out by the Association.

4.5 NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 4.3 and 4.4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 4.3 and 4.4 hereunder shall be given to all Members not less than ten (10) days nor more than thirty (30) days in advance of such meeting. At such meeting, the presence of Members or of proxies entitled to cast fifty percent (50%) of all the votes entitled to be cast by the Members of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

4.6 UNIFORM RATE OF ASSESSMENT. Both the regular annual Assessments and Special Assessments shall be fixed at a uniform rate for all single family Lots, and shall commence and be due in accordance with the provisions of Section 4.7 hereof. Each Owner shall pay one hundred percent (100%) of the established Assessment for each Lot he or it owns. Declarant shall pay twenty-five percent (25%) of the established Assessment for each Lot it owns. Notwithstanding the foregoing, it is understood that the Lake Lot Owners are also subject to the Lake Lot Supplement and to Special Assessments relating to the Lake Areas and such assessments will be fixed at a uniform rate for all Lake Lot Owners. . Even if any two or more Lots are replatted into one Lot or otherwise used for a single Home, each of the original Lots will still be assessed and obligated to pay for full annual and special assessments on each of such Lots.

4.7 DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATES.

(a) The obligation to pay regular annual Assessments provided for herein shall commence on the date which the first single family Lot in the Development is sold by Declarant to an Owner, which is anticipated to be in November, 2014. The Assessments will be due for each Lot on the date it is conveyed by the Declarant to an Owner (i) for the pro rata portion due for the calendar year in which it closes if it closes on or before June 30th of such year, (ii) if the sale closes after June 30th of a calendar year, for the pro rata portion due for the year of closing and for all of the following calendar year. Otherwise, the Assessments shall be due for each year by January 1st of such year or on such other payment dates as may be established by the Association, and notices therefore may be sent out as much as three months in advance of such date. Assessments shall be due and payable on an annual basis unless otherwise designated by the Association.

(b) As long as Declarant is a Class "B" Member pursuant to Section 3.2 hereof, Declarant shall pay the deficiency resulting in the event the cost of maintenance exceeds the amount of the Assessments received from the Owners; provided, however, in such event, Declarant shall not otherwise be required to pay Assessments with respect to portions of the Property owned by Declarant; and further, provided, however, in no event shall Declarant be required to pay an amount which is in excess of one hundred percent (100%) of the established Assessment for each Lot it owns. The Declarant shall also be entitled to reimbursement for deficiencies it pays to the extent of funds which become available from subsequently collected Assessments during the time the Declarant is a Class "B" Member. When the Declarant is converted to a Class "A" Member, the Declarant (i) shall no longer be responsible for contributing shortfalls outlined in the preceding sentence but rather, (ii) shall commence making regular annual and Special Assessments pursuant to Sections 4.3 and 4.4 hereof calculated on the number of remaining Lots Declarant then owns.

(c) The annual Assessments for 2014 shall be as provided in Section 4.3(a) above unless otherwise adjusted by the Association. Except for 2014, the Association shall fix the amount of the annual Assessment at least thirty (30) days in advance of each Assessment year, which shall be the calendar year; provided, however, that the Association shall have the right to adjust the regular annual Assessment upon thirty (30) days written notice given to each Owner, as long as any such adjustment does not exceed the maximum permitted pursuant to Section 4.3 hereof. Written notice of the regular annual Assessment shall be given as soon as is practicable to every Owner subject thereto. The Association shall, upon demand at any time, furnish a certificate in writing signed either by the President, Vice President or the Treasurer of the Association setting forth whether the annual and special Assessments on a specified Lot have been paid and the amount of any delinquency. A reasonable charge may be made by the Association for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

(d) No Owner may exempt himself from liability for Assessments by waiver of the use or enjoyment of any portion of the Development or by abandonment of his Home.

4.8 EFFECT OF NON-PAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION.

(a) All payments of the Assessments shall be made to the Association at its principal place of business in Rockwall County, Texas, or at such other place as the Association may otherwise direct or permit. Payment shall be made in full regardless of whether any Owner has any dispute with Declarant, the Association, any other Owner or any other person or entity regarding any matter to which this Declaration relates or pertains. Payment of the Assessments shall be

both a continuing affirmative covenant personal to the Owner and a continuing covenant running with the Property. The Association and Declarant shall be entitled to exercise any rights and remedies permitted hereunder or under applicable law to collect assessments, assess penalties and take any enforcement actions relating to the foregoing, subject, however, to the notice and other requirement of Texas law which may require certain types of notices, hearings and other limitations. Attached hereto as Exhibit C is the current Covenant Enforcement and Fining Policy of the Association, which the Declarant or the Association may modify from time to time and which will control over any provision herein which may be to the contrary, and which will also be subject to any other requirements of Texas law as noted above.

(b) Any Assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such Assessment is not paid within thirty (30) days after the date of delinquency, the Assessment shall bear interest from the date of delinquency, until paid, at the rate of ten percent (10%) per annum or the maximum rate allowed by law, whichever is the lesser. The Association may, at its option, bring an action at law against the Owner personally obligated to pay the same; or, upon compliance with the notice provisions hereof, foreclose the lien against the Lot as provided in Subsection 4.8(d) hereof. There shall be added to the amount of such Assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include said interest, applicable statutory damages, and a reasonable attorney's fee, together with costs of action. Each Owner vests in the Association or its assigns, the right and power to bring all actions at law or in equity foreclosing such lien against such Owner, and the expenses incurred in connection therewith, including interest, costs, applicable statutory damages, and reasonable attorney's fees shall be chargeable to the Owner in default. Under no circumstances, however, shall Declarant or the Association be liable to any Owner or to any other person or entity for failure or inability to enforce or attempt to enforce any Assessments.

(c) No action shall be brought to foreclose said Assessment lien or to proceed under the power of sale herein provided in less than thirty (30) days after the date a notice of claim of lien is deposited with the postal authority, certified or registered, postage prepaid, to the Owner of said Lot, and a copy thereof is recorded by the Association in the Office of the County Clerk of Rockwall County, Texas, said notice of claim must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which may, at the Association's option, include interest on the unpaid Assessment at the maximum legal rate, plus reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the Association.

(d) Any such sale provided for above is to be conducted in accordance with the provisions applicable to the exercise of powers of sale in mortgages and deeds of trust, as set forth in Section 51.002 of the Property Code of the State of Texas, or in any other manner permitted by law. Each Owner, by accepting a deed to a Lot, expressly grants to the Association a power of sale as set forth in said Section 51.002 of the Property Code, in connection with the Assessment lien. The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

(e) Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the officers of the Association are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association but not to exceed the actual cost of preparing and filing or recording the lien and the release.

(f) The Assessment lien and the right to foreclosure sale hereunder shall be in addition to and not in substitution of all other rights and remedies which the Association and its successors or assigns may have hereunder and by law, including the right of suit to recover a money judgment for unpaid Assessments, as above provided.

4.9 EXEMPT PROPERTY. The following property otherwise subject to the Declarations shall be exempted from the assessments, charge and lien created herein:

- (a) All properties dedicated and accepted by the local public authority and devoted to public use.
- (b) All common areas shown on the Subdivision Plat.
- (c) All Areas of Common Responsibility.

4.10 SUBORDINATION OF THE LIEN TO FIRST MORTGAGES. The lien securing the Assessments provided for herein shall be subordinate to the lien of any first lien mortgage. The sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any first lien mortgage, pursuant to a decree of foreclosure or a non-judicial foreclosure under such first lien mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such Assessments as to payments thereof which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any Assessment thereafter becoming due, in accordance with the terms herein provided.

4.11 MANAGEMENT AGREEMENTS. The Association shall be authorized to enter into management agreements with third parties in connection with the operation and management of the development and the performance of its obligations hereunder. A copy of all such agreements shall be available for review by each Owner. Any and all management agreements entered into by the Association shall provide that

said management agreement may be canceled with or without cause and without penalty by either party with thirty (30) days written notice. Any and all management agreements shall be for a term not to exceed one (1) year and shall be made with a professional and responsible party or parties with proven management skills and experience managing a project of this type. The Association may, at its discretion, assume self management of the development by the Association.

4.12 INSURANCE REQUIREMENTS. The Association through the Board of Directors, or its duly authorized agent, shall obtain insurance policies covering the Areas of Common Responsibility and covering all damage or injury caused by the negligence of the Association, any of its employees, officers, directors and/or agents, commercial general liability insurance, directors and officers liability insurance, and such other insurance as the Association may from time to time deem necessary or appropriate.

ARTICLE V

PROPERTY RIGHTS

The Declarant may install, construct, or authorize improvements on the Areas of Common Responsibility in connection with the initial development of the Property and the cost thereof is not a common expense of the Association. Except as set forth herein, all costs attributable to the Areas of Common Responsibility, including maintenance, property taxes, insurance, and enhancements, are the responsibility of the Association. The Association shall not, except as the Association may reasonably deem appropriate to comply with applicable laws, or to protect or promote the health, safety or welfare of the Properties or the Members, cause (i) any buildings or permanent structures to be constructed within the Areas of Common Responsibility; or (ii) allow any interference or conflict with the natural or planted vegetation or trees in the Areas of Common Responsibility. The foregoing shall not imply any obligation on the part of the Declarant or the Association to provide any particular enhancement to the Areas of Common Responsibility or render the Association in any way responsible for the actions of any Members or other parties on or in connection with the Areas of Common Responsibility, unless such actions are undertaken pursuant to the written instructions of the Association.

ARTICLE VI

ARCHITECTURAL REVIEW COMMITTEE

6.1 BASIS OF APPROVAL; COMMITTEE. No lot grading, building, septic system, fence, wall, parking area, swimming pool, spa, pole, mail box, driveway, fountain, pond, sign, exterior illumination, change in exterior color or shape, new structure or modification of an existing structure, or addition to or extension of an

existing structure shall be commenced, erected or maintained upon any Lot or the patio or garage used in connection with any Lot after the purchase of any Lot from Declarant, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same are submitted to and approved in writing by the Architectural Review Committee (the "Committee" or "ARC" or "ACC") which shall be comprised of three (3) representatives appointed by Declarant (during such time Declarant owns any Lots) and thereafter by the Association.

6.2 PLAN SUBMISSIONS AND APPROVAL PROCEDURE. Plans and specifications shall be submitted to the Committee at least fourteen (14) days prior to the commencement of any construction or modification. Failure to submit such plans and specifications to the Committee in accordance with plan submission and approval procedure set forth herein prior to the commencement of construction of a home or other structure (as evidenced by the setting of foundation form boards or any other act of physical construction) shall result in the imposition of a penalty in the amount of \$1,000.00, plus any court costs and reasonable attorneys' fees incurred in connection with enforcement of this pre-approval requirement, which includes the right to enjoin construction and to pursue such other remedies available at law or in equity. Such penalty, together with interest thereon, costs of enforcement, including court costs and reasonable attorneys' fees and/or any applicable statutory damages shall be a charge on the Lot and shall be secured by a continuing lien which is hereby created and imposed for the benefit of the Association. Such penalty, together with interest thereon, costs of enforcement, including court costs and reasonable attorneys' fees, and/or applicable statutory damages shall also constitute a personal obligation of the person or entity that was the record Owner at the time the penalty was imposed.

The following shall be submitted in duplicate for approval: a site plan showing the entire Lot with existing improvements and tree locations, proposed lot drainage, detailed sanitary sewer septic system (which must comply with state and local regulations), floor plan and elevations of all faces of the proposed structure, the design and materials for all fences and a description of all exterior construction materials. A copy of the above described plans and specifications shall be retained by the Committee. **Sketches may be submitted before plans are drawn for feedback on acceptable exterior elevations.** The Committee has the right to reject any exterior elevation not consistent with the standard of quality design being built in the neighborhood. The Committee shall review the plans and specifications and notify the Owner in writing of its approval or disapproval. If the Committee fails to approve or disapprove said plans and specifications within fourteen (14) days after the same has been submitted to it, they will be presumed to have been approved by the Committee. Any disapproval shall set forth the elements disapproved and the reason or reasons thereof. The judgment of the Committee in this respect in the exercise of its sole and absolute discretion shall be final and conclusive and the Owner shall promptly correct the plans and specifications (if disapproved) and resubmit them for approval. No construction, alteration, change or modification shall commence until approval of the Committee is obtained. The Committee may approve any deviation from these covenants and restrictions as the Committee, in its sole and absolute discretion, deems consistent with the purpose hereof.

6.3 NO LIABILITY; DEVIATIONS. No member of the Committee shall be personally liable to any Owner for any claims, causes of action or damages arising out of the denial of any submittal or grant of any deviation to an Owner. Future request for deviations submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a deviation to any Owner shall not constitute a waiver of the Committee's rights to strictly enforce the Declaration and the architectural standards provided herein against any other Owner. Approval by the Committee of the plans and specifications or its determination that the completed construction or modification has been constructed in accordance with the plans and specification shall be deemed to be an acknowledgment by the Committee that such are in accordance with these

Covenants and Restrictions and such acknowledgment shall be binding against the Owners of the Lots and the Property. Neither the Declarant, the Association, the Board of Directors, the Committee nor any employees, officers, directors or members thereof shall be liable for damages or otherwise to anyone submitting plans and specifications for approval or to any Owner affected by this Declaration by reason of mistake of judgment negligence or nonfeasance arising out or in connection with the approval or disapproval or failure to approve or disapprove any plans or specifications. Any errors in or omissions from the plans or the site plan submitted to the Committee shall be the responsibility of the Owner of the Lot to which the improvements relate, and the Committee shall have no obligation to check for errors in or omissions from any such plans, or to check for such plans' compliance with the general provisions of this Declaration, City codes, state statutes or the common law, whether the same relate to Lot lines, building lines, easements or any other issue.

6.4 SELECTION OF COMMITTEE; NO LIABILITY. Until Declarant no longer owns a Lot, as vacancies in the Committee occur by resignation or otherwise, successor members shall be appointed by Declarant. Thereafter, the members of the Committee shall be selected and appointed by the Board of Directors of the Association. In the event that such Directors fail to designate members of the Committee within thirty (30) days after any vacancy appears thereon, then the remaining members of the Committee shall be entitled to appoint a successor to fill any vacancies. Members of the Committee may at any time and without cause, be removed by Declarant, or in accordance with the parameters above, by the Board of Directors of the Association. Neither the Declarant, the Association, the Board of Directors, the Committee nor any employees, officers, directors or members thereof shall be liable for damages or otherwise to anyone submitting plans and specifications for approval or to any Owner affected by this Declaration by reason of mistake of judgment negligence or nonfeasance arising out or in connection with the approval or disapproval or failure to approve or disapprove any plans or specifications. Any errors in or omissions from the plans or the site plan submitted to the Committee shall be the responsibility of the Owner of the Lot to which the improvements relate, and the Committee shall have no obligation to check for errors in or omissions from any such plans, or to check for such plans' compliance with the general provisions of this Declaration, City codes, state statutes or the common law, whether the same relate to Lot lines, building lines, easements or any other issue.

6.5 HOMEBUILDERS. Notwithstanding anything to the contrary contained herein, once a particular set of plans and specifications submitted by a homebuilder (which for purposes hereof shall be defined as any entity or person in the business of constructing single family residences for the purpose of sale to third parties) has been approved by the Committee or deemed approved, such homebuilder may construct homes on the Properties in accordance with such plans and specifications without the necessity of obtaining subsequent approvals therefore, so long as there are no major material changes in the plans and specifications.

ARTICLE VII

CONSTRUCTION OF IMPROVEMENTS AND USE OF LOTS

7.1 RESIDENTIAL USE. The Property shall be used for single-family residential purposes only. Live in maid and suites for a family member such as an elderly parent are permitted. One detached single family residence is allowed per Lot, which residence shall meet all City requirements in height and will include a private garage as provided below. However; additional buildings for guest house, cabana, small barn and other buildings can be submitted for approval. The ARC has sole approval rights of any structure in the community and reserves the right to deny if the standards of the community are not upheld.

7.2 GARAGE REQUIRED. Each residence shall have an enclosed, attached garage suitable for parking a minimum of three (3) standard size automobiles, which garage shall conform in design and materials with the main structure. Each garage shall open only to the side or rear of the Lot so as not to face a residential street unless in a porte-cochere design approved by the Committee. Corner lots may have garage doors face one of the streets, but such garage doors must be recessed back into the structure at least 2 feet and all such door designs and materials for the door must be approved by the Committee in accordance with the requirements of Article VI.

7.3 RESTRICTIONS ON RESUBDIVISION. No Lot or combination of Lots shall be subdivided into smaller Lots so as to create more Lots than is described on the initial Subdivision Plat, unless Declarant approves the same, which Declarant will have no obligation to do.

7.4 DRIVEWAYS. All driveways shall be surfaced with concrete or similar substance approved by the Committee. Hot-mix asphaltic concrete is prohibited.

7.5 USES SPECIFICALLY PROHIBITED.

(a) Except as expressly approved by the Committee, no temporary structure of any kind shall be erected or placed on any of said property without the approval of the Committee. In no instance shall more than one residence be erected or placed on any one Lot. A builder or contractor approved by the Committee as an authorized builder and/or contractor may have temporary improvements (such as a sales office and/or construction trailer) on a specifically permitted Lot during construction of the residence on that Lot. No building material of any kind or character shall be placed or stored upon the Property until construction is ready to commence, and then such material shall be placed totally within the property lines of the Lot upon which the improvements are to be erected.

(b) No boat, marine craft, hovercraft, aircraft, recreational vehicle, camper, travel trailer, motor home, camper body or similar vehicle or equipment

may be parked for storage in the driveway or front yard of any dwelling or parked on any public street on the Property, nor shall any such vehicle or equipment be parked for storage in the side or rear yard of any residence. No such vehicle or equipment shall be used as a residence or office temporarily or permanently. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked while in use for the construction, maintenance or repair of a residence in the Development.

(c) Trucks with tonnage in excess of one and one-half (1 ½) tons and any commercial vehicle with painted advertisement shall not be permitted to park overnight on the public streets within the Property except those used by a builder during the construction of improvements. All homeowner vehicles shall be parked on their property and not on the streets.

(d) No vehicle of any size which transports flammable, explosive or noxious cargo may be kept on the Property at any time.

(e) No motorized vehicle or similar equipment shall be parked or stored in an area visible from any street except passenger automobiles, passenger vans, motorcycles and pick-up trucks (including those with attached bed campers) that are in operating condition and have current valid license plates and inspection stickers.

(f) No structure of a temporary character, such as a trailer, tent, shack, barn, or other out-building shall be used on the Property at any time as a dwelling house; provided, however, that a builder may maintain and occupy (for the purpose implied), model homes, sales offices and construction trailers during the construction period, but not as a residence. Sales offices and model homes must be approved by the Committee in accordance with the requirements of Article VI.

(g) No oil drilling, oil development operation, oil refining, pooling arrangements, quarrying or mining operations of any kind shall be permitted in or on the Property, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any part of the Property. No derrick or other structure designed for use in quarrying or boring for oil, natural gas or other minerals shall be erected, maintained or permitted on the Property.

(h) It is the purpose of these provisions to restrict the use of the Property so that no person shall quarter on the premises cows, bees, hogs, sheep, goats, guinea fowl, chickens, turkeys, skunks or any other animals that may interfere with the quiet peace, health and safety of the community. No more than four (4) household pets will be permitted on each Lot. Pets must be restrained or confined within the house or in a secure fence area which is designed and built with materials as required herein which are approved by the Committee. It is the pet owner's responsibility to keep the Lot clean and free of pet debris or noxious

odors to adjoining Lots. All animals must be properly registered and tagged for identification in accordance with local ordinances.

(i) No Lot or other area of the Property shall be used as a dumping ground for rubbish or accumulation of unsightly materials of any kind, including without limitation, broken or rusty equipment, disassembled or inoperative cars and discarded appliances and furniture. Trash, garbage or other waste shall not be kept except in sanitary containers. All containers for the storage or other disposal of such materials shall be kept in a clean and sanitary condition inside the garage of each residence except on days of pickup. Materials incident to construction of improvements may only be stored on Lots during construction of the improvement thereon.

(j) No individual water supply system shall be permitted on any Lot except for irrigation purposes.

(k) No garage (except for sales offices and construction trailers during the construction period) shall be occupied as a temporary or permanent residence by any Owner, tenant or other person.

(l) No air-conditioning apparatus shall be installed on the ground in front of a residence or in the window of a residence. No gas or electrical meter shall be set at any side facing any street, unless the meter is of an underground type or unless the location is otherwise approved in writing by the Committee.

(m) Except with the written permission of the Committee, no antennas, satellite dishes or other equipment for receiving or sending sound or video signals shall be permitted in or on the Property except antennas for AM or FM radio reception and UHF and VHF television reception. Such antennas shall be located inside the attic of the main residential structure except that, with the written permission of the Committee, one (1) satellite dish or similar antenna may be placed either (i) in the rear yard of a Lot so long as it is completely screened from view from any adjacent street or other public area or (ii) if of a compact type that is made to mount on a Home, at a location on the Home which is not visible to a street which fronts or sides such Home. The Committee shall be the sole determinant as to the acceptable placement of such satellite dish.

(n) No Lot or improvement thereon shall be used for a business, professional, commercial or manufacturing purposes of any kind. No business activity shall be conducted on the Property that is not consistent and compatible with single family residential purposes. No noxious or offensive activity shall be undertaken on the Property, nor shall anything be done which is or may become an annoyance or nuisance to the Properties. Nothing in this subparagraph shall prohibit a builder's temporary use of a residence as a sales/construction office for so long as such builder is actively engaged in construction on the Property. Nothing in this subparagraph shall prohibit an Owner's use of a residence for

quiet, inoffensive, non-intrusive activities (such as tutoring, art and music lessons and/or professional counseling) so long as no signage advertising such service is displayed on the Property and such activities do not materially increase the number of cars parked on the street or interfere with adjoining Owners' peaceful use and enjoyment of their residences and yards.

(o) No fence, wall, hedge or shrub planting which obstructs sight lines at an elevation between three (3) and eight (8) feet above the roadway shall be placed or permitted to remain on any corner Lots within the triangular area formed by the street right-of-way lines and a line connecting them at points twenty (20) feet from the intersection of such street right-of-way lines, or in the case of a rounded property corner, twenty (20) feet from the intersection of the street right-of-way lines as extended. Similar sight-line limitations shall apply on any Lot for that area that is ten (10) feet from the intersection of a street right-of-way line with the edge of a residence driveway. No tree shall be permitted to remain within such restricted plantings area unless the foliage line is maintained at a minimum height of eight (8) feet above the adjacent ground line.

(p) Except for children's playhouses and playstations, dog houses and gazebos, **which have been approved in writing by the Committee**, no building previously constructed elsewhere shall be moved onto any Lot, it being the intention that only new construction be placed and erected on the Property. The design, materials and location for all gazebos and patio covers will be subject to approval of the Committee, and such structures shall be constantly maintained by the Owner thereof in first-class condition. No tree houses will be allowed. Upon approval in writing by the Committee, in its sole discretion, tennis and gaming courts may be allowed as long as lighting does not interfere with a neighbor and are not used between the hours of 9pm and 7am.

(q) Within the easements on each Lot, as designated on the Subdivision Plat of the Development, no improvement, structure, planting or materials shall be placed or permitted to remain which might damage or interfere with the installation, operation and maintenance of public utilities, or which might alter the direction of flow within surface or subsurface drainage channels or drainage easement areas or which might obstruct or retard the flow of water through surface and subsurface drainage channels or drainage easement areas. Additionally, no fence or other improvement shall be placed on or permitted to remain within the drainage easement designated on the Subdivision Plat on the _____ TBD by Declarant _____ and/or on the drainage easement designated on the Subdivision Plat commencing at the _____ TBD by Declarant _____ and no tree, shrub or any other object will be placed within such drainage easements, as such areas need to be kept clear of obstructions so that access is available to maintain the Lake Areas and any utilities within such drainage easements. The Lot Owner is responsible for the maintenance of all drainage and use easements platted as part of the respective lots.

(r) The general grading, slope and drainage plan of a Lot as established by the approved Development plans may not be materially altered without the written approval of the Committee and/or the City (where such authority rests with the City).

(s) No sign of any kind or character shall be displayed to the public view on any Lot except for two (2) professionally fabricated signs of not more than six (6) square feet advertising the property for rent or sale, or signs used by an approved builder or realtor to advertise the property during its construction and sales period. Declarant or its agents shall have the right to remove any sign, billboard or other advertising device that does not comply with the above, and in so doing shall not be subject to any liability for trespass, or any other tort arising in connection therewith from such removal, nor in any way be liable for any accounting or other claim by reason of the disposition thereof. Development related signs owned and erected by the Declarant shall be permitted. Except as otherwise stated in this section, no sign shall be placed on any Lot unless and until the Owner of such Lot has obtained Declarant's prior written approval of (i) the content, design, colors, size and materials of such sign, (ii) the location of such sign and (iii) the time period for which such sign will be displayed.

(t) Outdoor clothes lines and drying racks are prohibited.

(u) Except within fireplaces in the main residential dwelling and proper equipment for outdoor cooking, no burning of anything or open fires shall be permitted anywhere on the Property except for small firepits properly maintained. Committee approval must be obtained for the firepits.

(v) No chain link or wire fencing will be permitted.

(w) No Lot shall be used for, or contain a site for the use of, landing and/or departure of helicopters and similar craft.

(x) No noxious offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No owner shall do any work that will impair the structural soundness or integrity of another residence or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other residences or their owners. No exterior lighting of any sort shall be installed or maintained on a lot where the light source is offensive or a nuisance to neighboring property (except reasonable security or landscape lighting that has approval of the Committee and does not shine directly upon the property of other owners). No exterior speakers, horns, whistles, bells or other sound devices (except security devices such as entry door and patio intercoms used exclusively to protect the lot and improvements situated thereon) shall be placed or used upon any lot.

(y) The digging of dirt or the removal of any dirt from any lot is expressly prohibited except as necessary in conjunction with the landscaping of or construction on such lot. The digging of dirt and the removal of dirt shall not harm the trees and the Committee must approve the construction of the homesite to limit harm to the trees. **No trees shall be cut or removed without approval of the Committee.** Some trees are not allowed to be removed and these trees will be designated by the Committee. All building pads will have to be approved by the Committee. Care should be taken to make sure all underground utilities are placed away from the root system of prominent trees to insure the livelihood of all trees in the community.

(z) No Residence or out-building shall be built in any part of a Lot which may be part of a flood plain area as designated on the Subdivision Plat or on the FEMA map for the area which includes the Property.

7.7 MINIMUM FLOOR AREA. The total air-conditioned living area of the main residential structure, as measured to the outside of exterior walls (but exclusive of open porches, garages, patios and detached accessory buildings), shall be not less than Three Thousand Five Hundred (3,500) square feet.

7.8 BUILDING MATERIALS. The total exterior wall area (“Exterior Wall”) of each residence constructed on a Lot shall not be less than ninety percent (90%) brick, brick veneer, stone, stone veneer, or other masonry material approved by the Committee (“Masonry”) on the front elevation of the home. The sides and rear elevations shall not be less than eighty percent (80%) masonry as defined above (but not less than the minimum percentage as established by the City by ordinance or building code requirement). At the sole discretion of the Committee, an exception to the 90% masonry requirements for Exterior Walls set forth herein may be made for architectural timbers and/or such other architectural or design elements and features as the Committee may approve. The Committee, in its sole discretion, may allow some authentic stucco areas with approved finish and texture that reflects the theme of the Development. Windows, doors and other openings, are excluded from calculation of total exterior wall area. The roofs of principal and secondary structures which are exposed to public view shall be wood shingle, slate, neutral tone tile, metal standing seam or architectural series quality composition shingle (300 pounds per square or more) and of a color approved by the Committee, unless some other material is approved by the Committee. All residences shall have a minimum 7x12 pitch on the major portions of the building unless otherwise approved by the Committee.

7.9 OUT-BUILDINGS. Out-buildings shall be constructed only of new materials and shall be erected no closer than 20 feet from the rear of the residential dwelling. Exteriors shall be constructed of the same materials as the residence and must be approved by the Committee. All Out-Buildings shall not be less than 80% masonry on any side facing a street unless otherwise approved by the Committee. These buildings shall be of a permanent type built on concrete slab or other Architectural Committee approved foundation and shall be equal to or less than the size of the residence.

7.10 SIDE LINE AND FRONT LINE SETBACK REQUIREMENTS. No dwelling shall be located on any Lot nearer to the front lot line than the minimum setback lines shown on the Subdivision Plat, most of which have specific higher minimum setbacks than the City standard setback. No dwelling shall be located nearer the side lot lines than 40 feet. The dwelling shall be located no further behind the front building line than twenty (20) feet and will be centered within thirty (30) feet of the center of the Lot unless approved by the Committee. **Variations may be granted at the Committee's discretion to save trees but the homeowner should make design changes to accommodate the saving of trees within the development.**

7.11 WAIVER OF FRONT SETBACK REQUIREMENTS. With the written approval of the Committee, a residence structure may be located farther back from the front property line of a Lot than provided in Paragraph 7.10 above, where, in the opinion of the Committee, the proposed location of the structure will not negatively impact the appearance or value of the Property or adjacent Lots.

7.12 FENCES AND WALLS. A maximum six (6) foot (height) black wrought iron fence may be installed at the front of the residence. The remainder of the Lot, including the rear, may be fenced using a subdivision standard maximum five (5) foot (height) black ornamental metal fence in accordance with the required design detail provided by the Declarant. Masonry columns may be installed at the front of the residence and shall be a maximum height of six and one-half (6 ½) feet tall and eighteen (18) inches square with a spacing of no less than ten (10) feet between columns unless otherwise approved by the Committee. **All wrought iron fences shall be of the type and design as adopted by the Committee as the standard for the Development, unless approved otherwise by the Committee in its sole discretion. The standard type and design of such fencing is set forth in Exhibit B attached hereto. All fences around pools must meet the City of McLendon-Chisholm swimming pool requirements in structure. All fencing that backs to a lake must be no closer to such lake than 20 feet from such lake's maximum lake level. Pipe or pipe and cable fencing is allowed from the rear of the residence on each side of the property and the rear of the property for the fencing of a horse.**

7.13 SIDEWALKS. Sidewalks are not permitted along roads.

7.14 MAILBOXES. Mailboxes shall be of a design and specification as meets the standards of the U.S. Postal Service, and shall be constructed of masonry of the same type as the main dwelling structure and as approved by the Committee. Cast stone address blocks are required.

7.15 CHIMNEY STACKS. Chimney stacks shall be enclosed One Hundred Percent (100%) in brick or masonry of the same type as the main dwelling structure.

7.16 WINDOWS. Window jambs and mullions on all residences shall be of an aluminum, vinyl, aluminum clad wood or wood materials. All windows on any front

elevation of a residence shall be simulated divided light windows as a minimum. (no mill finish).

7.17 LANDSCAPING. Landscaping of each Lot shall be completed within sixty (60) days after the dwelling construction is completed, subject to extension for delays caused by inclement weather or for seasonal planting limitations. Minimum landscaping requirements for each Lot shall include sodded grass (and/or similarly approved ground covering) for the front, back and side yards. Sod or hydromulch is approved for rear yard installation. Also, the entire front of each residence shall be landscaped with trees, shrubs and plants within 60 days after the residence is substantially complete. No xeroscapes are allowed.

7.18 LAWN MAINTENANCE. Grass and all other landscaping shall be maintained in a neat and attractive manner and in accordance with such requirements as the Committee may from time to time specify in writing to the Owners from time to time.

7.19 CONSTRUCTION COMPLETION. With reasonable diligence and in all events within fifteen (15) months from the commencement of construction, unless completion is prevented by war, labor strike or an act of God, any residential dwelling commenced on any lot shall be completed as to its exterior, and all temporary structures shall be removed. Out-buildings shall be completed within two (2) months.

7.20 BASKETBALL EQUIPMENT. Basketball goals, backboards and nets shall not be permitted upon any lot without prior written approval by the Committee. No basketball goals, backboards and nets shall in any case be located closer to the street than the front building line.

7.21 POOL EQUIPMENT. Above ground pools are expressly prohibited. All pool service equipment shall be fenced and located in either (a) a side yard between the front and rear boundaries of the dwelling, or (b) in the rear yard adjacent to the dwelling; and shall not be visible from any residential street.

7.22 EROSION CONTROL. During construction of improvements and prior to landscaping, reasonable measures will be taken to prevent excessive erosion of lots, causing silt to be deposited in the streets and in the storm drainage system. Protection can be by retaining walls, berm, hay bales or other means suitable for each individual Lot. The Lot Owner will be responsible for removing excessive silt accumulations from the street. If the Board of Directors determines that a Lot Owner has failed to properly discharge his obligation set forth in this paragraph, the Board may give the Lot Owner written notice of the Association's intent to perform the Lot Owner's obligation at Lot Owner's expense. The notice must state a reasonable period of time to satisfy the obligation. If the Lot Owner fails or refuses to timely perform the obligation, the Association may do so at the Lot Owner's expense, which is an individual assessment against the Lot Owner and the Lot. In case of an emergency as determined by the Board of Directors, however, the Board's responsibility to give the Lot Owner written notice may be waived and the Board may take any action it deems necessary to protect persons

or property, the cost of the action being the Lot Owner's expense. This provision shall in no manner be construed to create any obligation on the Association.

7.23 SEPTIC SYSTEMS. Approved aerobic septic systems are required. Care must be taken to avoid cutting tree roots at installation. New drip system aerobic units that inject the water into the ground are required in MiraVista.

7.24 BUILDING PERMITS. The Building Inspector of the City, or other municipal authority, is hereby authorized and empowered to revoke, as the case may be, any and all permits for construction of improvements of any kind or character to be erected or placed on any of the Property, if such improvements do not conform to and comply with the restrictions set out herein.

7.25 RECONSTRUCTION COMPLETION TIME. In the event that residence is partially or totally damaged by fire or other causes, construction or reconstruction of the damaged residence, or portion thereof, must commence within one-hundred twenty (120) days after the occurrence causing the damage. No construction or reconstruction shall commence until plans and specifications have been submitted to the Committee and subsequently approved.

7.26 WAIVER BY THE ARCHITECTURAL REVIEW COMMITTEE. The Committee may, at its discretion, approve construction of a structure lacking not more than 10% of the minimum square footage required by Paragraph 7.7 above, and may waive such other variations from these restrictions as said Committee deems, in its sole discretion, not to be inconsistent with the general tenor and purpose of these restrictions.

7.27 GENERAL MAINTENANCE.

(a) Following occupancy of the residence on any Lot, each Owner shall maintain and care for the Home, all improvement and all trees, foliage, plants, and lawn areas on the Lot and otherwise keep the Lot and all improvements thereon in good condition and repair and in conformity with the general character and quality of properties in the immediate area. Such maintenance and repair to include but not be limited to: (i) the replacement of worn and/or rotted components; (ii) the regular painting of all exterior surfaces; (iii) the maintenance, repair and replacement of roofs, rain gutters, downspouts, exterior walls, windows, doors, walks, drives, parking areas and other exterior portions of the Home to maintain an attractive appearance; (iv) regular mowing and edging of lawn and grass areas; (v) drainage easements; and (vi) sanitary sewer septic systems. Upon failure of any Owner to maintain a Lot owned by him in the manner prescribed herein, the Declarant or the Association, or either of them, at its option and discretion, but without any obligation to do so, but only if such non-compliance continues five (5) days after written notice to such Owner, may enter upon such Owner's Lot and undertake to maintain and care for such Lot to the condition required hereunder and the Owner thereof shall be obligated, when presented with an itemized statement, to reimburse said Declarant and/or

Association for the cost of such work within ten (10) days after presentment of such statement. This provision, however, shall in no manner be construed to create a lien in favor of any party on any Lot for the cost or charge of such work or the reimbursement for such work, except as provided in Article IV herein.

(b) The Association shall operate, maintain and, when necessary, repair and/or replace the entry features, private streets owned by the Association, signs, lighting, landscaping improvements and irrigation systems, and all other improvements located in the Areas of Common Responsibility, which capitalized term as used herein refers to the frontage of Farm to Market Road 1139, the Lake Areas, and the Lake Improvements, and each Development entry planting and signage area, and ensure the free flow and integrity of the drainage easements (where such operation and maintenance is not contrary to the requirements and limitations of the City). The street, landscape and maintenance easements on the Subdivision Plat and any other areas designated as common areas or HOA areas are reserved in favor of Declarant and the Association for the performance hereunder; and all of such easements and areas are also included in the term “Areas of Common Responsibility.”

7.28 APPROVED BUILDERS.

(a) Prior to the commencement of construction of a Home or Residence on any Lot, the Owner of such Lot shall obtain the prior written consent of Declarant as to the person or entity that will be performing or supervising the construction on such Lot (including if the Owner desires to do that itself). Declarant may grant or withhold such consent in Declarant’s sole and absolute discretion, and Declarant shall have no liability for any claims, causes of action or damages arising out of Declarant’s decision to grant or withhold such consent.

ARTICLE VIII

OBLIGATION TO IMPROVE PROPERTY,
RIGHT OF FIRST REFUSAL, AND WAIVER

8.1 OBLIGATION TO IMPROVE PROPERTY. If any Owner of a Lot does not, within twenty-four (24) months after receipt of title to such Lot begin (and thereafter continue to completion) substantial and meaningful construction of a building upon said Lot (which building shall comply with all provisions of this Declaration), the Declarant conveying such Lot or its assignee (“Optionee”), shall have an option to repurchase said lot for a purchase price equal to the purchase price paid by such Owner (“Optionor”) for said Lot. The 24-month period runs from the date of the initial sale to an Owner from the Declarant, and any subsequent Owner of the subject Lot must begin construction as required herein within such original 24-month period, without any extension. This option to repurchase must be exercised in writing within twelve (12) months after the expiration of the above-referenced 24-month period. Closing of the repurchase shall take place

within ninety (90) days after the exercise of the option to repurchase and shall be held at the office of Optionee or at the office of the title company selected by Optionee. At the closing, Optionee may deem necessary to properly convey title to said Lot to Optionee, its successors and assigns. For the purposes hereof, “substantial and meaningful construction” shall mean the commencement of construction of a component part of the building, such as the laying of a foundation of the building. Such activities as erecting stakes, unloading dirt, and erecting batter boards shall be insufficient activities for these purposes.

8.2 RIGHT OF FIRST REFUSAL. For so long as any Owner has not commenced substantial and meaningful construction upon a lot covered by this Declaration, Declarant shall have the right to repurchase any of such lots upon the terms and conditions set forth in this Paragraph 8.2. In the event such Owner shall receive a bona fide offer for the purchase of any Lot upon which has not already begun such construction of a single family residence, Owner shall either refuse such offer or give Declarant written notice setting out in full the details of such offer, which notice, among other things, shall include a true and correct copy of the offer made to Owner. Upon delivery of the notice with respect to such offer, Declarant shall have the exclusive right and option, exercisable at any time during a period of fifteen (15) days after the date of delivery of such notice, to purchase such lot (or Lots) at the bona fide purchase price per lot as set forth in the applicable sales contract or other document containing such bona fide offer.

Within fifteen (15) days after the date of the delivery of such notice from Owner, Declarant shall give Owner a written statement indicating whether or not Declarant intends to exercise the option herein granted. Failure to notify Owner within such fifteen (15) day period shall be presumed an election not to exercise the option. If Declarant elects to exercise the option, the sale and purchase shall be closed upon the same date as contained in such bona fide offer: provided, however, in no event shall such closing occur prior to forty-five (45) days after the date of the delivery of such notice from Owner to Declarant, unless Declarant and Owner agree in writing on another date. If Declarant does not elect to exercise such option, Owner shall be free to sell any such Lot (or Lots) upon the terms and conditions set forth in such bona fide offer. Any sale after the failure of Declarant to exercise its option as herein provided must be made strictly upon the terms and conditions and to the person or entity described in such bona fide offer, and any sale to a different person or entity or upon changed terms and conditions shall be subject to the same option and the same notice requirements set forth herein.

8.3 WAIVER OF OBLIGATION TO IMPROVE PROPERTY. The provisions of paragraph 8.1 above may be waived or modified by Declarant as to any Lot purchased by an Owner from such Declarant. In addition, Declarant shall have the right in its discretion from time to time to grant extensions of the said twenty four (24) month period by written notice of such extension given to any Owner affected thereby.

ARTICLE IX

GENERAL PROVISIONS

9.1 EASEMENTS.

(a) Utility Easements. Easements for the installation, operation and maintenance of all public utilities desiring to use same and for drainage facilities are reserved for the purposes indicated as shown on the Subdivision Plat. Full rights of ingress and egress shall be had by Declarant, and any bona fide public utility company at all times over the easement areas for the installation, operation, maintenance, repair or removal of any utility together with the right to remove any obstruction 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. The Lot Owner is responsible for the maintenance of all drainage and use easements platted as part of the respective lots. The Owners of the Lake Lots will not build any fence or other improvement within the Lake Perimeter Areas (as defined below) and will not place any tree, shrub or any other object in the Lake Perimeter Areas, as such area needs to be kept clear of obstructions so that access is available to maintain the Lake Areas and any utilities within the Lake Perimeter Areas. The Owners of the Lake Lots will allow access within the Lake Perimeter Areas so that the Association can operate and maintain the Lake Areas and repair and replace such improvements therein as may be necessary from time to time. The term "Lake Perimeter Areas" as used herein refers to the areas in each Lake Lot which begins at the area covered by the Lake Areas and extends into the Lot to the point which is 20 feet from the elevation of (a) ___ TBD by Declarant ___ feet above sea level for the Lake #1 and (b) ___ TBD by Declarant ___ feet above sea level for the Lake #2, which elevations are about the highest expected normal levels of the respective lakes (provided that Declarant may grant reasonable variances to this area to accommodate an Owner's request in the use of its Lake Lot, but is not obligated to do so).

(b) Ingress, Egress and Maintenance, by the Association. Full rights of ingress and egress shall be had by the Association at all times over and upon the Areas of Common Responsibility for the purpose of maintaining the Areas of Common Responsibility as set forth herein.

(c) Police Power Easement. With respect to streets, easements and rights-of-way within the Property, the City of McLendon-Chisholm and all other government agencies and authorities shall have full rights of ingress, egress and access for personnel and emergency vehicles for maintenance, police and fire protection, drainage and other lawful police powers designed to promote the health, safety and general welfare of the residents within the Property.

9.2 ENFORCEMENT. The Declarant or the Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, these restrictions,

conditions and covenants, and any reservations, liens and charges hereafter imposed by the provisions of this Declaration, the By-Laws and Certificate of Formation of the Association. Failure by the Association or by any Owner to enforce any covenant or restriction herein imposed shall in no event be deemed a waiver of the right to do so thereafter. With respect to any litigation hereunder, the prevailing party shall be entitled to recover reasonable attorneys' fees from the non-prevailing party.

9.3 SEVERABILITY. Invalidation of any one (1) of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

9.4 TERM. The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by Declarant (during the time it owns any Lots), the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless by vote, the then Owners of 60% of the Lots agree in writing to terminate or change this Declaration in whole or in part and such writing is recorded in the Real Property Records of Rockwall County, Texas.

9.5 AMENDMENTS. Notwithstanding Section 9.4 of this Article, these Covenants and Restrictions may be amended and/or changed in whole or in part as follows:

(a) as long as Declarant or its successors or assigns owns a Lot, the Declarant, or its successors and assigns, may repeal or amend this Declaration without the approval or joinder of any other Owner or party.

(b) during the ten (10) year period immediately following the date of recordation of the Covenants and Restrictions with the consent of at least fifty-one percent (51%) of the outstanding votes of the members of the Association, with the joinder of the Declarant.

(c) in all other situations, these Covenants and Restrictions may be amended or changed upon the express written consent of at least sixty percent (60%) of the outstanding votes of the members of the Association.

Any and all amendments, if any, shall be recorded in the office of the County Clerk of Rockwall County, Texas.

9.6 GENDER AND GRAMMAR. The singular wherever used herein shall be construed to mean the plural when applicable, and such grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, in all cases shall be assumed as though fully expressed in each case.

9.7 MANNER OF ENFORCEMENT. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity, including, without limitation, an action for injunctive relief, it being acknowledged and agreed that a violation of the covenants, conditions and restrictions contained herein could cause irreparable injury to Declarant and/or the other Owners and that Declarant's and/or any Owner's remedies at law for any breach of the Owners' obligations contained herein would be inadequate. Enforcement may be commenced by the Association, the Declarant, or any Owner against any person or persons violating or attempting to violate them, and failure by the Association, the Declarant or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

9.8 NOTICES TO MEMBER/OWNER. Any notice required to be given to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly delivered forty-eight (48) hours after deposited in the United States Mail, postage prepaid, certified or registered mail, and addressed to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

9.9 HEADINGS. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

9.10 FORMATION OF ASSOCIATION; INSPECTION OF DOCUMENTS, BOOKS AND RECORDS. The Association shall be formed by Declarant as a non-profit corporation in accordance with the laws of the State of Texas. Management and governance of the Association shall be implemented and/or undertaken in accordance with the Governing Documents which shall be adopted by the Association following its formation. The Association shall make available at reasonable cost copies of the Governing Documents. All minute books, meeting and other records and financial statements of the Association shall be held available for inspection by any Owner or any Mortgagee during normal business hours or at such other reasonable times as the Board of Directors may approve.

9.11 INDEMNITY. The Association shall indemnify, defend and hold harmless Declarant, the Board of Directors, the Committee and each director, officer, employee and agent of Declarant, the Board of Directors and the Committee from all judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses (including attorneys' fees) incurred by such indemnified person under or in connection with this Declaration or the Property to the fullest extent permitted by applicable law. Such indemnity to include matters arising as a result of the sole or concurrent negligence of the indemnified party, to the extent permitted by applicable law.

9.12 FHA/VA AND OTHER LENDERS. As long as there remains any Class B membership and any first lien mortgage is in effect with respect to any Lot which is insured by the Federal Housing Administration ("FHA") or the Veterans Administration ("VA") which have special requirements with respect to declarations of covenants,

conditions and restrictions like this one or there are any other government related or institutional lenders financing Lots which have special requirements with respect to declarations of covenants, conditions and restrictions like this one, the Declarant may amend this Declaration to add provisions requiring certain actions to be approved by all or part of such lenders with respect to this Declaration or the Lots and to grant such lenders other rights required by their lending programs.

9.13 FAILURE OF ASSOCIATION TO PERFORM DUTIES. Should the Association fail to carry out its duties as specified in this Declaration, the City or its lawful agents shall have the right and ability, after due notice to the Association, to remove any landscape systems, features or elements that are the responsibility of and cease to be maintained by the Association; to perform the responsibilities of the Association if the Association fails, to do so in compliance with any of the provisions of this Declaration or of any applicable City codes or regulations; to assess the Association for all costs incurred by the City in performing said responsibilities if the Association fails to do so; and/or to avail itself of any other enforcement actions available to the City pursuant to state law or City codes and regulations. Should the City exercise its rights as specified above, the Association shall indemnify and hold harmless the City from any and all costs, expenses, suits, demands, liabilities or damages, including attorney's fees and costs of suit, incurred or resulting from the City's removal of any landscape systems, features or elements that cease to be maintained by the Association or from the City's performance of the aforementioned operations, maintenance or supervision responsibilities of the Association due to the Association's failure to perform said duties. The obligations described in this paragraph are solely obligations of the Association, and no other party, including without limitation, the Declarant or any Owner, shall have any liabilities or obligations in connection therewith.

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IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereto set its hand this the ____ day November, 2014.

CHISHOLM LAND HOLDINGS, L.P.
A Texas limited partnership

BY: 195 Horizon View Management, LLC,
General Partner

By: _____
Russell Phillips, Manager

THE STATE OF TEXAS)
)
COUNTY OF ROCKWALL)

This instrument was acknowledged before me on the ____ day of _____, 2014 by **RUSSELL PHILLIPS, MANAGER OF 195 HORIZON VIEW MANAGEMENT LLC, A TEXAS LIMITED LIABILITY COMPANY, GENERAL PARTNER OF CHISHOLM LAND HOLDINGS, L.P., A TEXAS LIMITED PARTNERSHIP, on behalf of such company and partnership.**

Notary Public, State of Texas

EXHIBIT A
DESCRIPTION OF THE LAND COMPRISING THE ADDITION

EXHIBIT B
DESCRIPTION OF THE TYPE OF FENCING REQUIRED

If a specific fence type is not displayed below, it shall be as subsequently determined by the Declarant and administered by the ARC.

EXHIBIT C
COVENANT ENFORCEMENT AND FINING POLICY

WHEREAS, MiraVista-Chisholm Homeowners Association (“Association”) is authorized to enforce the covenants and restrictions contained in the Declaration of Covenants, Conditions and Restrictions for The Sanctuary and contained in the Association’s Bylaws, rules and regulations, guidelines and other standards and policies (all collectively referred to in this policy as the “Governing Documents”); and

WHEREAS, pursuant to Section 11.7 of the Declaration of Covenants, Conditions and Restrictions for The Sanctuary (the “Declaration”), the Declarant shall have the right to enforce, by any proceeding at law or in equity, these restrictions, conditions and covenants; and

WHEREAS, pursuant to Section 5.10 of the “Bylaws of MiraVista-Chisholm Homeowners Association, Inc.” (the “Bylaws”), the Association shall have the power to impose reasonable fines, which shall constitute a Specific Assessment secured by a lien upon the property of the violating Owner (upon the terms and limitations in the Declaration), and to suspend an Owner’s right to vote or any person’s right to use the Common Area for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted hereunder, so long as they are consistent with Section 209.006 of The Texas Property Code; and

WHEREAS, pursuant to Section 5.6(a) of the Bylaws, the Association has the powers and duties necessary for the administration of the Association’s affairs and, as provided by law, may do or cause to be done all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Members or the membership generally; and

WHEREAS, in order to comply with the requirements of Sections 209.006 and 209.007 of the Texas Residential Property Owners Protection Act (the "Act") and to better serve the interests of the MiraVista-Chisholm Homeowners Association, Inc., the Declarant finds it necessary to adopt the following Covenant Enforcement and Fining Policy establishing procedures for the enforcement of the covenants, rules and regulations, guidelines and any other standards and policies set forth in the Governing Documents and for the imposition of fines and/or other sanctions for violation of the Governing Documents.

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the enforcement of the Governing Documents and for the elimination of violations found to exist in, on and about the Property, the Lots, the Streets, and the Common Areas within the MiraVista-Chisholm Homeowners Association, Inc., and the following policies and procedures are to be known as the "Covenant Enforcement and Fining Policy" (referred to herein as the "Enforcement Policy").

1. **Application of the Policy.** This Enforcement Policy and the procedures set forth herein apply to any enforcement action against an Owner *except* enforcement actions in which: (i) the Association files suit seeking a temporary restraining order or a temporary injunction against the violating party, (ii) the Association is seeking to recover unpaid assessments, (iii) the Association is pursuing a self-help remedy, if any, that may be authorized by the Governing Documents, or (iv) the Association has temporarily suspended an Owner's right to use the Common Areas and recreational facilities as a result of a violation that occurred on the Common Areas and involved a significant risk of harm to others in the community.

Any Owner, occupant, or guest or invitee of an Owner who fails to comply with the Governing Documents, after being notified of such non-compliance, is subject to

enforcement action by the Association, to include fines and suspension of certain membership rights, as well as other enforcement measures deemed necessary by the Association. The Owner of the Lot that is the subject of the violation is, nevertheless, ultimately responsible for violations occurring on the Owner's Lot or by the occupants, guests or invitees of the Lot's Owner.

2. **Violations.** Any condition, use, activity, or improvement which does not comply with the provisions of the Governing Documents is a "violation" subject to this Enforcement Policy.

3. **Confirming the Violation.** If deemed appropriate, a violation will be verified by a field observation conducted by: (i) the Association's managing agent, or (ii) Declarant. To assist with recordkeeping, the field observer may, but is not obligated to, prepare a report which may include the following:

- Identification of the nature and description of the violation;
- Identification by street address or legal description of the Lot on which the violation exists;
- Date of the observation and name of the person making the observation; and
- A photograph of the violation, if pertinent.

4. **"Courtesy Notice" of Violation (Optional).** Within ten (10) calendar days of confirming the violation, the Association may send the Owner of the Lot in question written notice by email, regular first-class mail or by postcard informing the Owner of the violation. The Owner will have at least ten (10) days from the date the Courtesy Notice is mailed to correct or eliminate the violation. If the Declarant or Managing Agent deems it necessary, the Courtesy Notice may be skipped, and the Association may proceed immediately to the written demand to correct the violation set forth in Paragraph 5 below.

5. **Formal Notice of Violation ("Notice of Violation").** If a Courtesy Notice is sent and the violation is not corrected or eliminated within the time period specified in the Courtesy Notice, or if the Association deems it appropriate to proceed without a Courtesy Notice, the Association will send to the Owner of the Lot in question written notice of the violation by certified mail, return receipt requested.

A Notice of Violation is not required if the alleged violator received a written notice relating to the same or similar violation within six (6) months of the current violation and was given a reasonable opportunity to correct the prior violation and avoid sanctions. A notice is also not required in the case of an emergency or in the event the Association deems it necessary to file suit for a temporary restraining order or temporary injunction. See Paragraph 1 above. In such event, the Declarant may impose sanctions as authorized by this Enforcement Policy without notice to the Owner other than the Final Notice of Violation described in Paragraph 6 below.

The Notice of Violation will state the following:

- The nature, description and location of the violation.
- A reference to the rule or provision being violated, if applicable.
- A description of the action required to correct the violation.
- If the violation is a continuing violation, a time period of not less than ten (10) days in which to correct the violation without further

sanction. Or, if the violation is not continuing, a statement that any further violation of the same or similar restriction or rule may result in the imposition of a sanction or further enforcement measures.

- That the Owner may, on or before thirty (30) days from receipt of the Notice, deliver to the Association a written request for a hearing. See Paragraph 7 below. The Notice will state how and where the Owner's request for a hearing should be made or delivered.
- The proposed sanction or penalty to be imposed, including, but not limited to:
 - (i) the amount and frequency of any fine,
 - (ii) the recording of a Notice of Violation in the Real Property Records of the County Clerk's Office,
 - (iii) suspension of the right to use Common Areas,
 - (v) the use of self-help remedies by the Association, and/or
 - (vi) the amount claimed to be due from the Owner for property damage.
- That the sanction or actions stated in the Notice may be imposed or taken and that any attorney's fees and costs will be charged to the Owner if the violation is not corrected or eliminated within the time period specified in the Notice, or if the conduct which constitutes a violation is committed again.

6. **Second Notice of Violation ("Final Notice of Violation")**. A formal notice of the Violation and the sanction or action to be imposed or taken, including the amount of any fine or the amount of any property damage (the "Final Notice of Violation"), will be sent by the Association to the Owner by regular first-class mail and by certified mail, return receipt requested, where, within the time period specified in the Notice of Violation, the Violation has not been corrected or eliminated or the Association has not timely received a written request for a hearing. Unless otherwise determined by the Board, the Final Notice of Violation will state that a monetary fine will begin in ten (10) days if the Violation is not corrected. If the Association has an email address for the Owner, a copy of the Courtesy Notice may also be sent by email (in addition to regular mail).

7. **Owner's Request for Hearing**. If the Owner timely requests a hearing, the hearing will be held no later than the thirtieth (30th) day after the date the Association receives the Owner's written request. The notice of the hearing shall be sent no later than the tenth (10th) day before the date of the hearing. The notice requirement will be deemed satisfied if the alleged violator appears for the hearing. The Association or the Owner may request a postponement, and, if requested, a postponement will be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the Board and the Owner.

The hearing will be held in executive session (closed session) by the Declarant or by a committee appointed by the Board and will afford the alleged violator a reasonable opportunity to be heard. The Association will notify the Owner in writing of its decision within thirty (30) days after the hearing. The Board may, but will not be obligated to, suspend any proposed sanction if the violation is corrected within the thirty (30) day period following the hearing date. Such suspension shall not constitute a waiver of the Association's right to sanction future violations of the same or other provisions by any Owner.

8. **Owner's Appeal of Hearing Decision.** If the hearing was conducted by a committee, the violator has the right to appeal the decision to the Declarant. To exercise the right to an appeal, a written notice of appeal must be received by the Association's Secretary or Managing Agent within ten (10) days after the date of the Association's written notice to the violator of the results of the hearing. Any hearings conducted by the Association will be held in the same manner as provided in Paragraph 7 above.

9. **Referral to Legal Counsel.** When the Association deems it to be in the best interests of the Association to refer the violation to legal counsel for appropriate action, the Board may do so at any time. Such legal action may include, without limitation, sending demand letters to the violating Owner, filing a notice of violation or non-compliance against the Lot in the real property records of Rockwall County, and/or filing suit against the Owner to correct or otherwise stop the violation. Attorney's fees and all costs incurred by the Association in enforcing the Governing Documents and administering this Enforcement Policy shall become the personal obligation of the Owner and may become part of the Association's lien rights against the Lot.

10. **Fines.** Subject to the provisions of this Enforcement Policy and/or the Governing Documents, the Declarant shall have the authority to impose fines on the following basis:

First Fine. If the Owner has not corrected the violation within the time period specified in the Final Notice of Violation (Paragraph 6 above), or did not timely request a hearing, the Association may impose a fine in the amount of **\$50.00**. If the Board imposes a fine, the Board will send a formal notice of the fine (the "Notice of Fine") to the Owner. The Notice of Fine will be sent by certified mail, return receipt requested.

Second Fine. If the violation is still not corrected within thirty (30) days from the date of the First Notice of Fine (above), the Declarant may impose a second fine in the amount of **\$100.00**. If a second fine is imposed, the Declarant will notify the Owner in writing, which notice will be sent by certified mail, return receipt requested.

Third Fine. If the violation is not corrected within thirty (30) days from the date of the Second Notice of Fine (above), the Declarant may impose a third fine in the amount of **\$150.00**. Notice will be provided to the Owner of the imposition of the third fine in writing, which will be sent by certified mail, return receipt requested.

Subsequent Fines. If the violation has not been corrected within thirty (30) days from the date of the Third Notice of Fine (above), additional fines may be levied in an amount and frequency as determined by the Declarant.

There will be no limit to the number, or aggregate amount, of fines which may be levied against an Owner for the same violation.

Pursuant to Article V, Section 5.11(a) of the By-Laws, if any occupant, guest or invitee of a Lot violates the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided however if the fine is not paid by the occupant within the time specified, the Owner of the Lot shall pay the fine notice from the Association.

Any and all fines levied will become the personal obligation (debt) of the Owner and shall also constitute a lien upon the violating Owner's Lot pursuant to the Declaration.

11 **Suspension of Right to Use Common Areas.** Pursuant to Article V, Section 5.11 of the By-Laws, the Association shall have the authority to suspend an Owner's or Person's right to use the Association's Common Areas during any period

in which the Owner or Person is in violation of the Governing Documents after being served with notice of the violation. The period of suspension will commence on the date following the alleged violator's exercise of his/her right to a hearing and appeal or the date on which the right to request a hearing expires.

13. **Other Remedies/Sanctions.** The Board may impose any sanction or remedy authorized by the Association's Governing Documents and/or provided by Texas law in order to enforce compliance with the Governing Documents.

14. **Violation Corrected.** An Owner may correct or eliminate a violation at any time during the pendency of any procedure prescribed by this Enforcement Policy. Upon verification by written report to the Declarant and sent, where appropriate, to the Association that the violation has been corrected or eliminated; the violation will be deemed to no longer exist. The Owner will remain liable for all costs and fines under this Enforcement Policy, which if not paid when demanded by the Association, may be referred to the Association attorney for collection. If the Owner corrects or eliminates the violation *before* sanctions are imposed, no further action will be taken (except for collection of any monies for which the Owner may become liable under this Enforcement Policy and/or the Governing Documents). Written notice confirming the Owner's correction or elimination of the violation may be obtained from the Association upon request for such notice by the Owner and upon payment of a reasonable fee for same.

15. **Repeat Violations.** If an Owner or occupant commits the same or similar violation within six (6) months after he/she was provided notice and a reasonable opportunity to correct the violation, the Association may impose sanctions or pursue enforcement measures without providing a right to request a hearing.

16. **Notices.** Unless otherwise provided in the Governing Documents or in this Enforcement Policy, all notices required by this Enforcement Policy shall be in writing and will first be sent by certified mail, return receipt requested addressed to the Owner of the Lot affected at the address which the Owner has designated in writing and filed with the Secretary of the Association or, if no such address has been designated, to the address of the Lot at issue.

a. **An Owner's or other violator's failure or refusal to accept certified mail from the Association will not relieve the Owner or violator of his/her obligations under the Governing Documents and this Enforcement Policy.**

b. **Where the notice is placed into the care and custody of the United States Postal Service, notice will be presumed to have been given, sent, delivered or received, as of the third (3rd) calendar day following the date of postmark of such notice bearing postage prepaid and the appropriate name and address as required herein unless otherwise shown by the recipient to have been received at a later date.**

c. At the discretion of the Association, additional attempts to serve the violator with notice may be sent by email, by regular first-class mail, and/or by personal delivery.

d. Where the notice is served by personal delivery, notice will be deemed to have been given, sent, delivered or received upon actual receipt by any person accepting delivery thereof at the address of the recipient as set forth in such notice or if no person is there, by leaving the notice taped to the front door of the residence.

e. Where a day required for an action to be taken or a notice to be given, sent, delivered or received falls on a Saturday, Sunday or United States Postal Service holiday, the required date for such action or notice will be extended to the first following day which is not a Saturday, Sunday or United States Postal Service holiday.

f. Where the Association has actual knowledge that an enforcement action would directly affect a third party (e.g. tenant or a neighbor) or involves a violation by a party other than the Owner, notices required under this Enforcement Policy may be given, if possible, to such third party in addition to the Owner. Notwithstanding any notice sent to a third party, the Owner remains the party responsible for compliance with the requirements of the Governing Documents.

g. Where the interests of an Owner in a Lot have been handled by a representative or agent of the Owner or where an Owner has otherwise acted so as to put the Association on notice that its interest in a Lot has been and are being handled by a representative or agent, any notice or communication from the Association pursuant to this Enforcement Policy will be deemed full and effective for all purposes if given to such representative or agent.

h. Where an Owner transfers record title to a Lot at any time during the pendency of any procedure prescribed by this Enforcement Policy, the Owner shall remain personally liable for all costs and fines under this Enforcement Policy. As soon as practical after receipt by the Association of a notice of a change in the record title to a Lot which is the subject of enforcement proceedings under this Enforcement Policy, the Association may begin enforcement proceedings against the new Owner in accordance with this Enforcement Policy. The new Owner shall be personally liable for all costs and fines under this Enforcement Policy which are the result of the new Owner's failure and/or refusal to correct or eliminate the violation in the time and manner specified under this Enforcement Policy.

17. **Conflicting Provisions.** If there should be a conflict between the provisions of this Enforcement Policy and the provisions of the Declaration and/or the Bylaws, the Declaration and the Bylaws shall control and take priority over this Enforcement Policy.

18. **Definitions.** Unless otherwise specified herein, the definitions contained in the Declaration and the Bylaws are incorporated into this Enforcement Policy by reference. IT IS FURTHER RESOLVED that this Covenant Enforcement and Fining Policy is effective as of the date that this Declaration is filed of record in Rockwall County, Texas, and is to remain in force and effect until revoked, modified or amended by either the Declarant or by the Association.