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After Recording Return To:
Robert D. Burton, Esq.
Winstead PC
401 Congress Avenue, Suite 2100
Austin, Texas 78701
Email: rburton@winstead.com

THE STATION RESIDENTIAL DISTRICT

MASTER COVENANT

[RESIDENTIAL]

Dallas County, Texas

NOTE: NO PORTION OF THE PROPERTY DESCRIBED ON EXHIBIT "A" IS SUBJECT TO THE TERMS OF THIS COVENANT UNLESS A NOTICE OF APPLICABILITY DESCRIBING SUCH PORTION OF THE PROPERTY IS RECORDED IN THE OFFICIAL PUBLIC RECORDS OF DALLAS COUNTY, TEXAS, IN ACCORDANCE WITH *SECTION 9.5* BELOW.

Declarant: **PMB STATION DEVELOPER LLC,** a Texas limited liability company

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This Master Covenant [*Residential*] (the "**Covenant**") is made by **PMB STATION DEVELOPER LLC,** a Texas limited liability company (the "**Declarant**"), and is as follows:

R E C I T A L S:

A. Declarant is the present owner of certain real property located in Dallas County, Texas, as more particularly described on Exhibit "A", attached hereto (the "**Property**").

B. Declarant desires to create a uniform plan for the development, improvement, and sale of the Property and to act as the "Declarant" for all purposes under this Covenant.

C. Portions of the Property may be made subject to this Covenant upon the Recording of one or more Notices of Applicability pursuant to *Section 9.5* below, and once such Notices of Applicability have been Recorded, the portions of the Property described therein shall constitute the Development (defined below) and shall be governed by and fully subject to this Covenant, and the Development in turn shall be comprised of separate Development Areas (defined below) which shall be governed by and subject to separate Development Area Declarations (defined below) in addition to this Covenant.

No portion of the Property is subject to the terms and provisions of this Covenant until a Notice of Applicability is Recorded. A Notice of Applicability may only be Recorded by the Declarant.

PROPERTY VERSUS DEVELOPMENT VERSUS DEVELOPMENT AREA	
"Property"	**Described on Exhibit "A". This is the land that may be made subject to this Covenant, from time to time, by the Recording of one or more Notices of Applicability. Declarant has no obligation to add all or any portion of the Property to this Covenant.**
"Development"	**This is the portion of the land described on Exhibit "A" that has been made subject to this Covenant through the Recording of a Notice of Applicability.**
"Development Area"	**This is a portion of the Development. Each Development Area may be made subject to a Development Area Declaration.**

D. This Covenant serves notice that upon the further Recording of one or more Notices of Applicability, portions of the Property identified in such notice or notices shall be subject to the terms and provisions of this Covenant.

NOW, THEREFORE, it is hereby declared that: (i) those portions of the Property as and when made subject to this Covenant by the Recording of a Notice of Applicability shall be held, sold, conveyed, and occupied subject to the following covenants, conditions and restrictions which shall run with such portions of the Property and shall be binding upon all parties having right, title, or interest in or to such portions of the Property or any part thereof, their heirs, successors, and assigns and shall inure to the benefit of each Owner thereof; and (ii) each contract or deed conveying those portions of the Property that have been made subject to this Covenant shall conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions and restrictions, regardless of whether or not the same are set out in full or by reference in said contract or deed.

This Covenant uses notes (text set apart in boxes) to illustrate concepts and assist the reader. If there is a conflict between any note and the text of the Covenant, the text shall control.

ARTICLE 1
DEFINITIONS

Unless the context otherwise specifies or requires, terms used in this Covenant shall have the meanings set forth below:

"ACC" means the architectural control committee, as defined in *Section 6.2*. As more particularly described in *Article 6*, during the Development Period, the Declarant acts as The Station Residential District Reviewer and exercises all rights to approve Improvements within the Development. The ACC will not be formed and has no rights to review and approve Improvements until such rights have been assigned to the Association by a written Recorded instrument executed by the Declarant, or the Development Period has expired or is terminated by a written Recorded instrument executed by the Declarant.

"Applicable Law" means all statutes, public laws, ordinances, including but not limited to the requirements set forth in the PID (as defined herein), policies, rules, regulations and orders of all federal, state, county and municipal governments or their agencies having jurisdiction and control over the Development, and any other applicable building codes, zoning restrictions, permits and ordinances, including but not limited to the PID, adopted by a Governmental Entity (defined below), which are in effect at the time a provision of the Documents is applied, and pertaining to the subject matter of the Document provision. Statutes, ordinances and regulations specifically referenced in the Documents are "Applicable Law" on the effective date of the Document, and are not intended to apply to the Development if they cease to be applicable by operation of law, or if they are replaced or superseded by one or more other statutes or ordinances.

"**Assessment**" or "**Assessments**" means assessments the Association may impose under this Covenant.

"**Assessment Unit**" has the meaning set forth in *Section 5.9.2*.

"**Association**" means **THE STATION RESIDENTIAL PROPERTY OWNER'S ASSOCIATION, INC.** , a Texas nonprofit corporation, which will be created by the Declarant to exercise the authority and assume the powers specified in *Article 3* and elsewhere in this Covenant. The failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association, which derives its authority from this Covenant, the Certificate, the Bylaws, and Applicable Law.

"**Board**" means the Board of Directors of the Association.

"**Bulk Rate Contract" or "Bulk Rate Contracts**" means one or more contracts which are entered into by the Association for the provision of utility services or other services of any kind or nature to the Lots and/or Condominium Units. The services provided under Bulk Rate Contracts may include, without limitation, security services, trash pick-up services, propane service, natural gas service, landscape maintenance services, cable television services, telecommunications services, internet access services, "broadband services", wastewater services, and any other services of any kind or nature which are considered by the Board to be beneficial. During the Development Period, Declarant must approve each Bulk Rate Contract.

"**Bylaws**" means the bylaws of the Association, which may be initially adopted and Recorded by Declarant or the Board of the Association and Recorded as part of the initial project documentation for the benefit of the Association. The Bylaws may be amended, from time to time, by the Declarant until expiration or termination of the Development Period. During the Development Period, Declarant must approve any amendment to the Bylaws. After the Development Period, a Majority of the Board may amend the Bylaws.

"**Certificate**" means the Certificate of Formation of the Association, filed in the Office of the Secretary of State of Texas, as the same may be amended from time to time.

"**City**" means the City of Sachse, Texas, a Texas home rule municipality.

"**Common Area**" means any property and facilities that the Association owns or in which it otherwise holds rights or obligations, including any property or facilities (i) held by the Declarant for the benefit of the Association or its Members or (ii) designated by the Declarant as Common Area in accordance with *Section 3.6*. Upon the Recording of such designation, the portion of the Property identified therein shall be considered Common Area for the purpose of this Covenant. Common Area also includes any property that the Association holds under a lease, license, or any easement in favor of the Association. Some Common Area shall be solely for the common use and enjoyment of the Owners, while other portions of the Common Area may be designated by the Declarant or the Board for the use and enjoyment of the Owners and members of the public.

"**Community Manual**" means the community manual, which the Declarant may initially adopt and Record as part of the initial project documentation for the Development. The Community Manual may include the Bylaws, Rules and other policies governing the Association. The Community Manual may be amended or supplemented from time to time by the Declarant during the Development Period. Upon expiration or termination of the Development Period, the Community Manual may be amended by a Majority of the Board.

"**Condominium Unit**" means an individual unit, including any common element assigned thereto, within a condominium regime, if any, established within the Development. A Condominium Unit may be designated by the Declarant in a Recorded instrument for residential, commercial or live/work purposes.

"**Covenant**" means this The Station Residential District Master Covenant [Residential], as defined in the preamble.

"**Declarant**" means **PMB STATION DEVELOPER LLC,** a Texas limited liability company, its successors and permitted assigns. Notwithstanding any provision in this Covenant to the contrary, Declarant may, by Recorded instrument, assign, in whole or in part, exclusively or non-exclusively, any of its privileges, exemptions, rights, reservations and duties under this Covenant to any person. Declarant may also, by Recorded instrument, permit any other person to participate in whole, in part, exclusively or non-exclusively, in any of Declarant's privileges, exemptions, rights and duties under this Covenant.

Declarant enjoys certain rights and privileges to facilitate the development, construction, and marketing of the Property and the Development, and to direct the size, shape and composition of the Property and the Development. These special rights are described in this Covenant. Declarant may also assign, in whole or in part, all or any of the Declarant's rights established under the terms and provisions of this Covenant to one or more third-parties.

"**Design Guidelines**" means the standards for design and construction of Improvements, landscaping and exterior items proposed to be placed on any Lot or Condominium Unit, which may be adopted pursuant to *Section 6.4.2* as the same may be amended from time to time. The Design Guidelines may consist of multiple written design guidelines applying to specific portions of the Development. The Design Guidelines may be Recorded as a separate written instrument or may be incorporated into a Development Area Declaration by exhibit or otherwise. Notwithstanding anything in this Covenant to the contrary, Declarant shall have no obligation to establish Design Guidelines for the Property, the Development, or any portion thereof.

"**Development**" refers to all or any portion of the Property made subject to this Covenant by the Recording of a Notice of Applicability.

"**Development Agreement**" means that certain Development Agreement by and between PMB Station Land, LP, a Texas limited partnership, and the City, dated effective October 3, 2018,

as amended by that certain First Amendment to Development Agreement and Consent to Assignment by and between Declarant and the City, dated September 5, 2019.

"**Development Area**" means any part of the Development (less than the whole), which Development Area may be subject to a Development Area Declaration in addition to being subject to this Covenant.

"**Development Area Declaration**" means, with respect to any Development Area, the separate instruments containing covenants, restrictions, conditions, limitations and/or easements, to which the property within such Development Area is subjected. A Development Area Declaration may provide for the creation of a Sub-Association.

"**Development Period**" means the period of time beginning on the date when this Covenant has been Recorded, and ending thirty (30) years thereafter, unless earlier terminated by Recorded instrument executed by the Declarant. The Development Period is the period of time in which Declarant reserves the right to facilitate the development, construction, and marketing of the Property and the Development, and the right to direct the size, shape and composition of the Property and the Development. The Development Period is for a term of years and does not require that Declarant own any portion of the Property or the Development.

"**Documents**" means, singularly or collectively, as the case may be, this Covenant, the Certificate, the Bylaws, the Community Manual, the Design Guidelines (if adopted), any applicable Development Area Declaration, any applicable Notice of Applicability, as each may be amended from time to time, and any Rules, or policies or procedures the Association promulgates pursuant to this Covenant, and any Development Area Declaration, as adopted and amended from time to time. An appendix, exhibit, schedule, or certification accompanying a Document is part of such Document. See Table 1 for a summary of the Documents.

"**Governmental Entity**" means (a) a public improvement district created pursuant to Chapter 372, Subchapter B of the Texas Local Government Code; (b) a municipal utility district created pursuant to Article XVI, Section 59 of the Constitution of Texas and/or Chapters 49 and 54, Texas Water Code; (c) any other similarly constituted quasi-governmental entity created for the purpose of providing benefits or services to the Development; or (d) any other regulatory authority with jurisdiction over the Development.

"**Homebuilder**" refers to any Owner (other than Declarant) who is in the business of constructing single-family residences (whether attached or detached) for resale to third parties and acquires all or a portion of the Development to construct single-family residences for resale to third parties.

"**Improvement**" means any and all physical enhancements and alterations to the Development, including, but not limited to, grading, clearing, removal of trees, site work, utilities, landscaping, irrigation, trails, hardscape, exterior lighting, alteration of drainage flow, drainage facilities, detention/retention ponds, water features, fences, walls, signage, and every structure,

fixture, and all appurtenances of every type and kind, whether temporary or permanent in nature, including, but not limited to, buildings, outbuildings, storage sheds, patios, tennis courts, sport courts, recreational facilities, swimming pools, putting greens, garages, driveways, parking areas and/or facilities, storage buildings, sidewalks, fences, gates, screening walls, retaining walls, stairs, patios, decks, walkways, landscaping, mailboxes, awnings and exterior air conditioning equipment or fixtures.

"**Lot**" means any portion of the Development the Declarant designates as such in a Recorded instrument or as shown as a subdivided lot on a Plat other than Common Area, Special Common Area, or a Lot on which a condominium regime has been established.

"**Majority**" means more than half.

"**Manager**" has the meaning set forth in *Section 3.5.8*.

"**Members**" means every person or entity that holds membership privileges in the Association; provided, however, in the event a Development Area Declaration is Recorded and the Development Area provides for the creation of a Sub-Association, then upon the creation of the Sub-Association, the Sub-Association Representative shall act on behalf of the members of such Sub-Association for the purpose of receiving Member notices, attending annual and special meetings of the Members, and voting on any matter to be voted on by Members of the Association, except for changes to the Covenant as contemplated in Sections *10.1*, *10.2* and *10.3*.

"**Mortgage**" or "**Mortgages**" means any mortgage(s) or deed(s) of trust securing indebtedness and covering any Lot or Condominium Unit.

"**Mortgagee**" or "**Mortgagees**" means the holder(s) of any Mortgage(s).

"**Notice of Applicability**" means the Recorded notice the Declarant executes for the purpose of adding all or any portion of the Property to the terms and provisions of this Covenant. In accordance with *Section 9.5*, a Notice of Applicability may also subject a portion of the Property to a previously Recorded Development Area Declaration.

"**Occupant**" means a resident, occupant or tenant of a Lot or Condominium Unit, other than an Owner.

"**Owner**" means the person(s), entity or entities, including Declarant, holding all or a portion of the fee simple interest in any Lot or Condominium Unit and in no event shall mean any Occupant. Mortgagees who acquire title to a Lot or Condominium Unit through a deed in lieu of foreclosure or through foreclosure are Owners. Persons or entities having ownership interests merely as security for the performance of an obligation are not Owners. Every Owner is a Member of the Association; provided, however, in the event a Development Area Declaration is Recorded and the Development Area provides for the creation of a Sub-Association, then upon the creation of the Sub-Association, the Sub-Association Representative shall act on behalf of the

members of such Sub-Association for the purpose of receiving Member notices, attending annual and special meetings of the Members, and voting on any matter to be voted on by Members of the Association, except for changes to the Covenant as contemplated in Sections *10.1*, *10.2* and *10.3*.

"**Permittee**" means any Occupant and any officer, agent, employee, licensee, lessee, customer, vendor, supplier, guest, invitee or contractor of an Owner or Declarant (as applicable).

"**PID**" means that certain Sachse Public Improvement District No.1, authorized pursuant to Chapter 372 of the Texas Local Government Cove and created by the City and Declarant, as supplemented, modified or amended from time to time.

"**Plat**" means a Recorded subdivision plat of any portion of the Development, and any amendments thereto.

"**Property**" means all of that certain real property described on Exhibit "A", attached hereto and incorporated herein by reference, subject to any additions thereto or withdrawals therefrom as may be made pursuant to *Section 9.3* and *Section 9.4*, respectively, of this Covenant.

"Record, Recording, Recordation and Recorded" means recorded in the Official Public Records of Dallas County, Texas.

"**Rules**" means any instrument, however denominated, which the Declarant may adopt as part of the Community Manual, or the Board may subsequently adopt for the regulation and management of the Development, including any amendments thereto. Until expiration or termination of the Development Period, the Declarant must approve any amendment to the Rules.

"**Service Area**" means a group of Lots and/or Condominium Units designated as a separate Service Area pursuant to this Covenant for purpose of receiving benefits or services from the Association which are not provided to all Lots and Condominium Units. A Service Area may be comprised of more than one type of use or structure and may include noncontiguous Lots. A Lot or Condominium Unit may be assigned to more than one Service Area. Service Area boundaries may be established and modified as provided in *Section 2.5*.

"**Service Area Assessments**" means assessments levied against the Lots and/or Condominium Units in a particular Service Area to fund Service Area Expenses, as described in *Section 5.6*.

"**Service Area Expenses**" means the estimated and actual expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Service Area, which may include a reasonable reserve for capital repairs and replacements.

"**Special Common Area**" means any interest in real property or improvements which the Declarant designates in a Recorded Notice of Applicability pursuant to *Section 9.5*, in a Development Area Declaration or in any written instrument Recorded by Declarant (which designation shall be made in the sole and absolute discretion of Declarant) as Special Common Area which is assigned for the purpose of exclusive use and/or the obligation to pay Special Common Area Assessments attributable thereto, to one or more, but less than all of the Lots, Condominium Units, Owners or Development Areas, and is or shall be conveyed to the Association or as to which the Association shall be granted rights or obligations, or otherwise held by the Declarant for the benefit of the Association. The Notice of Applicability, Development Area Declaration, or other written notice shall identify the Lots, Condominium Units, Owners or Development Areas assigned to such Special Common Area and further indicate whether the Special Common Area is assigned to such parties for the purpose of exclusive use and the payment of Special Common Area Assessments, or only for the purpose of paying Special Common Area Assessments attributable thereto. By way of illustration and not limitation, Special Common Area might include such things as private drives and roads, entrance facilities and features, monumentation or signage, walkways or landscaping.

"**Special Common Area Assessments**" means assessments levied against the Lots and/or Condominium Units as described in *Section 5.5*.

"**Special Common Area Expenses**" means the estimated and actual expenses which the Association incurs or expects to incur to operate, maintain, repair and replace Special Common Area, which may include a reasonable reserve for capital repairs and replacements.

"**Sub-Association**" means a separate non-profit corporation formed pursuant to a Development Area Declaration.

"**Sub-Association Representative**" means a board member of a Sub-Association appointed from time to time by the board of directors of such Sub-Association to act on behalf of the members of the Sub-Association for the purpose of receiving Member notices, attending annual and special meetings of the Members, and voting on any matter to be voted on by the Member who is also the member of the Sub-Association, except for changes to the term of the Covenant as contemplated in *Sections 10.1, 10.2 and 10.3*, it being understood and agreed that any such change must be approved by a vote of the Members, with each Member casting their vote individually.

"**The Station Residential District Reviewer**" means the party holding the rights to approve Improvements within the Development and shall be Declarant or its designee until expiration or termination of the Development Period. Upon expiration or termination of the Development Period, the rights of The Station Residential District Reviewer shall automatically be transferred to the ACC appointed by the Board, as set forth in *Section 6.2*.

TABLE 1: DOCUMENTS	
Covenant (Recorded)	Creates obligations that are binding upon the Association and all present and future owners of Property made subject to the Covenant by the Recording of a Notice of Applicability.
Notice of Applicability (Recorded)	Describes the portion of the Property being made subject to the terms and provisions of the Covenant and any applicable Development Area Declaration.
Development Area Declaration (Recorded)	Includes additional covenants, conditions and restrictions governing portions of the Development which may provide for the creation of a Sub-Association.
Certificate of Formation (Filed with the Secretary of State and Recorded)	Establishes the Association as a non-profit corporation under Texas law.
Community Manual (Recorded)	Includes the Bylaws, Rules and policies governing the Association.
Design Guidelines (if adopted)	If adopted, govern the design and architectural standards for the construction of Improvements and modifications thereto. Neither the Declarant nor The Station Residential District Reviewer shall have any obligation to adopt Design Guidelines.

ARTICLE 2
GENERAL RESTRICTIONS

2.1 General.

2.1.1 Conditions and Restrictions. All Lots and Condominium Units within the Development to which a Notice of Applicability has been Recorded in accordance with *Section 9.5*, shall be owned, held, encumbered, leased, used, occupied and enjoyed subject to the Documents and Applicable Law, including but not limited to the Development Agreement. **NO PORTION OF THE PROPERTY SHALL BE SUBJECT TO THE TERMS AND PROVISIONS OF THIS COVENANT UNTIL A NOTICE OF APPLICABILITY HAS BEEN RECORDED.**

2.1.2 Compliance with the Documents and Applicable Law. Compliance with the Documents is mandatory. However, compliance with the Documents is not a substitute for compliance with Applicable Law. Please be advised that the Documents do not purport to list or describe each requirement, rule, or restriction which may be applicable to a Lot or a Condominium Unit located within the Development. Each Owner is advised to review all encumbrances affecting the use and improvement of their Lot or Condominium Unit, specifically including but not limited to the PID. Furthermore, Owners should not construe an approval by The Station Residential District Reviewer as confirmation that any Improvement complies with the terms and provisions of all encumbrances which may affect the Owner's Lot or Condominium Unit. The Association, each Owner, Occupant or other user of any portion of the Development

must comply with the Documents and Applicable Law, specifically including but not limited to the PID, as supplemented, modified or amended from time to time.

2.2 Incorporation of Development Area Declarations. Upon Recordation of a Development Area Declaration such Development Area Declaration shall, automatically and without the necessity of further act, be incorporated into, and be deemed to constitute a part of this Covenant, to the extent not in conflict with this Covenant, but shall apply only to portions of the Property made subject to the Development Area Declaration upon the Recordation of one or more Notices of Applicability. To the extent of any conflict between the terms and provisions of a Development Area Declaration and this Covenant, the terms and provisions of this Covenant shall apply.

2.3 Conceptual Plans. All master plans, site plans, brochures, illustrations, information and marketing materials related to the Property or the Development (collectively, the "**Conceptual Plans**") are conceptual in nature and are intended to be used for illustrative purposes only. **The land uses and Improvements reflected on the Conceptual Plans are subject to change at any time and from time to time, and it is expressly agreed and understood that land uses within the Property or the Development may include uses which are not shown on the Conceptual Plans.** Neither Declarant nor any Homebuilder or other developer of any portion of the Property or the Development makes any representation or warranty concerning such land uses and Improvements shown on the Conceptual Plans or otherwise planned for the Property or the Development and it is expressly agreed and understood that no Owner will be entitled to rely upon the Conceptual Plans or any statement made by the Declarant or any of Declarant's representatives regarding proposed land uses, or proposed or planned Improvements, in making the decision to purchase any land or Improvements within the Property or the Development. Each Owner who acquires a Lot or Condominium Unit within the Development acknowledges development will extend over many years, and agrees that the Association shall not engage in, or use Association funds to support, protest, challenge, or make any other form of objection to development of the Property or changes in the Conceptual Plans as they may be amended or modified from time to time.

2.4 Cell Tower and Telecommunications Equipment. Telecommunications, cellular, video and digital equipment, including without limitation, broadcast antennae and related equipment, cell towers, cell tower equipment, or other wireless communication antennae and related equipment, cable or satellite television equipment and equipment for high-speed internet access (collectively, the "**CTT Equipment**") may be located on or near the Property and/or the Development or may be constructed on or near the Property and/or the Development. As more particularly described in *Section 8.8* of this Covenant, Declarant has reserved the right, for the benefit of itself and its assigns, to construct, install, use, maintain, repair, replace, improve, remove, and operate CTT Equipment upon all or any portion of the Common Area and/or the Special Common Area. Parties other than the Declarant or its assigns may also have easements for the construction, installation, use, maintenance, repair, replacement, improvement, removal and operation of CTT Equipment.

2.5 Provision of Benefits and Services to Service Area.

(i) Declarant, in a Notice of Applicability Recorded pursuant to *Section 9.5* or in any Recorded notice, may assign Lots and/or Condominium Units to one or more Service Areas (by name or other identifying designation) as it deems appropriate, which Service Areas may be then existing or newly created, and may require that the Association provide benefits or services to such Lots and/or Condominium Units in addition to those which the Association generally provides to the Development. During the Development Period, Declarant may unilaterally amend any Notice of Applicability or any Recorded notice, to re-designate Service Area boundaries. All costs associated with the provision of services or benefits to a Service Area shall be assessed against the Lots and/or Condominium Units within the Service Area as a Service Area Assessment.

(ii) In addition to Service Areas which Declarant may designate, during the Development Period, any group of Owners may petition the Board to designate their Lots and/or Condominium Units as a Service Area for the purpose of receiving from the Association: (i) special benefits or services which are not provided to all Lots and/or Condominium Units; or (ii) a higher level of service than the Association otherwise provides. Upon receipt of a petition signed by Owners of a Majority of the Lots and/or Condominium Units within the proposed Service Area, the Board shall investigate the terms upon which the requested benefits or services might be provided and notify the Owners in the proposed Service Area of such terms and associated expenses, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Lot and/or Condominium Units among all Service Areas receiving the same service). If approved by the Board, the Declarant during the Development Period, and the Owners of at least sixty-seven percent (67%) of the total number of votes held by all Lots and/or Condominium Units within the proposed Service Area, the Association shall provide the requested benefits or services on the terms set forth in the proposal or in a manner otherwise determined by the Board. The cost and administrative charges associated with such benefits or services shall be assessed against the Lots and/or Condominium Units within such Service Area as a Service Area Assessment. After expiration or termination of the Development Period, the Board may discontinue or modify benefits or services provided to a Service Area.

2.6 Designation of Special Common Areas. Until the expiration or termination of the Development Period, Declarant may designate, in a Notice of Applicability, a Development Area Declaration or in any written instrument Recorded by Declarant (which designation will be made in the sole and absolute discretion of Declarant), any interest in real property or improvements which benefits certain Lot(s), Condominium Unit(s) or one or more portion(s) of but less than all of the Development as Special Common Area, for the exclusive use of and/or the

obligation to pay Special Common Area Assessments by the Owners of such Lot(s), Condominium Unit(s) or portion(s) of the Development attributable thereto, and is or will be conveyed to the Association or as to which the Association will be granted rights or obligations, or otherwise held by the Declarant for the benefit of the Association. The Notice of Applicability, Development Area Declaration, or other Recorded written notice designating such Special Common Area will identify the Lot(s), Condominium Unit(s) or portion(s) of the Development assigned to such Special Common Area and further indicate whether the Special Common Area designated therein is for the purpose of the exclusive use and the payment of Special Common Area Assessments by the Owner(s) thereof, or only for the purpose of paying Special Common Area Assessments attributable thereto, but not also for exclusive use. By way of illustration and not limitation, Special Common Area might include such things as private drives and roads, entrance facilities and features, monumentation or signage, walkways or landscaping, which may or may not be exclusively used by the Owners paying the attributable Special Common Area Assessments therefor. All costs associated with maintenance, repair, replacement, and insurance of such Special Common Area will be assessed as a Special Common Area Assessment against the Owners of the Lots and/or Condominium Units to which the Special Common Area is assigned. During the Development Period, Declarant may Record a written instrument converting any previously designated Special Common Area, or any portion thereof, to Common Area.

ARTICLE 3
THE STATION RESIDENTIAL PROPERTY OWNER'S ASSOCIATION, INC.

3.1 Organization. The Association shall be a non-profit corporation created for the purposes, charged with the duties, and vested with the powers of a Texas non-profit corporation. Neither the Certificate nor the Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Covenant. Unless expressly provided in the Documents, the Association acts through a Majority of the Board. Certain acts and activities of the Association and the Board must be approved by the Declarant during the Development Period. If Declarant approval is required, Declarant's approval must be evidenced in writing.

3.2 Membership.

3.2.1 Mandatory Membership. Any person or entity, upon becoming an Owner, shall automatically become a Member of the Association. Membership shall be appurtenant to and shall run with the ownership of the Lot or Condominium Unit that qualifies the Owner thereof for membership, and membership may not be severed from the ownership of the Lot or Condominium Unit, or in any way transferred, pledged, mortgaged or alienated, except together with the title to such Lot or Condominium Unit. Within thirty (30) days after acquiring legal title to a Lot or Condominium Unit, if requested by the Board, an Owner must provide the Association with: (i) a copy of the recorded deed by which the Owner has acquired title to the Lot or Condominium Unit; (ii) the Owner's address, email address, phone number, and driver's license

number, if any; (iii) any Mortgagee's name and address; and (iv) the name, phone number, and email address of any Occupant other than the Owner.

3.2.2 Easement of Enjoyment – Common Area. Every Member shall have a right and easement of enjoyment in and to all of the Common Area and an access easement, if applicable, by and through any Common Area, which easements shall be appurtenant to and shall pass with the title to such Member's Lot or Condominium Unit, subject to the following restrictions and reservations:

(i) The right of the Declarant, or the Declarant's designee, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, the right of the Board, to cause such Improvements and features to be constructed upon the Common Area;

(ii) The right of the Association to suspend the Member's rights to use the Common Area for any period during which any Assessment against such Member's Lot or Condominium Unit remains past due and for any period during which such Member is in violation of any provision of this Covenant;

(iii) The right of the Declarant, during the Development Period, and the Board, with Declarant's advance written consent during the Development Period, to dedicate or transfer all or any part of the Common Area to any Governmental Entity;

(iv) The right of the Declarant, during the Development Period, and the Board, with Declarant's advance written consent during the Development Period, to grant easements or licenses over and across the Common Area and the right to enter into agreements for the maintenance, use and/or sharing of Common Area with other persons and/or entities and the charging of usage fees associated therewith;

(v) The right of the Declarant, during the Development Period, and the Board, with Declarant's advance written consent during the Development Period, to promulgate Rules regarding the use of the Common Area and any Improvements thereon;

(vi) With the advance written approval of the Declarant during the Development Period, the right of the Board to borrow money for the purpose of improving the Common Area and, in furtherance thereof, mortgage the Common Area; and

(vii) The right of the Association to contract for services and benefits with any third parties on such terms as the Board may determine, except that

during the Development Period, all such contracts must be approved in advance and in writing by the Declarant.

3.2.3 Easement of Enjoyment – Special Common Area. Each Owner of a Lot or Condominium Unit which has been assigned use of Special Common Area in a Notice of Applicability, Development Area Declaration, or other Recorded instrument, shall have a right and easement of enjoyment in and to all of such Special Common Area for its intended purposes, and an access easement, if applicable, by and through such Special Common Area, which easement shall be appurtenant to and shall pass with title to such Owner's Lot or Condominium Unit, subject to *Section 3.2.2* and subject to the following restrictions and reservations:

(i) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to cause such Improvements and features to be constructed upon the Special Common Area;

(ii) The right of Declarant during the Development Period to grant additional Lots or Condominium Units use rights in and to Special Common Area in a subsequently Recorded Notice of Applicability, Development Area Declaration, or Recorded instrument;

(iii) The right of the Association to suspend the Member's rights to use the Special Common Area for any period during which any Assessment against such Member's Lot or Condominium Unit remains past due and for any period during which such Member is in violation of any provision of this Covenant;

(iv) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to grant easements or licenses over and across the Special Common Area and the right to enter into agreements for the maintenance, use and/or sharing of Special Common Area with other person's and/or entities and the charging of usage fees associated therewith;

(v) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to dedicate or transfer all or any part of the Special Common Area to any Governmental Entity;

(vi) With the advance written approval of the Declarant during the Development Period, the right of the Board to borrow money for the purpose of improving the Special Common Area and, in furtherance thereof, mortgage the Special Common Area;

(vii) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to promulgate Rules regarding the use of the Special Common Area and any Improvements thereon; and

(viii) The right of the Association to contract for services with any third parties on such terms as the Board may determine, except that during the Development Period, all such contracts must be approved in advance and in writing by the Declarant.

3.3 **Governance**. As more specifically described in the Bylaws, the Board will consist of at least three (3) individuals elected at the annual meeting of the Association, or at a special meeting called for such purpose. **Notwithstanding the foregoing provision or any provision in this Covenant to the contrary, until the 10th anniversary of the date this Covenant is Recorded, Declarant shall have the sole right to appoint and remove all members of the Board. No later than the 10th anniversary of the date this Covenant is Recorded, or sooner as determined by Declarant, the Board shall hold a meeting of the Members of the Association for the purpose of electing one-third of the Board (the "Initial Member Election Meeting"). At such meeting, the Board member(s) may only be elected by Owners other than the Declarant. Declarant shall continue to have the sole right to appoint and remove two-thirds of the Board from and after the Initial Member Election Meeting until expiration or termination of the Development Period.**

3.4 **Voting Allocation**. The number of votes which may be cast to elect members to the Board (except as provided by *Section 3.3*), and on all other matters the Members may vote on shall be calculated as set forth below.

3.4.1 Lot. Each Owner of a Lot or Condominium Unit shall be allocated one (1) vote for each Lot or Condominium Unit so owned. In the event of the re-subdivision of any Lot or Condominium Unit into two or more Lots or Condominium Units, as applicable: (i) the number of votes to which such Lot or Condominium Unit is entitled shall be increased as necessary to retain the ratio of one (1) vote for each Lot or Condominium Unit resulting from such re-subdivision, *e. g.* , each Lot or Condominium Unit resulting from the re-subdivision shall be entitled to one (1) vote; and (ii) each Lot or Condominium Unit resulting from the re-subdivision shall be allocated one (1) Assessment Unit. In the event of the consolidation of two (2) or more Lots or Condominium Units for purposes of construction of a single residence thereon, the voting rights and Assessments will continue to be determined according to the number of original Lots or Condominium Units contained in such consolidated Lot or Condominium Unit. Nothing in this Covenant shall be construed as authorization for any re-subdivision or consolidation of Lots or Condominium Units, such actions being subject to the conditions and restrictions of The Station Residential District Reviewer.

3.4.2 Declarant. In addition to the votes to which Declarant is entitled by reason of *Section 3.4.1*, for every one (1) vote outstanding in favor of any other person or entity, Declarant shall have four (4) additional votes until the expiration or termination of the Development Period. Declarant may cast votes allocated to the Declarant pursuant to this *Section 3.4.2* and shall be considered a Member for the purpose of casting such votes, and need not own any portion of the Development as a pre-condition to exercising such votes.

3.4.3 Co-Owners. If there is more than one Owner of a Lot or Condominium Unit, the vote for such Lot or Condominium Unit shall be exercised as the co-Owners holding a Majority of the ownership interest in the Lot or Condominium Unit determine among themselves and advise the Secretary of the Association in writing prior to the close of balloting. Any co-Owner may cast the vote for the Lot or Condominium Unit, and Majority agreement shall be conclusively presumed unless another co-Owner of the Lot or Condominium Unit protests promptly to the President or other person presiding over the meeting or the balloting, in the case of a vote taken outside of a meeting. In the absence of a Majority agreement, and if the vote is cast differently by co-Owners on a matter, the voting interest will be split proportionately between each co-Owner, e. g. , if there are two co-Owners of a Lot which has been allocated one vote, each co-Owner will be allocated one-half (1/2) vote. If there are more than two co-Owners and the vote is not evenly split between co-Owners, the vote of a Majority of the co-Owners will prevail for purpose of the matter to which the vote applies. In no event shall the vote for such Lot or Condominium Unit exceed the total votes to which such Lot or Condominium Unit is otherwise entitled pursuant to *Section 3.4.1* and *Section 3.4.2*.

3.5 Powers. The Association shall have the powers of a Texas nonprofit corporation. It shall further have the power to do and perform any and all acts that may be necessary or proper, for or incidental to, the exercise of any of the express powers granted to it under Applicable Law or this Covenant. Without in any way limiting the generality of the two preceding sentences, the Board, acting on behalf of the Association, shall have the following powers at all times:

3.5.1 Rules. To make, establish and promulgate, and in its discretion to amend from time to time, or repeal and re-enact, Rules, policies, the Bylaws and the Community Manual, as applicable, which are not in conflict with this Covenant, as the Board deems proper, covering any and all aspects of the Development (including the operation, maintenance and preservation thereof) or the Association. During the Development Period, the Declarant must approve Rules or policies the Board proposes, as well as the Bylaws and the Community Manual, and any modifications thereto.

3.5.2 Insurance. To obtain and maintain in effect, policies of insurance that, in the opinion of the Board, are reasonably necessary or appropriate to carry out the Association's functions.

3.5.3 Records. To keep books and records of the Association's affairs, and to make such books and records, together with current copies of the Documents available for

inspection by the Owners, Mortgagees, and insurers or guarantors of any Mortgage upon request during normal business hours in accordance with Applicable Law.

3.5.4 Assessments. To levy and collect Assessments and to determine Assessment Units, as provided in *Article 5* below.

3.5.5 Right of Entry and Enforcement. To enter at any time without notice in an emergency (or in the case of a non-emergency, after twenty-four (24) hours written notice), without being liable to any Owner, upon any Lot and into any Improvement thereon or into any Condominium Unit for the purpose of enforcing the Documents or for the purpose of maintaining or repairing any area, Improvement or other facility or removing any item to conform to the Documents. The expense the Association incurs in connection with the entry upon any Lot or into any Condominium Unit and the removal or maintenance and repair work conducted therefrom, thereon or therein shall be a personal obligation of the Owner of the Lot or the Condominium Unit so entered, shall be deemed an Individual Assessment against such Lot or Condominium Unit, shall be secured by a lien upon such Lot or Condominium Unit, and shall be enforced in the same manner and to the same extent as provided in *Article 5* hereof for Assessments. The Association shall have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Documents. The Association is also authorized to settle claims, enforce liens, and take all such action as it may deem necessary or expedient to enforce the Documents; provided, however, that the Board shall never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, or its successors or assigns. The Association may not enter into, alter or demolish any Improvements on any Lot, or any Condominium Unit, other than Common Area or Special Common Area, in enforcing this Covenant before the Association obtains either (i) a judicial order authorizing such action, or (ii) the written consent of the Owner(s) of the affected Lot(s) or Condominium Unit(s). **EACH OWNER AND OCCUPANT HEREBY RELEASES AND HOLDS HARMLESS THE ASSOCIATION, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION (INCLUDING ANY COST, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT TO THE EXTENT SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.**

3.5.6 Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association.

3.5.7 Conveyances. To grant and convey to any person or entity the real property and/or other interest, including fee title, leasehold estates, easements, rights-of-way or mortgages, out of, in, on, over, or under any Common Area or Special Common Area. During the Development Period, the Declarant must approve any grant or conveyance under this *Section 3.5.7*. In addition, the Association (with the advance written approval of the Declarant during the Development Period) and the Declarant are each expressly authorized and permitted to convey easements over and across Common Area or Special Common Area for the benefit of property not otherwise subject to the terms and provisions of this Covenant.

3.5.8 Manager. To retain and pay for the services of a person or firm (the "**Manager**"), which may include Declarant or any affiliate of Declarant, to manage and operate the Association, including Common Area, Special Common Area, and/or any Service Area, to the extent deemed advisable by the Board. Additional personnel may be employed directly by the Association or may be furnished by the Manager. To the extent permitted by Applicable Law, the Board may delegate any other duties, powers and functions to the Manager. In addition, the Board may adopt transfer fees, resale certificate fees or any other fees associated with the provision of management services to the Association or its Members. **THE MEMBERS HEREBY RELEASE THE ASSOCIATION AND THE MEMBERS OF THE BOARD FROM LIABILITY FOR ANY OMISSION OR IMPROPER EXERCISE BY THE MANAGER OF ANY SUCH DUTY, POWER OR FUNCTION SO DELEGATED.**

3.5.9 Property Services. To pay for water, sewer, garbage removal, street lights, landscaping, and all other utilities, services, repair and maintenance, including but not limited to private or public recreational facilities, easements, roads, roadways, rights-of-ways, signs, parks, parkways, median strips, sidewalks, paths, trails, ponds, canals, streams and lakes.

3.5.10 Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments that the Association or the Board is required or permitted to secure or to pay for pursuant to Applicable Law or under the terms of the Documents or as determined by the Board.

3.5.11 Construction on Common Area and Special Common Area. To construct new Improvements or additions to Common Area and Special Common Area, subject to the approval of the Declarant during the Development Period.

3.5.12 Contracts. To enter into Bulk Rate Contracts or other contracts or licenses with Declarant or any third party on such terms and provisions as the Board shall determine, to operate and maintain the Development, any Common Area, Special Common Area, Improvement, or other property, or to provide any service, including but not limited to cable, utility, or telecommunication services, or perform any function on behalf of Declarant, the Board, the Association, or the Members. During the Development Period, the Declarant must approve all Bulk Rate Contracts.

3.5.13 Property Ownership. To acquire, own and dispose of all manner of real and personal property, whether by grant, lease, easement, gift or otherwise. During the Development Period, the Declarant must approve all acquisitions and dispositions of the Association hereunder.

3.5.14 Authority with Respect to the Documents. To do any act, thing or deed that is necessary or desirable, in the judgment of the Board, to implement, administer or enforce any of the Documents. Any decision by the Board to delay or defer the exercise of the power and authority granted under this *Section 3.5.14* shall not subsequently in any way limit, impair or affect ability of the Board to exercise such power and authority.

3.5.15 Membership Privileges. To establish Rules governing and limiting the use of the Common Area, Special Common Area, and any Improvements thereon as well as the use, maintenance, and enjoyment of the Lots and Condominium Units. During the Development Period, the Declarant must approve all Rules governing and limiting the use of the Common Area, Special Common Area, Service Area and any Improvements thereon.

3.6 Conveyance of Common Area and Special Common Area to the Association. The Association may acquire, hold, and dispose of any interest in tangible and intangible personal property and real property. Declarant and its assignees reserve the right, from time to time and at any time, to designate, convey, assign or transfer by written and Recorded instrument property being held by the Declarant or a third party for the benefit of the Association, in the sole and absolute discretion of the Declarant. Upon the Recording of a designation, the portion of the property identified therein will be considered Common Area or Special Common Area, as applicable, for the purpose of this Covenant and the Association shall have an easement over and across the Common Area or Special Common Area necessary or required to discharge the Association's obligations under this Covenant, subject to any terms and limitations to such easement set forth in the designation. Declarant and its assignees may also assign, transfer or convey to the Association interests in real or personal property within or for the benefit of the Development, for the Development and the general public, or otherwise, as determined in the sole and absolute discretion of the Declarant. All or any real or personal property assigned, transferred and/or conveyed by the Declarant to the Association shall be deemed accepted by the Association upon Recordation, and without further action by the Association, and shall be considered Common Area or Special Common Area without regard to whether such real or personal property is designated by the Declarant as Common Area or Special Common Area. If requested by the Declarant, the Association will execute a written instrument, in a form requested by the Declarant, evidencing acceptance of such real or personal property; provided, however, execution of a written consent by the Association shall in no event be a precondition to acceptance by the Association. The assignment, transfer, and/or conveyance of real or personal property to the Association may be by deed without warranty, may reserve easements in favor of the Declarant or a third party designated by Declarant over and across such property, and may include such other provisions, including restrictions on use, determined by the Declarant, in the Declarant's sole and absolute discretion. Property assigned, transferred, and/or conveyed to the

Association may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests. Upon Declarant's written request, the Association will re-convey to Declarant any unimproved real property that Declarant originally conveyed to the Association for no payment. Declarant and/or its assignees may construct and maintain upon portions of the Common Area and/or the Special Common Area such facilities and may conduct such activities which, in Declarant's sole opinion, may be required, convenient, or incidental to the construction or sale of Improvements in the Development, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and its assignees shall have an easement over and across the Common Area and the Special Common Area for access and shall have the right to use such facilities and to conduct such activities at no charge.

3.7 Indemnification. To the fullest extent permitted by Applicable Law but without duplication of (and subject to) any rights or benefits arising under the Certificate or Bylaws of the Association, the Association shall indemnify any person who was, or is, a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is, or was, a director, officer, committee member, employee, servant or agent of the Association against expenses, including attorneys' fees, reasonably incurred by him or her in connection with such action, suit or proceeding if it is found and determined by the Board or a court of competent jurisdiction that such person: (a) acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Association; or (b) with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by settlement, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which was reasonably believed to be in, or not opposed to, the best interests of the Association or, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

3.8 Insurance. The Board may purchase and maintain, at the expense of the Association, insurance on behalf of any person who is acting as a director, officer, committee member, employee, servant or agent of the Association against any liability asserted against such person or incurred by such person in their capacity as an director, officer, committee member, employee, servant or agent of the Association, or arising out of the person's status as such, whether or not the Association would have the power to indemnify the person against such liability or otherwise.

3.9 Bulk Rate Contracts.

3.9.1 Without limitation on the generality of the Association powers set out in *Section 3.5*, the Association shall have the power to enter into Bulk Rate Contracts at any time and from time to time. The Association may enter into Bulk Rate Contracts with any service providers the Board chooses (including Declarant, and/or any entities in which Declarant, or the owners or

partners of Declarant are the owners or participants, directly or indirectly). The Bulk Rate Contracts may be entered into on such terms and provisions as the Board may determine in its sole and absolute discretion. Notwithstanding the foregoing, during the Development Period, the Declarant must approve all Bulk Rate Contracts.

3.9.2 The Association may, at its option and election add the charges payable by such Owner under such Bulk Rate Contract to the Assessments (Regular, Special, Service Area, Special Common Area, or Individual, as the case may be) against such Owner's Lot or Condominium Unit. In this regard, it is agreed and understood that, if any Owner fails to pay any charges due by such Owner under the terms of any Bulk Rate Contract, then the Association shall be entitled to collect such charges by exercising the same rights and remedies it would be entitled to exercise under this Covenant with respect to the failure by such Owner to pay Assessments, including without limitation the right to foreclose the lien against such Owner's Lot or Condominium Unit which is reserved under the terms and provisions of this Covenant. In addition, in the event of nonpayment by any Owner of any charges due under any Bulk Rate Contract and after the lapse of at least twelve (12) days since such charges were due, the Association may, upon five (5) days' prior written notice to such Owner (which may run concurrently with such 12-day period), in addition to all other rights and remedies available at law, equity or otherwise, terminate, in such manner as the Board deems appropriate, any utility service or other service provided at the cost of the Association and not paid for by such Owner (or Occupant of such Owner's Lot or Condominium Unit) directly to the applicable service or utility provider. Such notice shall consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of termination, with the title "termination notice" or similar language prominently displayed on the notice. The notice shall include the office or street address where the Owner (or Occupant of such Owner's Lot or Condominium Unit) can make arrangements for payment of the bill and for re-connection or re-institution of service. No utility or cable television service shall be disconnected on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services.

3.10 Community Services and Systems. The Declarant, or a designee of the Declarant, is specifically authorized, but not required, to install, provide, maintain or furnish, or to enter into contracts with other persons to install, provide, maintain or furnish, central telecommunication receiving and distribution systems (*e. g.* cable television, high speed data/Internet/intranet services, and security monitoring) and utility services (*e. g.* , electricity, solar, gas, water), and related components, including associated infrastructure, equipment, hardware, and software to serve all or any portion of the Development ("**Community Services and Systems**"). The Community Services and Systems may be located on Common Area or Special Common Area, and on or in any Improvements constructed upon the Common Area or Special Common Area, and an easement is herein reserved in favor or Declarant or its designee for the purpose of installing, operating, managing, maintaining, upgrading and modifying the Community Services and Systems. In the event the Declarant, or a designee of the Declarant, elects to provide any of the Community Services and Systems to all or any portion of the Development, the Declarant or designee of the Declarant, may enter into an agreement with the Association with respect to such

services. In the event Declarant, or any designee of the Declarant, enters into a contract with a third party for the provision of any Community Services and Systems to serve all or any portion of the Development, the Declarant or the designee of the Declarant may assign any or all of the rights or obligations of the Declarant or the designee of the Declarant under the contract to the Association or any individual or entity. Any such contracts may provide for installation, operation, management, maintenance, and upgrades or modifications to the Community Services and Systems as the Declarant or its designee determines appropriate. **Each Owner acknowledges that interruptions in Community Services and Systems will occur from time to time. The Declarant and the Association, or any of their respective affiliates, directors, officers, employees and agents, or any of their successors or assigns shall not be liable for, and no Community Services and Systems user shall be entitled to refund, rebate, discount, or offset in applicable fees for, any interruption in Community Services and Systems and services, regardless of whether or not such interruption is caused by reasons within the service provider's control.**

3.11 Protection of Declarant's Interests. Despite any assumption of control of the Board by Owners other than Declarant, until the expiration or termination of the Development Period, the Board is prohibited from taking any action which would discriminate against Declarant, or which would be detrimental to the sale of Lots, Condominium Units or any portion of the Property owned by Declarant. Declarant shall be entitled to determine, in its sole and absolute discretion, whether any such action discriminates or is detrimental to Declarant. Unless the Declarant agrees otherwise in advance and in writing, the Board shall be required to continue the same level and quality of maintenance, operations and services as that provided immediately prior to assumption of control of the Board by Owners other than Declarant until the expiration or termination of the Development Period.

3.12 Administration of Common Area. The administration of the Common Area, Special Common Area and Service Area by the Association shall be in accordance with the provisions of Applicable Law and the Documents, and of any other agreements, documents, amendments or supplements to the foregoing which may be duly adopted or subsequently required by any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans (including, for example, the Federal Home Loan Mortgage Corporation) designated by Declarant or by any Governmental Entity having regulatory jurisdiction over the Common Area, Special Common Area or Service Area or by any title insurance company selected by Declarant to insure title to any portion of such areas.

3.13 Right of Action by Association. The Association shall not have the power to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings: (i) in the name of or on behalf of any Owner (whether one or more); or (ii) pertaining to a Claim, as such term is defined in *Section 11.1.1* below, relating to the design or construction of Improvements on a Lot or Condominium Unit (whether one or more). This *Section 3.13* may not be amended or modified without the written and acknowledged consent of the Declarant and

Members entitled to cast at least one hundred percent (100%) of the total number of votes of the Association, which must be part of a Recorded amendment instrument.

ARTICLE 4
INSURANCE AND RESTORATION

4.1 Insurance. Each Owner shall be required to purchase and maintain commercially standard insurance on the Improvements located upon such Owner's Lot or Condominium Unit. The Association shall not maintain insurance on the Improvements constructed upon any Lot or Condominium Unit. The Association may, however, obtain such other insurance as it may deem necessary, including but not limited to such policies of liability and property damage insurance as the Board, in its discretion, may deem necessary. Insurance premiums for such policies shall be a common expense the Association will include in the Assessments levied. The acquisition of insurance by the Association shall be without prejudice to the right and obligation of any Owner to obtain additional individual insurance.

ARE YOU COVERED?

The Association will not provide insurance which covers an Owner's Lot, a Condominium Unit, or any Improvements or personal property located on a Lot or within a Condominium Unit.

4.2 Restoration Requirements. In the event of any fire or other casualty, unless otherwise approved by The Station Residential District Reviewer, the Owner shall: (i) promptly repair, restore and replace any damaged or destroyed structures to their same exterior condition existing prior to the damage or destruction thereof or (ii) in the case of substantial or total damage or destruction of any Improvement, remove all such damaged Improvements and debris from the Development within sixty (60) days after the occurrence of such damage. Such repair, restoration or replacement shall be commenced and completed in a good and workmanlike manner using exterior materials substantially similar to those originally used in the structures damaged or destroyed. To the extent that the Owner fails to commence such repair, restoration or replacement of substantial or total damage or destruction within one hundred and twenty (120) days after the occurrence of such damage or destruction, and thereafter prosecute the same to completion, or if the Owner does not clean up any debris resulting from any damage within sixty (60) days after the occurrence of such damage, the Association may commence, complete or effect such repair, restoration, replacement, removal, or clean-up, and such Owner shall be personally liable to the Association for the cost of such work; provided, however, that if the Owner is prohibited or delayed under Applicable Law from commencing such repair, restoration, replacement or clean-up, the rights of the Association under this provision shall not arise until the expiration of thirty (30) days after such prohibition or delay is removed. If the Owner fails to pay such cost upon demand by the Association, the cost thereof (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, than at the rate of one and one-half percent (1½%) per month) shall be added to the Assessment chargeable to the Owner's Lot. Any such amounts added to the Assessments chargeable against

a Lot or Condominium Unit shall be secured by the liens reserved in this Covenant for Assessments and may be collected by any means provided in this Covenant for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot or Condominium Unit. **EACH OWNER, BY ACCEPTING TITLE TO ALL OR ANY PORTION OF THE DEVELOPMENT, HEREBY RELEASES AND HOLDS HARMLESS THE ASSOCIATION AND ITS OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION, EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR COST OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" AS USED HEREIN DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.**

4.3 **Restoration - Mechanic's and Materialmen's Lien**. Each Owner whose structure the Association repairs, restores, replaces or cleans up pursuant to the rights granted under this Article, hereby grants to the Association an express mechanic's and materialmen's lien for the reasonable cost of such repair, restoration, replacement or clean-up of the damaged or destroyed Improvement to the extent that the cost of such repair, restoration, replacement, or clean-up exceeds any insurance proceeds allocable to such repair, restoration, replacement, or clean-up which are delivered to the Association. Upon request by the Board, and before the commencement of any reconstruction, repair, restoration, replacement, or clean-up such Owner shall execute all documents sufficient to effectuate such mechanic's and materialmen's lien in favor of the Association.

ARTICLE 5
COVENANT FOR ASSESSMENTS

5.1 Assessments.

5.1.1 Established by Board. The Board shall levy Assessments pursuant to the provisions of this Article against each Lot and Condominium Unit in such amounts as the Board shall determine pursuant to *Section 5.9*. The Board shall determine the total amount of Assessments in accordance with the terms of this Article.

5.1.2 Personal Obligation; Lien. Each Assessment, together with such interest thereon and costs of collection as hereinafter provided, shall be the personal obligation of the Owner of the Lot or Condominium Unit against which the Assessment is levied and shall be secured by a lien hereby granted and conveyed by Declarant to the Association against each such Lot and all Improvements thereon and each such Condominium Unit (such lien, with respect to any Lot or Condominium Unit not in existence on the date hereof, shall be deemed granted and conveyed at the time that such Lot or Condominium Unit is created). The Association may

enforce payment of such Assessments in accordance with the provisions of this Article. Unless the Association elects otherwise (which election may be made at any time), each residential condominium association established by a condominium regime imposed upon all or a portion of the Development Area shall collect all Assessments levied pursuant to this Covenant from Condominium Unit Owners within such condominium regime. The condominium association shall promptly remit all Assessments collected from Condominium Unit Owners to the Association. If the condominium association fails to timely collect any portion of the Assessments due from the Owner of the Condominium Unit, then the Association may collect such Assessments allocated to the Condominium Unit on its own behalf and enforce its lien against the Condominium Unit without joinder of the condominium association. The condominium association's right to collect Assessments on behalf of the Association is a license from the Association which may be revoked by written instrument at any time, and from time to time, at the sole and absolute discretion of the Board.

5.1.3 Declarant Subsidy. Declarant may, but is not obligated to, reduce Assessments which would otherwise be levied against Lots and Condominium Units for any fiscal year by the payment of a subsidy to the Association. Any subsidy the Declarant pays to the Association shall be treated as a loan to the Association, which loan shall bear interest at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one half percent (1½%) per month. The payment of a subsidy in any given year shall not obligate Declarant to continue payment of a subsidy to the Association in future years.

5.2 Maintenance Fund. The Board shall establish a maintenance fund into which shall be deposited all monies paid to the Association and from which disbursements shall be made in performing the functions of the Association under this Covenant. The funds of the Association may be used for any purpose authorized under the Documents and Applicable Law.

5.3 Regular Assessments. Prior to the beginning of each fiscal year, the Board will prepare a budget for the purpose of determining amounts sufficient to pay the estimated net expenses of the Association ("**Regular Assessments**") which sets forth: (a) an estimate of expenses the Association will incur during such year in performing its functions and exercising its powers under this Covenant, including, but not limited to, the cost of all management, repair and maintenance, the cost of providing street and other lighting, the cost of administering and enforcing the Documents; and (b) an estimate of the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, but excluding (c) the operation, maintenance, repair and management costs and expenses associated with any Service Area and Special Common Area. Regular Assessments sufficient to pay such estimated expenses will then be levied at the level set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding. If the sums collected prove inadequate for any reason, including nonpayment of any Assessment by an Owner, the Association may at any time, and from time to time, levy further Regular Assessments in the same manner. All such Regular Assessments will be due and payable to the Association at the beginning of the fiscal year or in such other manner as the Board may designate in its sole and absolute discretion.

5.4 Special Assessments. In addition to the Regular Assessments provided for above, the Board may levy special assessments (the "**Special Assessments**") whenever in the Board's opinion such Special Assessments are necessary to enable the Board to carry out the functions of the Association under the Documents. The amount of any Special Assessments will be at the sole discretion of the Board. In addition to the Special Assessments authorized above, the Association may, in any fiscal year, levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or Special Common Area. Any Special Assessment the Association levies for the purpose of defraying, in whole or in part, costs of any construction, reconstruction, repair or replacement of capital improvement upon the Common Area will be levied against all Owners based on Assessment Units. Any Special Assessments the Association levies for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any Special Common Area will be levied against all Owners who have been assigned the obligation to pay Special Common Area Assessments based on Assessment Units. All Special Assessments will be due and payable to the Association at the beginning of the fiscal year or in such other manner as the Board may designate in its sole and absolute discretion.

5.5 Special Common Area Assessments. Prior to the beginning of each fiscal year, the Board will prepare a separate budget covering the estimated expenses to be incurred by the Association to operate, maintain, repair, or manage any Special Common Area. The budget will be an estimate of the amount needed to operate, maintain, repair and manage such Special Common Area including a reasonable provision for contingencies and an appropriate replacement reserve. The level of Special Common Area Assessments will be set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding. If the sums collected prove inadequate for any reason, including non-payment of any Assessment by an Owner, the Association may at any time, and from time to time, levy further Special Common Area Assessments in the same manner as aforesaid. All such Special Common Area Assessments will be due and payable to the Association at the beginning of the fiscal year or in such other manner as the Board may designate in its sole and absolute discretion.

5.6 Service Area Assessments. Prior to the beginning of each fiscal year, the Board will prepare a separate budget for each Service Area reflecting the estimated Service Area Expenses to be incurred by the Association in the coming year. The total amount of Service Area Assessments will be allocated (a) equally among Lots or Condominium Units within the Service Area, (b) based on Assessment Units assigned to Lots or Condominium Units within the Service Area, or (c) based on the benefit received among all Lots and Condominium Units in the Service Area. All amounts that the Association collects as Service Area Assessments will be expended solely for the benefit of the Service Area for which they were collected and will be accounted for separately from the Association's general funds.

5.7 Individual Assessments. In addition to any other Assessments, the Board may levy an individual assessment (the **"Individual Assessment"**) against an Owner and the Owner's

Lot or Condominium Unit, which may include, but is not limited to: (i) interest, late charges, and collection costs on delinquent Assessments; (ii) reimbursement for costs incurred in bringing an Owner or the Owner's Lot or Condominium Unit into compliance with the Documents; (iii) fines for violations of the Documents; (iv) transfer-related fees and resale certificate fees; (v) fees for estoppel letters and project documents; (vi) insurance deductibles; (vii) reimbursement for damage or waste caused by willful or negligent acts of the Owner, the Owner's guests, invitees or Occupants of the Owner's Lot or Condominium Unit; (viii) common expenses that benefit fewer than all of the Lots or Condominium Units, which may be assessed according to benefit received; (ix) fees or charges levied against the Association on a per-Lot or per-Condominium Unit basis; and (x) "pass through" expenses for services to Lots or Condominium Units provided through the Association and which are paid by each Lot or Condominium Unit according to benefit received.

5.8 Working Capital Assessment. Each Owner (other than Declarant) will pay a one-time working capital assessment (the "**Working Capital Assessment**") to the Association in such amount, if any, as may be determined by the Declarant, until expiration or termination of the Development Period, and the Board thereafter. The Working Capital Assessment hereunder will be due and payable to the Association by the transferee immediately upon each transfer of title to the Lot or Condominium Unit, including upon transfer of title from one Owner of such Lot or Condominium Unit to any subsequent purchaser or transferee thereof. Such Working Capital Assessment need not be uniform among all Lots or Condominium Units, and the Declarant or the Board, as applicable, is expressly authorized to establish Working Capital Assessments of varying amounts depending on the size, use and general character of the Lots or Condominium Units. The Working Capital Assessment may be used to discharge operating expenses or capital expenses, as determined from time to time by the Board. The levy of any Working Capital Assessment will be effective only upon the Recordation of a written notice, signed by the Declarant or a duly authorized officer of the Association, setting forth the amount of the Working Capital Assessment and the Lots or Condominium Units to which it applies.

Notwithstanding the foregoing provision, the following transfers will not be subject to the Working Capital Assessment: (a) foreclosure of a deed of trust lien, tax lien, or the Association's Assessment lien; (b) transfer to, from, or by the Association; (c) voluntary transfer by an Owner to one or more co-owners, or to the Owner's spouse, child, or parent. In the event of any dispute regarding the application of the Working Capital Assessment to a particular Owner, Declarant, until expiration or termination of the Development Period, will determine application of an exemption in its sole and absolute discretion. The Working Capital Assessment will be in addition to, not in lieu of, any other Assessments levied in accordance with this *Article 5* and will not be considered an advance payment of such Assessments. The Declarant during the Development Period, and thereafter the Board, will have the power to waive the payment of any Working Capital Assessment attributable to a Lot or Condominium Unit (or all Lots and Condominium Units) by the Recordation of a waiver notice or in the Notice of Applicability, which waiver may be temporary or permanent.

5.9 Amount of Assessment.

5.9.1 Assessments to be Levied. The Board shall levy Assessments against each Assessment Unit (defined in *Section 5.9.2*). Unless otherwise provided in this Covenant, Assessments levied pursuant to *Section 5.3* and *Section 5.4* shall be levied uniformly against each Assessment Unit. Special Common Area Assessments levied pursuant to *Section 5.5* shall be levied uniformly against each Assessment Unit allocated to a Lot or Condominium Unit that has been assigned the obligation to pay Special Common Area Assessments for specified a Special Common Area. Service Area Assessments levied pursuant to *Section 5.6* shall be levied (i) equally, (ii) based on Assessment Units allocated to the Lots and/or Condominium Units within the Service Area, or (iii) based on the benefit received among all Lots and Condominium Units in the benefited Service Area that has been included in the Service Area to which such Service Area Assessment relates.

5.9.2 Assessment Unit. Each Lot or Condominium Unit shall constitute one "**Assessment Unit**".

5.9.3 Declarant Exemption. Notwithstanding anything in this Covenant to the contrary, no Assessments shall be levied upon Lots or Condominium Units owned by Declarant.

5.9.4 Other Exemptions. Declarant may, in its sole discretion, elect to: (i) exempt any un-platted or unimproved portion of the Development, Lot or Condominium Unit from Assessments; (ii) delay the levy of Assessments against any un-platted, unimproved or improved portion of the Development, Lot or Condominium Unit; or (iii) reduce the levy of Assessments against any un-platted, unimproved or improved portion of the Development, Lot or Condominium Unit. In the event Declarant elects to delay or reduce Assessments pursuant to this *Section 5.9.4*, the duration of the delay or the amount of the reduction shall be set forth in a Recorded instrument. Declarant may terminate, extend or modify any delay or reduction set forth in a previously Recorded instrument by Recording a replacement instrument. Declarant or the Board may also exempt from Assessments any portion of the Development which is dedicated to and accepted by a Governmental Entity.

5.10 Late Charges. At the Board's election, it may require the Owner responsible for any payment not paid by the applicable due date to pay a late charge in such amount as the Board may determine, and the late charge (and any reasonable handling costs) shall be a charge upon the Lot or Condominium Unit owned by such Owner, collectible in the manner as provided for collection of Assessments, including foreclosure of the lien against such Lot or Condominium Unit; provided, however, such charge shall never exceed the maximum charge permitted under Applicable Law.

5.11 Owner's Personal Obligation for Payment of Assessments. Assessments levied as provided for herein will be the personal and individual debt of the Owner of the Lot or Condominium Unit against which are levied such Assessments. No Owner may exempt himself

from liability for such Assessments. In the event of default in the payment of any such Assessment, the Owner of the Lot or Condominium Unit will be obligated to pay interest on the amount of the Assessment at the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date thereof (or if there is no such highest rate, then at the rate of 1½% per month), together with all costs and expenses of collection, including reasonable attorney's fees.

5.12 Assessment Lien and Foreclosure. The payment of all sums assessed in the manner provided in this Article, together with late charges as provided in *Section 5.10* and interest as provided in *Section 5.11* hereof and all costs of collection, including attorney's fees, as herein provided, are secured by the continuing Assessment lien granted to the Association pursuant to *Section 5.1.2* above, and shall bind each Lot and Condominium Unit in the hands of the Owner thereof, and such Owner's heirs, devisees, personal representatives, successors or assigns. The aforesaid lien shall be superior to all other liens and charges against such Lot or Condominium Unit, except only for (i) tax or governmental assessment liens; (ii) all sums secured by a Recorded first mortgage lien or Recorded first deed of trust lien, to the extent such lien secures sums borrowed for the acquisition or improvement of the Lot or Condominium Unit in question; and (iii) home equity loans or home equity lines of credit which are secured by a second mortgage lien or Recorded second deed of trust lien provided that, in the case of *subparagraph (ii)* above, such Mortgage was Recorded, before the delinquent Assessment was due. The Association shall have the power to subordinate the aforesaid Assessment lien to any other lien. Such power shall be entirely discretionary with the Board, and such subordination may be signed by a Board member or officer of the Association. The Association may, at its option and without prejudice to the priority or enforceability of the Assessment lien granted hereunder, prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot or Condominium Unit covered by such lien and a description of the Lot or Condominium Unit. Such notice may be signed by an authorized officer of the Association and shall be Recorded. Each Owner, by accepting a deed or ownership interest to a Lot or Condominium Unit subject to this Covenant shall be deemed conclusively to have granted a power of sale to the Association to secure and enforce the Assessment lien granted hereunder. The Assessment liens and rights to foreclosure thereof shall be in addition to and not in substitution of any other rights and remedies the Association may have pursuant to Applicable Law and under this Covenant, including the rights of the Association to institute suit against such Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien. In any foreclosure proceeding, such Owner shall be required to pay the costs, expenses and reasonable attorney's fees incurred. The Association shall have the power to bid (in cash or by credit against the amount secured by the lien) on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any Mortgagee, the Association shall report to said Mortgagee any unpaid Assessments remaining unpaid for longer than sixty (60) days after the same are due. The lien hereunder shall not be affected by the sale or transfer of any Lot or Condominium Unit; except, however, that in the event of foreclosure of any lien superior to the Assessment lien, the lien for

any Assessments that were due and payable before the foreclosure sale shall be extinguished, provided that past-due Assessments shall be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the indebtedness secured by the Mortgage. The provisions of the preceding sentence shall not, however, relieve any subsequent Owner (including any Mortgagee or other purchaser at a foreclosure sale) from paying Assessments becoming due and payable after the foreclosure sale. Upon payment of all sums secured by a lien of the type described in this *Section 5.12*, the Association shall upon the request of the Owner, and at such Owner's cost, execute an instrument releasing the lien relating to any lien for which written notice has been Recorded as provided above, except in circumstances in which the Association has already foreclosed such lien. Such release must be signed by an authorized officer of the Association and Recorded. In addition to the lien hereby retained, in the event of nonpayment by any Owner of any Assessment and after the lapse of at least twelve (12) days since such payment was due, the Association may, upon five (5) days' prior written notice (which may run concurrently with such 12-day period) to such Owner, in addition to all other rights and remedies available pursuant to Applicable Law, equity or otherwise, terminate, in such manner as the Board deems appropriate, any utility or cable services, provided through the Association and not paid for directly by an Owner or occupant to the utility or service provider. Such notice shall consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of disconnection, with the title "termination notice" or similar language prominently displayed on the notice. The notice shall include the office or street address where the Owner or the Owner's tenant can make arrangements for payment of the bill and for reconnection of service. Any utility or cable service shall not be disconnected or terminated on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services. Except as otherwise provided by Applicable Law, the sale or transfer of a Lot or Condominium Unit shall not relieve the Owner of such Lot or Condominium Unit or such Owner's transferee from liability for any Assessments thereafter becoming due or from the lien associated therewith. If an Owner conveys its Lot or Condominium Unit and on the date of such conveyance Assessments against the Lot or Condominium Unit remain unpaid, or said Owner owes other sums or fees under this Covenant to the Association, the Owner shall pay such amounts to the Association out of the sales price of the Lot or Condominium Unit, and such sums shall be paid in preference to any other charges against the Lot or Condominium Unit other than liens superior to the Assessment liens and charges in favor of the State of Texas or a political subdivision thereof for taxes on the Lot or Condominium Unit which are due and unpaid. The Owner conveying such Lot or Condominium Unit shall remain personally liable for all such sums until the same are fully paid, regardless of whether the transferee of the Lot or Condominium Unit also assumes the obligation to pay such amounts. The Board may adopt an administrative transfer fee to cover the administrative expenses associated with updating the Association's records upon the transfer of a Lot or Condominium Unit to a third party.

5.13 Exempt Property. The following area within the Development shall be exempt from the Assessments provided for in this Article:

(i) All area dedicated to and accepted by a Governmental Entity;

(ii) The Common Area and the Special Common Area; and

(iii) Any portion of the Property or Development owned by Declarant.

No portion of the Property shall be subject to the terms and provisions of this Covenant, and no portion of the Property (nor any owner thereof) shall be obligated to pay Assessments hereunder unless and until such Property has been made subject to the terms of this Covenant by the Recording of a Notice of Applicability in accordance with *Section 9.5*.

5.14 Fines and Damages Assessment.

5.14.1 Board Assessment. The Board may assess fines against an Owner for violations of the Documents committed by such Owner, an Occupant or an Owner's or Occupant's guests, agents or invitees pursuant to the *Fine and Enforcement Policy* contained in the Community Manual. Any fine and/or charge for damage levied in accordance with this *Section 5.14* shall be considered an Individual Assessment pursuant to this Covenant. Each day of violation may be considered a separate violation if the violation continues after written notice to the Owner. The Board may assess damage charges against an Owner for pecuniary loss to the Association from property damage or destruction of Common Area, Special Common Area, Service Area or any Improvements caused by the Owner, the Occupant or their guests, agents, or invitees. The Manager shall have authority to send notices to alleged violators, informing them of their violations and asking them to comply with the Documents and/or informing them of potential or probable fines or damage assessments. The Board may from time to time adopt a schedule of fines.

5.14.2 Lien Created. The payment of each fine and/or damage charge levied by the Board against the Owner of a Lot or Condominium Unit is, together with interest as provided in *Section 5.11* hereof and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Association pursuant to *Section 5.1.2* of this Covenant. The fine and/or damage charge shall be considered an Assessment for the purpose of this Article and shall be enforced in accordance with the terms and provisions governing the enforcement of Assessments pursuant to this Article.

5.15 Collection of Assessments by Sub-Association. Unless the Board elects otherwise (which election may be made at any time on fifteen (15) days advance written notice), each Sub-Association will collect from each Owner under the jurisdiction of such Sub-Association such Owner's share of Regular Assessments, Special Assessments and Individual Assessments levied hereunder. Each Sub-Association will promptly remit to the Association any and all amounts collected by such Sub-Association associated with such Assessments. If a Sub-Association fails to timely collect any portion of the Assessments due from the Owner under the jurisdiction of the Sub-Association, then after the Association has provided fifteen (15) days' advance written notice to the Sub-Association, the Association may collect Assessments allocated

to the Owner under the jurisdiction of the Sub-Association and enforce its lien against such Owner without the joinder of the Sub-Association.

ARTICLE 6
THE STATION RESIDENTIAL DISTRICT REVIEWER

6.1 Architectural Control by Declarant. During the Development Period, none of the Association, the Board, or any committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of any Improvements. Until expiration of the Development Period, The Station Residential District Reviewer for Improvements is Declarant or its designee. No Improvement the Declarant constructs or causes to be constructed shall be subject to the terms and provisions of this Article or approval by The Station Residential District Reviewer.

6.1.1 Declarant's Rights Reserved. Each Owner, by accepting an interest in or title to a Lot or Condominium Unit, whether or not it is so expressed in the instrument of conveyance, covenants and agrees that during the Development Period no Improvements shall be started or progressed without the prior written approval of The Station Residential District Reviewer, which approval may be granted or withheld at Declarant's sole discretion. In reviewing and acting on an application for approval, Declarant may act solely in its self-interest and owes no duty to any other person or any organization. Declarant may designate one or more persons from time to time to act on its behalf in reviewing and responding to applications.

6.1.2 Delegation by Declarant. During the Development Period, Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under this Article to an architectural control committee appointed by the Board or a committee comprised of architects, engineers, or other persons who may or may not be members of the Association. Any such delegation shall be in writing and shall specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant to: (i) revoke such delegation at any time and reassume jurisdiction over the matters previously delegated until expiration of twenty-four (24) months after the expiration of the Development Period; and (ii) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason. The Declarant is not responsible for: (a) errors in or omissions from the plans and specifications submitted to The Station Residential District Reviewer; (b) supervising construction for the Owner's compliance with approved plans and specifications; or (c) the compliance of the Owner's plans and specifications with Applicable Law.

6.2 Architectural Control by Association. Until such time as Declarant delegates all or a portion of its reserved rights to the Board, or the Development Period is terminated or expires, the Association has no jurisdiction over architectural matters. On termination or expiration of the Development Period, or earlier if delegated in writing by Declarant, the Association, acting through an architectural control committee (the "**ACC**") shall assume

jurisdiction over architectural control and shall have the powers of The Station Residential District Reviewer hereunder.

6.2.1 ACC. The ACC shall consist of at least three (3) but no more than seven (7) persons appointed by the Board. Members of the ACC serve at the pleasure of the Board and may be removed and replaced at the Board's discretion. At the Board's option, the Board may act as the ACC, in which case all references in the Documents to the ACC shall be construed to mean the Board. Members of the ACC need not be Owners or Occupants, and may but need not include architects, engineers, and design professionals whose compensation, if any, may be established from time to time by the Board.

6.2.2 Limits on Liability. The ACC has sole discretion with respect to taste, design, and all standards specified by this Article. The members of the ACC have no liability for the ACC's decisions made in good faith, and which are not arbitrary or capricious. The ACC is not responsible for: (i) errors in or omissions from the plans and specifications submitted to the ACC; (ii) supervising construction for the Owner's compliance with approved plans and specifications; or (iii) the compliance of the Owner's plans and specifications with Applicable Law.

6.2.3 Release. **EACH OWNER, BY ACCEPTING TITLE TO ALL OR ANY PORTION OF THE DEVELOPMENT, HEREBY RELEASES AND HOLDS HARMLESS THE DECLARANT AND ITS AFFILIATES, THE STATION RESIDENTIAL DISTRICT REVIEWER, ASSOCIATION AND THEIR RESPECTIVE OFFICERS, DIRECTORS, COMMITTEE MEMBERS, PARTNERS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE STATION RESIDENTIAL DISTRICT REVIEWER'S ACTS OR ACTIVITIES UNDER THIS COVENANT.**

6.3 Prohibition of Construction, Alteration and Improvement. No Improvement, or any addition, alteration, improvement, installation, modification, redecoration, or reconstruction thereof may occur unless approved in advance by The Station Residential District Reviewer. The Station Residential District Reviewer has the right but not the duty to evaluate every aspect of construction, landscaping, and property use that may adversely affect the general value or appearance of the Property or the Development. Unless otherwise provided in the Design Guidelines, an Owner will have the right to modify, alter, repair, decorate, redecorate, or improve the interior of an Improvement located on such Owner's Lot or within such Owner's Condominium Unit, provided that such action is not visible from any other portion of the Development or Property.

6.4 Architectural Approval.

6.4.1 Submission and Approval of Plans and Specifications. Construction plans and specifications or, when an Owner desires solely to plat, re-subdivide or consolidate Lots or

Condominium Units, a proposal for such plat, re-subdivision or consolidation, shall be submitted in accordance with the Design Guidelines, if any, or any additional rules adopted by The Station Residential District Reviewer together, with any review fee which is imposed by The Station Residential District Reviewer in accordance with *Section 6.4.2*. No plat, re-subdivision or consolidation shall be made, nor any Improvement placed or allowed on any Lot or Condominium Unit, until the plans and specifications and the contractor which the Owner intends to use to construct the proposed Improvement have been approved in writing by The Station Residential District Reviewer. The Station Residential District Reviewer may, in reviewing such plans and specifications consider any information that it deems proper; including, without limitation, any permits, environmental impact statements or percolation tests that may be required by The Station Residential District Reviewer or any other entity; and harmony of external design and location in relation to surrounding structures, topography, vegetation, and finished grade elevation. The Station Residential District Reviewer may postpone its review of any plans and specifications submitted for approval pending receipt of any information or material which The Station Residential District Reviewer, in its sole discretion, may require. Site plans must be approved by The Station Residential District Reviewer prior to the clearing of any Lot or Condominium Unit, or the construction of any Improvements. The Station Residential District Reviewer may refuse to approve plans and specifications for proposed Improvements, or for the plat, re-subdivision or consolidation of any Lot or Condominium Unit on any grounds that, in the sole and absolute discretion of The Station Residential District Reviewer, are deemed sufficient, including, but not limited to, purely aesthetic grounds. Notwithstanding any provision to the contrary in this Covenant, The Station Residential District Reviewer may issue an approval to Homebuilders for the construction of Improvements based on the review and approval of plan types and adopt a procedure which differs from the procedures for review and approval otherwise set forth in this Covenant.

6.4.2 Design Guidelines. The Station Residential District Reviewer shall have the power, from time to time, to adopt, amend, modify, revoke, or supplement the Design Guidelines which may apply to all or any portion of the Development. In the event of any conflict between the terms and provisions of the Design Guidelines and the terms and provisions of this Covenant, the terms and provisions of this Covenant shall control. In addition, The Station Residential District Reviewer shall have the power and authority to impose a fee for the review of plans, specifications and other documents and information submitted to it pursuant to the terms of this Covenant. Such charges shall be held by The Station Residential District Reviewer and used to defray the administrative expenses and any other costs incurred by The Station Residential District Reviewer in performing its duties hereunder; provided, however, that any excess funds held by The Station Residential District Reviewer shall be distributed to the Association at the end of each calendar year. The Station Residential District Reviewer shall not be required to review any plans until a complete submittal package, as required by this Covenant and the Design Guidelines, is assembled and submitted to The Station Residential District Reviewer. The Station Residential District Reviewer shall have the authority to adopt such additional or alternate procedural and substantive rules and guidelines not in conflict with this

Covenant (including, without limitation, the imposition of any requirements for a compliance deposit, certificates of compliance or completion relating to any Improvement, and the right to approve in advance any contractor selected for the construction of Improvements), as it may deem necessary or appropriate in connection with the performance of its duties hereunder.

6.4.3 Failure to Act. In the event that any plans and specifications are submitted to The Station Residential District Reviewer as provided herein, and The Station Residential District Reviewer fails to either approve or reject such plans and specifications for a period of thirty (30) days following such submission, the plans and specifications shall be deemed disapproved.

6.4.4 Variances. The Station Residential District Reviewer may grant variances from compliance with any of the provisions of the Documents, when, in the opinion of The Station Residential District Reviewer, in its sole and absolute discretion, such variance is justified by specific circumstances of a particular case. All variances shall be evidenced in writing and, if Declarant has assigned its rights to the ACC, must be approved by the Declarant until expiration or termination of the Development Period, or otherwise by a Majority of the members of the ACC. Each variance shall also be Recorded; provided, however, that failure to Record a variance shall not affect the validity thereof or give rise to any claim or cause of action against The Station Residential District Reviewer, Declarant, the Board or the ACC. If a variance is granted, no violation of the covenants, conditions, or restrictions contained in the Documents shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance shall not operate to waive or amend any of the terms and provisions of the Documents for any purpose, except as to the particular property and in the particular instance covered by the variance, and such variance shall not be considered to establish a precedent for any future waiver, modification, or amendment of the terms and provisions of the Documents.

6.4.5 Duration of Approval. The approval of The Station Residential District Reviewer of any final plans and specifications, and any variances granted by The Station Residential District Reviewer shall be valid for a period of one hundred and eighty (180) days only. If construction in accordance with such plans and specifications or variance is not commenced within such one hundred and eighty (180) day period and diligently prosecuted to completion within either: (i) one year after issuance of approval of such plans and specifications; or (ii) such other period thereafter as determined by The Station Residential District Reviewer, in its sole and absolute discretion, the Owner shall be required to resubmit such final plans and specifications or request for a variance to The Station Residential District Reviewer, and The Station Residential District Reviewer shall have the authority to re-evaluate such plans and specifications in accordance with this *Section 6.4.5* and may, in addition, consider any change in circumstances which may have occurred since the time of the original approval.

6.4.6 No Waiver of Future Approvals. The approval of The Station Residential District Reviewer to any plans or specifications for any work done or proposed in connection with any matter requiring the approval or consent of The Station Residential District Reviewer

shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any plans and specifications on any other matter, subsequently or additionally submitted for approval by the same or a different person, nor shall such approval or consent be deemed to establish a precedent for future approvals by The Station Residential District Reviewer.

6.5 Non-Liability of The Station Residential District Reviewer. NEITHER THE DECLARANT, THE BOARD, NOR THE STATION RESIDENTIAL DISTRICT REVIEWER WILL BE LIABLE TO ANY OWNER OR TO ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR INJURY ARISING OUT OF THE PERFORMANCE OF THE STATION RESIDENTIAL DISTRICT REVIEWER UNDER THIS COVENANT.

ARTICLE 7
MORTGAGE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots or Condominium Units within the Development. The provisions of this Article apply to the Covenant and the Bylaws of the Association.

7.1 Notice of Action. An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot or Condominium Unit to which its Mortgage relates (thereby becoming an "**Eligible Mortgage Holder**")), shall be entitled to timely written notice of:

(i) Any condemnation loss or any casualty loss which affects a material portion of the Development or which affects any Lot or Condominium Unit on which there is an eligible Mortgage held, insured, or guaranteed by such Eligible Mortgage Holder; or

(ii) Any delinquency in the payment of assessments or charges owed for a Lot or Condominium Unit subject to the Mortgage of such Eligible Mortgage Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Documents relating to such Lot or Condominium Unit or the Owner or occupant which is not cured within sixty (60) days after notice by the Association to the Owner of such violation; or

(iii) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

7.2 Examination of Books. The Association shall permit Mortgagees to examine the books and records of the Association during normal business hours.

7.3 Taxes, Assessments and Charges. All taxes, assessments and charges that may become liens prior to first lien mortgages under Applicable Law shall relate only to the individual Lots or Condominium Units and not to any other portion of the Development.

ARTICLE 8
EASEMENTS

8.1 Right of Ingress and Egress. Declarant, its agents, employees, successors, and assigns shall have a right of ingress and egress over and the right of access to the Common Area or Special Common Area to the extent necessary to use the Common Area or Special Common Area and the right to such other temporary uses of the Common Area or Special Common Area as may be required or reasonably desirable (as determined by Declarant in its sole discretion) in connection with construction and development of the Property or the Development. The Development shall be subject to a perpetual non-exclusive easement for the installation and maintenance of, including the right to read, meters, service or repair lines and equipment, and to do any work necessary to properly maintain and furnish the Community Services and Systems and the facilities pertinent and necessary to the same, which easement shall run in favor of Declarant. Declarant shall have the right, but not the obligation, to install and provide the Community Services and Systems and to provide the services available through the Community Services and Systems to any Lots or Condominium Units within the Development. Neither the Association, nor any Owner, shall have any interest therein. Such services may be provided either: (i) directly through the Association and paid for as part of the Assessments; or (ii) directly by Declarant, any affiliate of Declarant, or a third party, to the Owner who receives such services or the Association. The Community Services and Systems, including any fees or royalties paid or revenue generated therefrom, shall be the property of Declarant unless transferred by Declarant, whereupon any proceeds of such transfer shall belong to Declarant. Declarant shall have the right but not the obligation to convey, transfer, sell or assign all or any portion of the Community Services and Systems or all or any portion of the rights, duties or obligations with respect thereto, to the Association or to any Person. The rights of Declarant with respect to the Community Services and Systems installed by Declarant and the services provided through such Community Services and Systems are exclusive, and no other person may provide such services through the Community Services and Systems installed by Declarant without the prior written consent of Declarant. In recognition of the fact that interruptions in the Community Services and Systems services will occur from time to time, no person or entity described above shall in any manner be liable, and no user of the Community Services and Systems shall be entitled to any refund, rebate, discount or offset in applicable fees, for any interruption in Community Services and Systems services, regardless of whether or not same is caused by reasons within the control of the then-provider of such services.

8.2 Reserved Easements. All dedications, limitations, restrictions and reservations shown on any Plat and all grants and dedications of easements, rights-of-way, restrictions and related rights made by Declarant or any third-party prior to any portion of the Property becoming subject to this Covenant are incorporated herein by reference and made a part of this Covenant

for all purposes as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant. Declarant reserves the right to relocate, make changes in, and additions to said easements, rights-of-way, dedications, limitations, reservations and grants for the purpose of developing the Property and the Development.

8.3 Roadway and Utility Easements. Declarant hereby reserves for itself, its affiliates and its assigns a perpetual non-exclusive easement over and across the Development for: (i) the installation, operation and maintenance of utilities and associated infrastructure to serve the Development, the Property, and any other property owned by Declarant; (ii) the installation, operation and maintenance of cable lines and associated infrastructure for sending and receiving data and/or other electronic signals, security and similar services to serve the Development, the Property, and any other property owned by Declarant; (iii) the installation, operation and maintenance of, walkways, pathways and trails, drainage systems, street lights and signage to serve the Development, the Property, and any other property owned by Declarant; and (iv) the installation, location, relocation, construction, erection and maintenance of any streets, roadways, or other areas to serve the Development, the Property, and any other property owned by Declarant. Declarant will be entitled to unilaterally assign the easements reserved hereunder to any third party who owns, operates or maintains the facilities and Improvements described in (i) through (iv) of this Section. In addition, Declarant may designate all or any portion of the easements or facilities constructed therein as Common Area, Special Common Area, or a Service Area.

8.4 Entry and Fencing Easement. Declarant reserves for itself and the Association, an easement over and across the Development for the installation, maintenance, repair or replacement of fencing and subdivision entry facilities which serves the Development, the Property, and any other property owned by Declarant. Declarant will have the right, from time to time, to Record a written notice which identifies the fencing and/or subdivision entry facilities to which the easement reserved hereunder applies. Declarant may designate all or any portion of the fencing and/or subdivision entry facilities as Common Area, Special Common Area, or a Service Area.

8.5 Landscape, Monumentation and Signage Easement. Declarant hereby reserves an easement over and across the Development for the installation, maintenance, repair or replacement of landscaping, monumentation and signage which serves the Development, the Property, and any other property owned by Declarant. Declarant will have the right, from time to time, to Record a written notice which identifies the landscaping, monumentation, or signage to which the easement reserved hereunder applies. Declarant may designate all or any portion of the landscaping, monumentation, or signage as Common Area, Special Common Area, or a Service Area.

8.6 Easement for Special Events. The Declarant reserves for itself and the Association, and their successors, assigns, and designees, a perpetual, nonexclusive easement

over the Common Area, for the purpose of conducting educational, cultural, artistic, musical and entertainment activities; and other activities of general community interest at such locations and times as the Declarant or the Association, in their reasonable discretion, deem appropriate. Members of the public may have access to such events. Each Owner, by accepting a deed or other instrument conveying any interest in a Lot or Condominium Unit subject to this Covenant acknowledges and agrees that the exercise of this easement may result in a temporary increase in traffic, noise, gathering of crowds, and related inconveniences, and each Owner agrees on behalf of itself and the Occupants to take no action, legal or otherwise, which would interfere with the exercise of such easement.

8.7 **Solar Equipment Easement**. Declarant hereby reserves for itself and the Association, and their successors, assigns, and designees, a perpetual, nonexclusive easement over and across the Development for the installation, maintenance, repair or replacement of a rooftop solar electric generating system designed to deliver electric power to a particular residence built on a Lot or Common Area. Declarant will have the right, from time to time, to Record a written notice which identifies the solar equipment to which the easement reserved hereunder applies. Declarant will be entitled to unilaterally assign the easements reserved hereunder to any third party.

8.8 **Cellular Tower and Telecommunications Easement**. Declarant hereby grants and reserves for itself and its assigns, an exclusive, perpetual and irrevocable easement, license and right to use any portion of the Common Area or Special Common Area, or any portion of the Property or the Development which Declarant intends to designate as Common Area or Special Common Area (the "**CTT Easement Area**") for the construction, installation, use, maintenance, repair, replacement, improvement, removal and operation of CTT Equipment. Declarant or its assignee will have the right, from time to time, but no obligation, to Record a written notice which identifies the portion of the Common Area or Special Common Area to which the CTT Easement Area pertains, and Declarant, or its assignee, may fence, install landscaping, or otherwise install improvements restricting access to the CTT Easement Area identified in such Recorded instrument. Neither the Association, nor any Owner other than the Declarant or its assignee hereunder, may use the CTT Easement Area in any manner which interferes with operation of the CTT Equipment. Declarant hereby reserves for itself and its assigns the right to use, sell, lease or assign all or any portion of the CTT Easement Area, for the construction, installation, use, maintenance, repair, replacement, improvement, removal and operation of the CTT Equipment. In addition, Declarant hereby reserves for itself and its assigns a non-exclusive, perpetual and irrevocable easement over the Property and the Development for access to and from the CTT Easement Area and to construct, install, use, maintain, repair, replace, improve, remove, and operate, or allow others to do the same, any utility lines servicing the CTT Equipment. Declarant also reserves for itself and its assigns the right to select and contract with any third-party for the construction, installation, use, maintenance, repair, replacement, improvement, removal and operation of the CTT Equipment and to provide any telecommunication, cellular, video or digital service associated therewith. Declarant shall have and hereby reserves for itself and its assigns the sole and exclusive right to collect and retain any and all income and/or proceeds received

from or in connection with use or services provided by the CTT Equipment and the rights described in this *Section 8.8*. The rights reserved to Declarant under this *Section 8.8* shall benefit only Declarant and its assigns, and no other Owner or successor-in-title to any portion of the Property or the Development shall have any rights to income derived from or in connection with the rights and easements granted in this *Section 8.8*, except as expressly approved in writing by Declarant. **EACH OWNER AND OCCUPANT HEREBY RELEASES AND HOLDS HARMLESS THE DECLARANT AND ITS ASSIGNS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF ANY ACTS, ACTIONS OR ACTIVITIES PERMITTED BY DECLARANT ITS ASSIGNS UNDER THIS *SECTION 8.8* (INCLUDING ANY COST, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.** The provisions of this *Section 8.8* shall not be amended without the written and acknowledged consent of Declarant or the assignee of all or any portion of Declarant's rights hereunder.

8.9 Easement to Inspect and Right to Correct. For a period of ten (10) years after the expiration of the Development Period, Declarant reserves for itself and for the Declarant's architect, engineer, other design professionals, builder and general contractor the right, but not the duty, to inspect, monitor, test, redesign, correct and relocate any structure, Improvement or condition that may exist on any portion of the Property, including the Lots and Condominium Units, and a perpetual nonexclusive easement of access throughout the Property to the extent reasonably necessary to exercise this right. The party exercising such rights will promptly repair, at its sole expense, any damage resulting from the exercise of this right. By way of illustration but not limitation, relocation of mechanical or electrical facilities may be warranted by a change of circumstance, imprecise siting of the original facilities, or the desire or necessity to comply more fully with Applicable Law. This *Section 8.9* may not be construed to create a duty for Declarant, the Association, or any architect, engineer, other design professionals, builder or general contractor, and may not be amended without Declarant's advanced written consent. In support of this reservation, each Owner, by accepting an interest in or title to a Lot or Condominium Unit, hereby grants to Declarant an easement of access and entry over, across, under, and through the Property, including without limitation, all Common Areas, Special Common Areas, and the Owner's Lot or Condominium Unit, and all Improvements thereon for the purposes contained in this *Section 8.9*.

8.10 Shared Facilities Reciprocal Easements. Certain adjacent property is, or may be made, subject to the terms and provisions of that certain Declaration of Covenants, Conditions and Restrictions for The Station Commercial District, recorded under Document No. 201900240018, Official Public Records of Dallas County, Texas (the "**Commercial Declaration**"), and the jurisdiction of The Station Commercial Property Owner's Association (the "**Commercial**

Association"). The Commercial Association and the Association may share certain facilities, including roadways, drainage improvements, signage, monumentation, lakes, trails, parks, ponds, detention facilities, open space and landscaping located in the Property, the Common Area, the land subject to the Commercial Declaration or on other nearby land (the "**Shared Facilities**"). Declarant reserves the right to: (i) grant and convey easements to the Commercial Association over and across the Common Area which may be necessary or required to utilize and/or maintain the Shared Facilities; (ii) require the Association and the Commercial Association to share in the expenses associated with the use and maintenance of the Shared Facilities; and (iii) enter into a shared facilities and cost sharing agreement (the "**Shared Facilities Agreement**"), by and on behalf of the Association, to govern the rights and responsibilities of both the Association and the Commercial Association with regard to use and maintenance of the Shared Facilities, to allocate costs for the operation, maintenance and reserves for the Shared Facilities between the Association and the Commercial Association, and to grant reciprocal easements for access and use of the Shared Facilities. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to pay any fee allocated under the Shared Facilities Agreement to the Association as an Assessment to be levied and secured by a continuing lien on the Lot in the same manner as any other Assessment and Assessment lien arising under *Article 5* of this Covenant.

ARTICLE 9
DEVELOPMENT RIGHTS

9.1 Development. It is contemplated that the Development shall be developed pursuant to a plan, which, from time to time, the Declarant may amend or modify in its sole and absolute discretion. Declarant reserves the right, but shall not be obligated, to designate Development Areas, and to create and/or designate Lots, Condominium Units, Common Area, Special Common Area, and Service Areas and to subdivide all or any portion of the Development and Property. As each area is conveyed, developed or dedicated, Declarant may Record one or more Development Area Declarations and designate the use, classification and such additional covenants, conditions and restrictions as Declarant may deem appropriate for that area. Any Development Area Declaration may provide its own procedure for the amendment thereof.

9.2 Special Declarant Rights. Notwithstanding any provision of this Covenant to the contrary, at all times, Declarant will have the right and privilege: (a) to erect and maintain advertising signs (illuminated or non-illuminated), sales flags, other sales devices and banners for the purpose of aiding the sale of Lots and Condominium Units in the Development; (b) to maintain Improvements upon Lots, including the Common Area and Special Common Area, as sales, model, management, business and construction offices or visitor centers at no charge; and (c) to maintain and locate construction trailers and construction tools and equipment within the Development. The construction, placement or maintenance of Improvements by Declarant will not be considered a nuisance.

9.3 Addition of Land. Declarant may, at any time and from time to time, add additional lands to the Property and, upon the Recording of a notice of addition of land, such land shall be considered part of the Property for purposes of this Covenant, and upon the further Recording of a Notice of Applicability meeting the requirements of *Section 9.5*, such added lands shall be considered part of the Development subject to this Covenant and the terms, covenants, conditions, restrictions and obligations set forth in this Covenant, and the rights, privileges, duties and liabilities of the persons subject to this Covenant shall be the same with respect to such added land as with respect to the lands originally covered by this Covenant. Such added land need not be contiguous to the Property. To add lands to the Property, Declarant shall be required only to Record, a notice of addition of land (which notice may be contained within any Development Area Declaration affecting such land) containing the following provisions:

(i) A reference to this Covenant, which reference shall state the document number or volume and page wherein this Covenant is Recorded;

(ii) A statement that such land shall be considered Property for purposes of this Covenant, and that upon the further Recording of a Notice of Applicability meeting the requirements of *Section 9.5* of this Covenant, all of the terms, covenants, conditions, restrictions and obligations of this Covenant shall apply to the added land; and

(iii) A legal description of the added land.

9.4 Withdrawal of Land. Declarant may, at any time and from time to time, reduce or withdraw from the Property, including the Development, and remove and exclude from the burden of this Covenant and the jurisdiction of the Association any portion of the Development. Upon any such withdrawal and removal, this Covenant and the covenants conditions, restrictions and obligations set forth herein shall no longer apply to the portion of the Development withdrawn. To withdraw lands from the Property or the Development hereunder, Declarant shall be required only to Record a notice of withdrawal of land containing the following provisions:

(i) A reference to this Covenant, which reference shall state the document number or volume and page number wherein this Covenant is Recorded;

(ii) A statement that the provisions of this Covenant shall no longer apply to the withdrawn land; and

(iii) A legal description of the withdrawn land.

9.5 Notice of Applicability. Upon Recording, this Covenant serves to provide notice that at any time, and from time to time, Declarant, and Declarant only, may subject all or any portion of the Property to the terms, covenants, conditions, restrictions and obligations of this

Covenant and any applicable Development Area Declaration. This Covenant and any applicable Development Area Declaration shall apply to and burden a portion or portions of the Property upon the Recording of a Notice of Applicability describing such applicable portion of the Property by a legally sufficient description and expressly providing that such Property shall be considered a part of the Development and shall be subject to the terms, covenants conditions, restrictions and obligations of this Covenant and any applicable Development Area Declaration. To be effective, a Notice of Applicability must be executed by Declarant, and the property included in the Notice of Applicability need not be owned by the Declarant if included within the Property. Declarant may also cause a Notice of Applicability to be Recorded covering a portion of the Property for the purpose of encumbering such Property with this Covenant and any Development Area Declaration previously Recorded by Declarant (which Notice of Applicability may amend, modify or supplement the restrictions, set forth in the Development Area Declaration, which shall apply to such Property). To make the terms and provisions of this Covenant applicable to a portion of the Property, Declarant shall be required only to cause a Notice of Applicability to be Recorded containing the following provisions:

(i) A reference to this Covenant, which reference shall state the document number or volume and page number wherein this Covenant is Recorded;

(ii) A reference, if applicable, to the Recorded Development Area Declaration which will apply to such portion of the Property (with any amendment, modification, or supplementation of the restrictions set forth in the Development Area Declaration which shall apply to such portion of the Property);

(iii) A statement that all of the provisions of this Covenant shall apply to such portion of the Property;

(iv) A legal description of such portion of the Property; and

(v) If applicable, a description of any Special Common Area or Service Area which benefits the Property and the beneficiaries of such Special Common Area or Service Area.

NOTICE TO TITLE COMPANY

NO PORTION OF THE PROPERTY IS SUBJECT TO THE TERMS AND PROVISIONS OF THIS COVENANT AND THIS COVENANT DOES NOT APPLY TO ANY PORTION OF THE PROPERTY UNLESS A NOTICE OF APPLICABILITY DESCRIBING SUCH PROPERTY AND REFERENCING THIS COVENANT HAS BEEN RECORDED.

9.6 Assignment of Declarant's Rights. Notwithstanding any provision in this Covenant to the contrary, Declarant may, by written instrument, assign, in whole or in part, any of its privileges, exemptions, rights, reservations and duties under this Covenant to any person or entity and may permit the participation, in whole, in part, exclusively, or non-exclusively, by any other person or entity in any of its privileges, exemptions, rights, reservations and duties hereunder.

9.7 Notice of Plat Recordation. Declarant may, at any time and from time to time, Record a notice of plat recordation (a "**Notice of Plat Recordation**"). A Notice of Plat Recordation is Recorded for the purpose of more clearly identifying specific Lots subject to the terms and provisions of this Covenant after portions of the Property are made subject to a Plat. Unless otherwise provided in the Notice of Plat Recordation, portions of the Property included in the Plat identified in the Notice of Plat Recordation, but not shown as a residential Lot on such Plat, shall be automatically withdrawn from the terms and provisions of this Covenant (without the necessity of complying with the withdrawal provisions set forth in this Section). Declarant shall have no obligation to Record a Notice of Plat Recordation and failure to Record a Notice of Plat Recordation shall in no event remove any portion of the Property from the terms and provisions of this Covenant.

ARTICLE 10
GENERAL PROVISIONS

10.1 Term. Upon the Recording of a Notice of Applicability pursuant to *Section 9.5*, the terms, covenants, conditions, restrictions, easements, charges, and liens set out in this Covenant shall run with and bind the portion of the Property described in such notice, and shall inure to the benefit of and be enforceable by the Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Covenant is Recorded, and continuing through and including January 1, 2089, after which time this Covenant shall be automatically extended for successive periods of ten (10) years unless a change (the word "change" meaning a termination, or change of term or renewal term) is approved by Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Association. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. A Sub-Association Representative may not exercise a vote on behalf of the Members or the Owners for a change as contemplated in this *Section 10.1*, it being understood and agreed that any change must be approved by a vote of the Members, with each Member casting their vote individually. Notwithstanding any provision in this *Section 10.1* to the contrary, if any provision of this Covenant would be unlawful, void, or voidable by reason of any Applicable Law restricting the period of time that covenants on land may be enforced, such provision will expire twenty-one (21) years after the death of the last survivor of the now living, descendants of Elizabeth II, Queen of England.

10.2 Eminent Domain. In the event it becomes necessary for any Governmental Entity to acquire all or any part of the Common Area or Special Common Area for any public purpose during the period this Covenant is in effect, the Board is hereby authorized to negotiate with such Governmental Entity for such acquisition and to execute instruments necessary for that purpose. Should acquisitions by eminent domain become necessary, only the Board need be made a party, and in any event the proceeds received will be held by the Association for the benefit of the Owners. In the event any proceeds attributable to acquisition of Common Area are paid to Owners, such payments will be allocated on the basis of Assessment Units and paid jointly to the Owners and the holders of first Mortgages or deeds of trust on the respective Lot or Condominium Unit. In the event any proceeds attributable to acquisition of Special Common Area are paid to Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area, such payment will be allocated on the basis of Assessment Units and paid jointly to such Owners and the holders of first Mortgages or deeds of trust on the respective Lot or Condominium Unit. A Sub-Association Representative may not exercise a vote on behalf of the Members or the Owners for a change as contemplated in this *Section 10.2*, it being understood and agreed that any change must be approved by a vote of the Members, with each Member casting their vote individually.

10.3 Amendment. This Covenant may be amended or terminated by the Recording of an instrument executed and acknowledged by: (i) Declarant acting alone; or (ii) by the president and secretary of the Association setting forth the amendment and certifying that such amendment has been approved by Declarant (until expiration or termination of the Development Period) and Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Association. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. A Sub-Association Representative may not exercise a vote on behalf of the Members or the Owners for an amendment as contemplated in this *Section 10.3*, it being understood and agreed that any amendment must be approved by a vote of the Members, with each Member casting their vote individually. No amendment will be effective without the written consent of Declarant during the Development Period.

10.4 Enforcement. The Association and the Declarant will have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, charges and other terms now or hereafter imposed by the provisions of this Covenant. Failure to enforce any right, provision, covenant, or condition granted by this Covenant will not constitute a waiver of the right to enforce such right, provision, covenants or condition in the future. Failure of the Declarant or the Association to enforce the terms and provisions of the Documents shall in no event give rise to any claim or liability against the Declarant, the Association, or any of their partners, directors, officers, or agents. **EACH OWNER, BY ACCEPTING TITLE TO ALL OR ANY PORTION OF THE DEVELOPMENT, HEREBY RELEASES AND SHALL HOLD HARMLESS EACH OF THE DECLARANT, THE ASSOCIATION, AND THEIR PARTNERS, DIRECTORS, OFFICERS, OR AGENTS FROM AND AGAINST ANY DAMAGES, CLAIMS OR LIABILITY ASSOCIATED WITH THE**

FAILURE OF THE DECLARANT OR THE ASSOCIATION TO ENFORCE THE TERMS AND PROVISIONS OF THE DOCUMENTS.

10.5 No Warranty of Enforceability. Declarant makes no warranty or representation as to the present or future validity or enforceability of any restrictive covenants, terms, or provisions contained in the Covenant. Any Owner acquiring a Lot or Condominium Unit in reliance on one or more of such restrictive covenants, terms, or provisions shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot or Condominium Unit, agrees to hold Declarant harmless therefrom.

10.6 Higher Authority. The terms and provisions of this Covenant are subordinate to Applicable Law. Generally, the terms and provisions of this Covenant are enforceable to the extent they do not violate or conflict with Applicable Law.

10.7 Severability. If any provision of this Covenant is held to be invalid by any court of competent jurisdiction, such invalidity shall not affect the validity of any other provision of this Covenant, or, to the extent permitted by Applicable Law, the validity of such provision as applied to any other person or entity.

10.8 Conflicts. If there is any conflict between the provisions of this Covenant, the Certificate, the Bylaws, or any Rules adopted pursuant to the terms of such documents, or any Development Area Declaration, the provisions of this Covenant shall govern.

10.9 Gender. Whenever the context so requires, all words herein in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

10.10 Acceptance by Grantees. Each grantee of a Lot, Condominium Unit, or other real property interest in the Development, by the acceptance of a deed of conveyance, and each subsequent purchaser, accepts the same subject to all terms, restrictions, conditions, covenants, reservations, easements, liens and charges, and the jurisdiction rights and powers created or reserved by this Covenant or to whom this Covenant is subject, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared. Furthermore, each grantee agrees that no assignee or successor to Declarant hereunder will have any liability for any act or omission of Declarant which occurred prior to the effective date of any such succession or assignment. All impositions and obligations hereby imposed will constitute covenants running with the land within the Development, and will bind any person having at any time any interest or estate in the Development, and will inure to the benefit of each Owner in like manner as though the provisions of this Covenant were recited and stipulated at length in each and every deed of conveyance.

10.11 Damage and Destruction.

10.11.1 Claims. Promptly after damage or destruction by fire or other casualty to all or any part of the Common Area or Special Common Area covered by insurance, the Board, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair of the damage. Repair, as used in this *Section 10.11*, means repairing or restoring the Common Area or Special Common Area to substantially the same condition as existed prior to the fire or other casualty.

10.11.2 Repair Obligations. Any damage to or destruction of the Common Area or Special Common Area shall be repaired unless a Majority of the Board decides within sixty (60) days after the casualty not to repair. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available.

10.11.3 Restoration. In the event that the Board should determine that the damage or destruction of the Common Area or Special Common Area shall not be repaired and does not authorize alternative Improvements, then the Association shall restore the affected portion of the Common Area or Special Common Area to its natural state and maintain it as an undeveloped portion of the Common Area in a neat and attractive condition.

10.11.4 Special Assessment for Common Area. If insurance proceeds are paid to restore or repair any damaged or destroyed Common Area, and such proceeds are not sufficient to defray the cost of such repair or restoration, the Board shall levy a Special Assessment, as provided in *Article 5*, against all Owners. Additional Assessments may be made in like manner at any time during or following the completion of any repair.

10.11.5 Special Assessment for Special Common Area. If insurance proceeds are paid to restore or repair any damaged or destroyed Special Common Area, and such proceeds are not sufficient to defray the cost of such repair or restoration, the Board shall levy a Special Assessment, as provided in *Article 5*, against all Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area. Additional Assessments may be made in like manner at any time during or following the completion of any repair.

10.11.6 Proceeds Payable to Owners. In the event that any proceeds of insurance policies are paid to Owners as a result of any damage or destruction to any Common Area, such payments shall be allocated based on Assessment Units and paid jointly to the Owners and the holders of first Mortgages or deeds of trust on their Lots or Condominium Units.

10.11.7 Proceeds Payable to Owners Responsible for Special Common Area. In the event that any proceeds of insurance policies are paid to Owners as a result of any damage or

destruction to Special Common Area, such payments shall be allocated based on Assessment Units and shall be paid jointly to the Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area and the holders of first Mortgages or deeds of trust on their Lots or Condominium Units.

10.12 No Partition. Except as may be permitted in this Covenant or amendments hereto, no physical partition of the Common Area or Special Common Area or any part thereof shall be permitted, nor shall any person acquiring any interest in the Development or any part thereof seek any such judicial partition unless all or the portion of the Development in question has been removed from the provisions of this Covenant pursuant to *Section 9.4* above. This *Section 10.12* shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property or from acquiring title to real property that may or may not be subject to this Covenant.

10.13 View Impairment. Neither the Declarant, The Station Residential District Reviewer, nor the Association guarantee or represent that any view over and across the Lots, Condominium Units, or any open space within the Development shall be preserved without impairment. The Declarant, The Station Residential District Reviewer and the Association shall have no obligation to relocate, prune, or thin trees or other landscaping. The Association (with respect to any Common Area or Special Common Area) shall have the right to add trees and other landscaping from time to time, subject to Applicable Law. There shall be no express or implied easements for view purposes or for the passage of light and air.

10.14 Safety and Security. Each Owner and Occupant of a Lot or Condominium Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in the Development. The Association may, but shall not be obligated to, maintain or support certain activities within the Development designed to promote or enhance the level of safety or security which each person provides for himself or herself and his or her property. However, none of the Association, the Declarant, or any of their Directors, employees, or agents, shall in any way be considered insurers or guarantors of safety or security within the Development, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including security monitoring systems or any mechanism or system for limiting access to the Development, cannot be compromised or circumvented; or that any such system or security measures undertaken shall in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing any Occupants of such Owner's Lot or Condominium Unit that the Association, its Board, employees, agents, and committees, and the Declarant are not insurers or guarantors of security or safety and that each person within the Development assumes all risks of personal injury and loss or damage to property, including any residences or Improvements constructed upon any Lot or Condominium Unit and the contents thereof, resulting from acts of third parties.

10.15 Facilities Open to the Public. Certain facilities and areas within the Property shall be open for the use and enjoyment of the public. Such facilities and areas may include, by way of example, greenbelts, trails and paths, parks, roads, sidewalks and medians.

10.16 Notices. Any notice permitted or required to be given to any person by this Covenant shall be in writing and shall be considered as properly given if (a) mailed by first class United States mail, postage prepaid; (b) by delivering same in person to the intended addressee; (c) by delivery to an independent third party commercial delivery service for same day or next day delivery and providing for evidence of receipt at the office of the intended addressee; or (d) by prepaid telegram, telex, electronic mail, or facsimile to the addressee and providing for evidence of receipt at the office of the intended addressee. Notice so mailed shall be effective upon its deposit with the United States Postal Service or any successor thereto; notice sent by such a commercial delivery service shall be effective upon delivery to such commercial delivery service; notice given by personal delivery shall be effective only if and when received by the addressee; and notice given by other means shall be effective when received at the office or designated place or machine/equipment of the intended addressee. For purposes of notice the address of each Owner shall be the address of the Lot or Condominium Unit or such other address as provided by the Owner to the Association, and the address of each Mortgagee shall be the address provided to the Association; provided, however, that any party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days' notice to the Association.

10.17 Mining and Drilling. Except for the Third Party Oil, Gas and Mineral Interests defined below, no other portion of the Development may be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate, or earth. This provision will not be construed to prevent the excavation of rocks, stones, sand, gravel, aggregate, or earth or the storage of such material for use as fill provided that such activities are conducted in conjunction with the construction of Improvements and/or the development of the Development by the Declarant. Furthermore, this provision will not be interpreted to prevent the drilling of water wells approved in advance by The Station Residential District Reviewer which are required to provide water to all or any portion of the Property. All water wells must also be approved in advance by The Station Residential District Reviewer and any applicable regulatory authority. This *Section 10.17* shall not apply to minerals, resources and groundwater, or some portion thereof or some interest therein, that may have been conveyed or reserved by third parties prior to Declarant's ownership of the Property (the "**Third Party Oil, Gas and Mineral Interests**"). No representation or warranty, express or implied, is made as to the ownership of the minerals, resources and groundwater or any portion thereof or any interest therein.

10.18 Water Quality Facilities. Portions of the Property may include one or more water quality facilities, sedimentation, drainage and detention facilities, ponds or related improvements which serve all or a portion of the Development, the Property, or additional land (collectively, the "**Facilities**"). Declarant hereby reserves for itself and its assigns a perpetual non-exclusive

easement over and across the Property for the installation, maintenance, repair or replacement of the Facilities. The Facilities may be designated by the Declarant in a written notice Recorded to identify the particular Facilities to which the easement reserved hereunder applies, or otherwise dedicated to the public or applicable governmental authority (which may include retention of maintenance responsibility by the Association), conveyed and transferred to any applicable Governmental Entity or conveyed and transferred to the Association as Common Area, Special Common Area or a Service Area. If the Facilities are designated or conveyed or maintenance responsibility reserved or assigned to the Association as Common Area, Special Common Area or a Service Area, the Association will be required to maintain and operate the Facilities in accordance with Applicable Law, or the requirements of any applicable Governmental Entity. Each Owner is advised that the Facilities may periodically hold standing water. Each Owner is advised that entry into the Facilities may result in injury and is a violation of the Rules.

ARTICLE 11
DISPUTE RESOLUTION

This Article 11 is intended to encourage the resolution of disputes involving the Property. A dispute regarding the Lots, Condominium Units, Common Area, Special Common Area, and/or Improvements can create significant financial exposure for the Association and its Members, interfere with the resale and refinancing of Lots and Condominium Units, and increase strife and tension among the Owners, the Board and the Association's management. Since disputes may have a direct effect on each Owner's use and enjoyment of their Lot or Condominium Unit, the Common Area, and the Special Common Area, this Article 11 requires Owner transparency and participation in certain circumstances. Transparency means that the Owners are informed in advance about a dispute, the proposed arrangement between the Association and a law firm or attorney who will represent the Association in the dispute, and that each Owner will have an opportunity to participate in the decision-making process prior to initiating the dispute resolution process.

11.1 **Introduction and Definitions**. The Association, the Owners, Declarant, all persons subject to this Covenant, and each person not otherwise subject to this Covenant who agrees to submit to this *Article 11* by written instrument delivered to the Claimant, which may include, but is not limited to, a Homebuilder, a general contractor, sub-contractor, design professional, or other person who participated in the design or construction of Lots or Condominium Units, Common Area, Special Common Area, or any Improvement within, serving or forming a part of the Property (individually, a "**Party**" and collectively, the "**Parties**") agree to encourage the amicable resolution of disputes involving the Property and the Common Area or Special Common Area to avoid the emotional and financial costs of litigation and arbitration if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all Claims as hereafter defined. This *Article 11* may only be amended with the prior written approval of the Declarant, the Association (acting through a Majority of the Board), and Owners holding 100% of the votes in the Association. As used in this Article only, the following words, when capitalized, have the following specified meanings:

11.1.1 "**Claim**" means:

(i) Claims relating to the rights and/or duties of Declarant, the Association, The Station Residential District Reviewer, or the ACC under the Documents; or

(ii) Claims relating to the acts or omissions of the Declarant, the Association, or a Board member or officer of the Association during Declarant's control and administration of the Association, and any claim asserted against the ACC or The Station Residential District Reviewer; or

(iii) Claims relating to the design or construction of Improvements located on the Common Area, Special Common Area, Lots or Condominium Units.

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

11.1.3 "**Respondent**" means any Party against which a Claim has been asserted by a Claimant.

11.2 Mandatory Procedures. Claimant may not initiate any proceeding before any judge, jury, arbitrator or any judicial or administrative tribunal seeking redress of resolution of its Claim until Claimant has complied with the procedures of this Article. As provided in *Section 11.8* below, a Claim must be resolved by binding arbitration.

11.3 Claims Affecting Common Areas or Special Common Areas. In accordance with *Section 3.13* above, the Association does not have the power or right to institute, defend, intervene in, settle, or compromise litigation, arbitration or other proceedings: (i) in the name of or on behalf of any Owner (whether one or more); or (ii) pertaining to a Claim, as defined in *Section 11.1.1* above, relating to the design or construction of Improvements on a Lot or Condominium Unit (whether one or more). Additionally, no Lot Owner or Condominium Unit Owner shall have the power or right to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area or Special Common Area. Each Lot Owner and Condominium Unit Owner, by accepting an interest in or to title to a Lot or Condominium Unit, hereby grants to the Association the exclusive right to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area or Special Common Area. In the event the Association asserts a Claim related to the Common Area or Special Common Area, as a precondition to providing the Notice defined in *Section 11.5*, initiating the mandatory dispute resolution procedures set forth in this *Article 11*, or taking any other action to prosecute a Claim related to the Common Area or Special Common Area, the Association must:

11.3.1 Obtain Owner Approval of Engagement. The requirements related to Owner approval set forth in this *Section 11.3.1* are intended to ensure that the Association and the

Owners approve and are fully informed of the financial arrangements between the Association and a law firm or attorney engaged by the Association to prosecute a Claim relating to the design or construction of the Common Area or Special Common Area. The engagement agreement between the Association and the law firm or attorney may include requirements that the Association pay costs, fees, and expenses to the law firm or attorney which will be paid through Assessments levied against Owners. The financial agreement between the Association and the law firm or attorney may also include obligations related to payment, and the conditions and circumstances when the payment obligations arise, if the relationship between the Association and the law firm or attorney is terminated or if the Association agrees to settle the Claim. In addition, the financial arrangement between the Association and the law firm or attorney may include additional costs, expenses, and interest charges. This financial obligation can be significant. The Board may not engage a law firm or attorney to prosecute a Claim relating to the design or construction of the Common Area or Special Common Area or execute a written agreement between the Association and a law firm or attorney for the purpose of prosecuting a Claim relating to the design or construction of Common Area or Special Common Area unless the law firm or attorney and the financial arrangements between the Association and the law firm or attorney are approved by the Owners in accordance with this *Section 11.3.1*.

Unless otherwise approved by Members holding eighty percent (80%) of the votes in the Association, the Association, acting through its Board, shall in no event have the authority to engage a law firm or attorney to prosecute a Claim relating to the design or construction of the Common Area or Special Common Area if the agreement between the Association and law firm or attorney includes any provision or requirement that would obligate the Association to pay any costs, expenses, fees, or other charges to the law firm or attorney, including but not limited to, costs, expenses, fees, or other charges payable by the Association: (i) if the Association terminates the engagement with the law firm or attorney or engages another firm or third-party to assist with the Claim; (ii) if the Association agrees to settle the Claim for a cash payment or in exchange for repairs or remediation performed by the Respondent or any other third-party; (iii) if the Association agrees to pay interest on any costs or expenses incurred by the law firm or attorney; and/or (iv) for consultants, expert witnesses, and/or general contractors hired by the law firm or attorney. For avoidance of doubt, it is intended that Members holding eighty percent (80%) of the votes in the Association must approve the law firm and attorney who will prosecute the Claim and the written agreement between the Association and the law firm and/or attorney.

The approval of the Members required under this *Section 11.3.1* must be obtained at a meeting of Members called in accordance with the Bylaws. The notice of Member meeting will be provided pursuant to the Bylaws but the notice must also include: (a) the name of the law firm and attorney; (b) a copy of the proposed written agreement between the Association and the law firm and/or attorney; (c) a narrative summary of the types of costs, expenses, fees, or other charges that may be required to be paid by the Association; (d) the conditions upon which such types of costs, expenses, fees, or other charges are required to be paid by the Association; (e) an estimate of the costs, expenses, fees, or other charges that may be required to be paid by the Association if the conditions for payment occur, which estimate shall be expressed as a range for each type of

cost, expense, fee, or other charge; and (f) a description of the process the law firm and/or attorney will use to evaluate the Claim and whether destructive testing will be required (i. e. , the removal of all or portions of the Common Area, Special Common Area, or Improvements on the Property). If destructive testing will be required or is likely to occur, the notice shall include a description of the destructive testing, likely locations of the destructive testing, whether the Owner's use of their Lots and Condominium Units, or the Common Area or Special Common Area will be affected by such testing, and if the destructive testing occurs the means or method the Association will use to repair the Common Area, Special Common Area, or Improvements affected by such testing and the estimated costs thereof. The notice required by this paragraph must be prepared and signed by a person other than the law firm or attorney who is a party to the proposed agreement being approved by the Members. In the event Members holding eighty percent (80%) of the votes in the Association approve the law firm and/or attorney who will prosecute the Claim and the written agreement between the Association and the law firm and/or attorney, the Board shall have the authority to engage the law firm and/or attorney and enter into the written agreement approved by the Members.

11.3.2 **Provide Notice of the Inspection**. As provided in *Section 11.3.3* below, a Common Area Report is required which is a written inspection report issued by the Inspection Company. Before conducting an inspection that is required to be memorialized by the Common Area Report, the Association must have provided at least ten (10) days prior written notice of the date on which the inspection will occur to each Respondent which notice shall identify the Inspection Company preparing the Common Area Report, the specific Common Areas or Special Common Areas to be inspected, and the date and time the inspection will occur. Each Respondent may attend the inspection, personally or through an agent.

11.3.3 **Obtain a Common Area Report**. The requirements related to the Common Area Report set forth in this *Section 11.3.3* are intended to provide assurance to the Claimant, Respondent, and the Owners that the substance and conclusions of the Common Area Report and recommendations are not affected by influences that may compromise the professional judgement of the party preparing the Common Area Report, and to avoid circumstances which would create the appearance that the professional judgment of the party preparing the Common Area Report is compromised.

Obtain a written independent third-party report for the Common Area or Special Common Area (the "**Common Area Report**") from a professional engineer licensed by the Texas Board of Professional Engineers with an office located in Dallas County, Texas (the "**Inspection Company**"). The Common Area Report must include: (i) a description with photographs of the Common Area or Special Common Area subject to the Claim; (ii) a description of the present physical condition of the Common Area or Special Common Area subject to the Claim; (iii) a detailed description of any modifications, maintenance, or repairs to the Common Area or Special Common Area performed by the Association or a third-party, including any Respondent; and (iv) specific and detailed recommendations regarding remediation and/or repair of the Common Area or Special Common Area subject to the Claim. For the purpose of subsection (iv) of the

previous sentence, the specific and detailed recommendations must also include the specific process, procedure, materials, and/or improvements necessary and required to remediate and/or repair the deficient or defective condition identified in the Common Area Report and the estimated costs necessary to effect such remediation and/or repairs. The estimate of costs required by the previous sentence shall be obtained from third-party contractors with an office located in Dallas County, Texas, and each such contractor providing the estimate must hold all necessary or required licenses from the Texas Department of Licensing and Regulation or otherwise required by Applicable Law for the work to which the cost estimate relates.

The Common Area Report must be obtained by the Association. The Common Area Report will not satisfy the requirements of this Section and is not an "independent" report if: (a) the Inspection Company has an arrangement or other agreement to provide consulting and/or engineering services with the law firm or attorney that presently represents the Association or proposes to represent the Association; (b) the costs and expenses for preparation of the Common Area Report are not required to be paid directly by the Association to the Inspection Company at the time the Common Area Report is finalized and delivered to the Association; or (c) the law firm or attorney that presently represents the Association or proposes to represent the Association has agreed to reimburse (whether unconditional or conditional and based on the satisfaction of requirements set forth in the Association's agreement with the law firm or attorney) the Association for the costs and expenses for preparation of the Common Area Report. For avoidance of doubt, an "independent" report means that the Association has independently contracted with the Inspection Company on an arms-length basis based on customary terms for the preparation of engineering reports and that the Association will directly pay for the report at the time the Common Area Report is finalized and delivered to the Association.

11.3.4 Provide a Copy of Common Area Report to all Respondents and Owners. Upon completion of the Common Area Report, and in any event no later than three (3) days after the Association has been provided a copy of the Common Area Report, the Association will provide a full and complete copy of the Common Area Report to each Respondent and to each Owner. The Association shall maintain a written record of each Respondent and Owner who was provided a copy of the Common Area Report which will include the date the report was provided. The Common Area Report shall be delivered to each Respondent by hand-delivery and to each Owner by mail.

11.3.5 Provide a Right to Cure Defects and/or Deficiencies Noted on Common Area Report. Commencing on the date the Common Area Report has been completed and continuing for a period of ninety (90) days thereafter, each Respondent shall have the right to: (i) inspect any condition identified in the Common Area Report; (ii) contact the Inspection Company for additional information necessary and required to clarify any information in the Common Area Report; and (iii) correct any condition identified in the Common Area Report. As provided in *Section 8.9* above, the Declarant has an easement throughout the Property for itself, and its successors, assigns, architects, engineers, other design professionals, each Homebuilder, other

builders, and general contractors that may be utilized during such ninety (90) day period and any additional period needed thereafter to correct a condition identified in the Common Area Report.

11.3.6 Hold Owner Meeting and Obtain Approval. In addition to obtaining approval from Members for the terms of the attorney or law firm engagement agreement, the Association must obtain approval from Members holding eighty percent (80%) of the votes in the Association to provide the Notice described in *Section 11.5*, initiate the mandatory dispute resolution procedures set forth in this *Article 11*, or take any other action to prosecute a Claim, which approval from Members must be obtained at a meeting of Members called in accordance with the Bylaws. The notice of meeting required hereunder will be provided pursuant to the Bylaws but the notice must also include: (i) the nature of the Claim, the relief sought, the anticipated duration of prosecuting the Claim, and the likelihood of success; (ii) a copy of the Common Area Report; (iii) a copy of any engagement letter between the Association and the law firm and/or attorney selected by the Association to assert or provide assistance with the Claim; (iv) a description of the attorney fees, consultant fees, expert witness fees, and court costs, whether incurred by the Association directly or for which the Association may be liable as a result of prosecuting the Claim; (v) a summary of the steps previously taken by the Association to resolve the Claim; (vi) a statement that initiating the lawsuit or arbitration proceeding to resolve the Claim may affect the market value, marketability, or refinancing of a Lot or Condominium Unit while the Claim is prosecuted; and (vii) a description of the manner in which the Association proposes to fund the cost of prosecuting the Claim. The notice required by this paragraph must be prepared and signed by a person who is not (a) the attorney who represents or will represent the Association in the Claim; (b) a member of the law firm of the attorney who represents or will represent the Association in the Claim; or (c) employed by or otherwise affiliated with the law firm of the attorney who represents or will represent the Association in the Claim. In the event Members approve providing the Notice described in *Section 11.5*, or taking any other action to prosecute a Claim, the Members holding a Majority of the votes in the Association, at a special meeting called in accordance with the Bylaws, may elect to discontinue prosecution or pursuit of the Claim.

11.4 Claim by Lot and/or Condominium Unit Owners – Improvements on Lots and/or Condominium Units. Notwithstanding anything contained herein to the contrary, in the event a warranty is provided to a Lot Owner or Condominium Unit Owner by the Declarant or a Homebuilder relating to the design or construction of any Improvements located on a Lot or Condominium Unit, then this *Article 11* will only apply to the extent that this *Article 11* is more restrictive than such Lot Owner's warranty or Condominium Unit Owner's warranty, as determined in Declarant's sole discretion. If a warranty has not been provided to a Lot or Condominium Unit Owner relating to the design or construction of any Improvements located on a Lot or Condominium Unit, then this *Article 11* will apply. Class action proceedings are prohibited, and no Lot Owner or Condominium Unit Owner shall be entitled to prosecute, participate, initiate, or join any litigation, arbitration or other proceedings as a class member or class representative in any such proceedings under this Covenant. If a Lot Owner or Condominium Unit Owner brings a Claim, as defined in *Section 11.1*, relating to the design or

construction of any Improvements located on a Lot or Condominium Unit (whether one or more), as a precondition to providing the Notice defined in *Section 11.5*, initiating the mandatory dispute resolution procedures set forth in this *Article 11*, or taking any other action to prosecute a Claim, the Lot Owner or Condominium Unit Owner must:

11.4.1 Provide Notice of the Inspection. As provided in *Section 11.4.2* below, an Owner Improvement Report is required which is a written inspection report issued by the Inspection Company. Before conducting an inspection that is required to be memorialized by the Owner Improvement Report, the Owner must have provided at least ten (10) days prior written notice of the date on which the inspection will occur to each Respondent which notice shall identify the Inspection Company preparing the Owner Improvement Report, the Improvements and areas of the Improvements to be inspected, and the date and time the inspection will occur. Each Respondent may attend the inspection, personally or through an agent.

11.4.2 Obtain an Owner Improvement Report. The requirements related to the Owner Improvement Report set forth in this *Section 11.4.2* are intended to provide assurance to the Claimant and Respondent that the substance and conclusions of the Owner Improvement Report and recommendations are not affected by influences that may compromise the professional judgement of the party preparing the Owner Improvement Report, and to avoid circumstances which would create the appearance that the professional judgment of the party preparing the Owner Improvement Report is compromised.

Obtain a written independent third-party report for the Improvements (the "**Owner Improvement Report**") from an Inspection Company. The Owner Improvement Report must include: (i) a description with photographs of the Improvements subject to the Claim; (ii) a description of the present physical condition of the Improvements; (iii) a detailed description of any modifications, maintenance, or repairs to the Improvements performed by the Owner or a third-party, including any Respondent; (iv) specific and detailed recommendations regarding remediation and/or repair of the Improvements. For the purpose of subsection (iv) of the previous sentence, the specific and detailed recommendations must also include the specific process, procedure, materials, and/or improvements necessary and required to remediate and/or repair the deficient or defective condition identified in the Owner Improvement Report and the estimated costs necessary to effect such remediation and/or repairs. The estimate of costs required by the previous sentence shall be obtained from third-party contractors with an office located in Dallas County, Texas, and each such contractor providing the estimate must hold all necessary or required licenses from the Texas Department of Licensing and Regulation or otherwise required by Applicable Law for the work to which the cost estimate relates.

The Owner Improvement Report must be obtained by the Owner. The Owner Improvement Report will not satisfy the requirements of this Section and is not an "independent" report if: (a) the Inspection Company has an arrangement or other agreement to provide consulting and/or engineering services with the law firm or attorney that presently represents the

Owner or proposes to represent the Owner; (b) the costs and expenses for preparation of the Owner Improvement Report are not directly paid by the Owner to the Inspection Company no later than the date the Owner Improvement Report is finalized and delivered to the Owner; or (c) the law firm or attorney that presently represents the Owner or proposes to represent the Owner has agreed to reimburse (whether unconditional or conditional and based on the satisfaction of requirements set forth in the Owner's agreement with the law firm or attorney) the Owner for the costs and expenses for preparation of the Owner Improvement Report. For avoidance of doubt, an "independent" report means that the Owner has independently contracted with the Inspection Company on an arms-length basis based on customary terms for the preparation of engineering reports and that the Owner will directly pay for the report no later than the date the Owner Improvement Report is finalized and delivered to the Owner.

11.4.3 Provide a Copy of Owner Improvement Report to all Respondents. Upon completion of the Owner Improvement Report, and in any event no later than three (3) days after the Owner has been provided a copy of the Owner Improvement Report, the Owner will provide a full and complete copy of the Owner Improvement Report to each Respondent. The Owner shall maintain a written record of each Respondent who was provided a copy of the Owner Improvement Report which will include the date the report was provided. The Owner Improvement Report shall be delivered to each Respondent by hand-delivery and to each Owner by mail.

11.4.4 Right to Cure Defects and/or Deficiencies Noted on Owner Improvement Report. Commencing on the date the Owner Improvement Report has been completed and continuing for a period of ninety (90) days thereafter, each Respondent shall have the right to: (i) inspect any condition identified in the Owner Improvement Report; (ii) contact the Inspection Company for additional information necessary and required to clarify any information in the Owner Improvement Report; and (iii) correct any condition identified in the Owner Improvement Report. As provided in *Section 8.9* above, the Declarant has an easement throughout the Property for itself, and its successors, assigns, architects, engineers, other design professionals, each Homebuilder, other builders, and general contractors that may be utilized during such ninety (90) day period and any additional period needed thereafter to correct a condition identified in the Owner Improvement Report.

11.4.5 Claims Pertaining to the Common Area or Special Common Area. Pursuant to *Section 11.3* above, an Owner does not have the power or right to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area or Special Common Area. In the event that a court of competent jurisdiction or arbitrator determines that an Owner does have the power or right to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area or Special Common Area, such Owner shall be required, since a Claim affecting the Common Area or Special Common Area could affect all Owners, as a precondition to providing the Notice defined in *Section 11.5*, initiating the mandatory dispute resolution procedures set forth in this *Article 11*, or taking any other action to

prosecute a Claim, to comply with the requirements imposed by the Association in accordance with *Section 11.3.2* (Provide Notice of Inspection), *Section 11.3.3* (Obtain a Common Area Report), *Section 11.3.4* (Provide a Copy of Common Area Report to all Respondents and Owners), *Section 11.3.5* (Provide Right to Cure Defects and/or Deficiencies Noted on Common Area Report), *Section 11.3.6* (Owner Meeting and Approval), and *Section 11.5* (Notice).

11.5 Notice. Claimant must notify Respondent in writing of the Claim (the "**Notice**"), stating plainly and concisely: (i) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (ii) the basis of the Claim (i.e., the provision of the Restrictions or other authority out of which the Claim arises); (iii) what Claimant wants Respondent to do or not do to resolve the Claim; and (iv) that the Notice is given pursuant to this *Section 11.5*. For Claims governed by Chapter 27 of the Texas Property Code, the time period for negotiation in *Section 11.6* below, is equivalent to the sixty (60) day period under Section 27.004 of the Texas Property Code. If a Claim is subject to Chapter 27 of the Texas Property Code, the Claimant and Respondent are advised, in addition to compliance with *Section 11.6* to comply with the terms and provisions of Section 27.004 of the Texas Property Code during such sixty (60) day period. *Section 11.6* does not modify or extend the time period set forth in Section 27.004 of the Texas Property Code. Failure to comply with the time periods or actions specified in Section 27.004 of the Texas Property Code could affect a Claim if the Claim is subject to Chapter 27 of the Texas Property Code. The one hundred and twenty (120) day period for mediation set forth in *Section 11.7* below, is intended to provide the Claimant and Respondent with sufficient time to resolve the Claim in the event resolution is not accomplished during negotiation. If the Claim is not resolved during negotiation, mediation pursuant to *Section 11.7* is required without regard to the monetary amount of the Claim.

If the Claimant is the Association, the Notice will also include: (a) if the Claim relates to the design or construction of the Common Area or Special Common Area, a true and correct copy of the Common Area Report and any and all other reports, studies, analyses, and recommendations obtained by the Association related to the Common Area or Special Common Area; (b) a copy of any engagement letter between the Association and the law firm and/or attorney selected by the Association to assert or provide assistance with the Claim; (c) if the Claim relates to the design or construction of the Common Area or Special Common Area, reasonable and credible evidence confirming that Members holding eighty percent (80%) of the votes in the Association approved the law firm and attorney and the written agreement between the Association and the law firm and/or attorney in accordance with *Section 11.3.1*; (d) a true and correct copy of the special meeting notice provided to Members in accordance with *Section 11.3.6* above; and (e) reasonable and credible evidence confirming that Members holding eighty percent (80%) of the votes in the Association approved providing the Notice. If the Claimant is not the Association and pertains to the Common Areas or Special Common Areas, the Notice will also include a true and correct copy of the Common Area Report. If the Claimant is not the Association and relates to the design or construction of Improvements on a Lot or Condominium Unit, the Notice will also include a true and correct copy of the Owner Improvement Report.

11.6 Negotiation. Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within sixty (60) days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually acceptable place and time to discuss the Claim. If the Claim involves all or any portion of the Property, then at such meeting or at some other mutually-agreeable time, Respondent and Respondent's representatives will have full access to the Property that is subject to the Claim for the purposes of inspecting the Property.

11.7 Mediation. If the parties negotiate, but do not resolve the Claim through negotiation within one-hundred twenty (120) days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have thirty (30) additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must have at least five (5) years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the 30-day period, Respondent will submit the Claim to mediation in accordance with this *Section 11.7*. If the Parties do not settle the Claim within thirty (30) days after submission to mediation, Respondent or Claimant may initiate arbitration proceedings in accordance with *Section 11.8*.

11.8 Binding Arbitration-Claims. All Claims must be settled by binding arbitration. Claimant or Respondent may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Claim not referred to arbitration as required by this *Section 11.8*.

11.8.1 Governing Rules. If a Claim has not been resolved after mediation in accordance with *Section 11.7*, the Claim will be resolved by binding arbitration in accordance with the terms of this *Section 11.8* and the American Arbitration Association (the "**AAA**") Construction Industry Arbitration Rules and Mediation Procedures and, if applicable, the rules contained in the AAA Supplementary Procedures for Consumer Related Disputes, as each are supplemented or modified by the AAA (collectively, the Construction Industry Arbitration Rules and Mediation Procedures and AAA Supplementary Procedures for Consumer Related Disputes are referred to herein as the "**AAA Rules**"). In the event of any inconsistency between the AAA Rules and this *Section 11.8*, this *Section 11.8* will control. Judgment upon the award rendered by the arbitrator shall be binding and not subject to appeal, but may be reduced to judgment or enforced in any court having jurisdiction. Notwithstanding any provision to the contrary or any applicable rules for arbitration, any arbitration with respect to Claims arising hereunder shall be conducted by a panel of three (3) arbitrators, to be chosen as follows:

(i) one arbitrator shall be selected by Respondent, in its sole and absolute discretion;

(ii) one arbitrator shall be selected by the Claimant, in its sole and absolute discretion; and

(iii) one arbitrator shall be selected by mutual agreement of the arbitrators having been selected by Respondent and the Claimant, in their sole and absolute discretion.

11.8.2 Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this *Section 11.8* will limit the right of Claimant or Respondent, and Claimant and the Respondent will have the right during any Claim, to seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting any property, real or personal, that is involved in a Claim, including, without limitation, rights and remedies relating to: (i) exercising self-help remedies (including set-off rights); or (ii) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any party to submit the Claim to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

11.8.3 Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this *Section 11.8*.

11.8.4 Scope of Award; Modification or Vacation of Award. The arbitrator shall resolve all Claims in accordance with Applicable Law. The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope of this *Section 11.8* and subject to *Section 11.9* below; provided, however, attorney's fees and costs may not be awarded by the arbitrator to either Claimant or Respondent. In addition, for a Claim, or any portion of a Claim governed by Chapter 27 of the Texas Property Code, or any successor statute, in no event shall the arbitrator award damages which exceed the damages a Claimant would be entitled to under Chapter 27 of the Texas Property Code, except that the arbitrator may not award attorney's fees and/or costs to their Claimant or Respondent. In all arbitration proceedings the arbitrator shall make specific, written findings of fact and conclusions of law. In all arbitration proceedings the parties shall have the right to seek vacation or modification of any award that is based in whole, or in part, on (i) factual findings that have no legally or factually sufficient evidence, as those terms are defined in Texas law; (ii) conclusions of law that are erroneous; (iii) an error of Applicable Law; or (iv) a cause of action or remedy not expressly provided under Applicable Law. In no event may an arbitrator award speculative, special, exemplary, treble or punitive damages for any Claim.

11.8.5 Other Matters. To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within one hundred and eighty (180) days of the filing of the Claim for arbitration. Arbitration proceedings hereunder shall be conducted in Dallas

County, Texas. Unless otherwise provided by this *Section 11.8*, the arbitrator shall be empowered to impose sanctions and to take such other actions as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure and Applicable Law. Claimant and Respondent agree to keep all Claims and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the parties or by Applicable Law. In no event shall Claimant or Respondent discuss with the news media or grant any interviews with the news media regarding a Claim or issue any press release regarding any Claim without the written consent of the other parties to the Claim.

11.9 Allocation of Costs. Notwithstanding any provision in this Covenant on the contrary, each Party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation, Mediation, and Arbitration sections above, including its attorney's fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator and arbitrator.

11.10 General Provisions. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim.

11.11 Period of Limitation.

11.11.1 For Actions by an Owner or Occupant. The exclusive period of limitation for any of the Parties to bring any Claim, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Owner or Occupant discovered or reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design, four (4) years and one (1) day from the date that the Owner or Occupant discovered or reasonably should have discovered evidence of the Claim; or (iii) the applicable statute of limitations for such Claim. In the event that a court of competent jurisdiction determines that an Owner does have the power or right to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area or Special Common Area, the exclusive period of limitation for a Claim of construction defect or defective design of the Common Areas or Special Common Areas, shall be the earliest of: (a) two (2) years and one (1) day from the date that the Owner or the Association discovered or reasonably should have discovered evidence of the Claim; or (b) the applicable statute of limitations for such Claim. In no event shall this *Section 11.11.1* be interpreted to extend any period of limitations.

11.11.2 For Actions by the Association. The exclusive period of limitation for the Association to bring any Claim, including, but not limited to, a Claim of construction defect or defective design of the Common Areas or Special Common Areas, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Association or its manager, board members, officers or agents discovered or

reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design of the Common Areas or Special Common Area, four (4) years and one (1) day from the date that the Association or its manager, board members, officers or agents discovered or reasonably should have discovered evidence of the Claim; or (iii) the applicable statute of limitations for such Claim. In no event shall this *Section 11.11.2* be interpreted to extend any period of limitations.

11.12 Funding the Resolution of Claims. The Association must levy a Special Assessment to fund the estimated costs to resolve a Claim pursuant to this *Article 11*. The Association may not use its annual operating income or reserve funds to fund the costs to resolve a Claim unless the Association has previously established and funded a dispute resolution fund.

ARTICLE 12
DISCLOSURES

This Article discloses selective features of Improvements that may not be obvious to potential Owners and Occupants. Because features may change over time, no disclosure in this Article should be relied upon without independent confirmation.

12.1 Adjacent Thoroughfares. The Development is located adjacent to thoroughfares that may be affected by traffic and noise from time to time and may be improved and/or widened in the future.

12.2 Adjacent Use. No representations are made regarding the use of adjacent property.

12.3 Outside Conditions. Since in every neighborhood there are conditions that different people may find objectionable, it is acknowledged that there may be conditions outside of the Development that an Owner or Occupant may find objectionable, and it shall be the sole responsibility of an Owner or Occupant to become acquainted with neighborhood conditions that could affect the Development.

12.4 Concrete.

12.4.1 Cracks. Minor cracks in poured concrete, including foundations, garage floors, sidewalks, driveways and patios, are inevitable as a result of the natural movement of soil (expansion and contraction), shrinkage during the curing of the concrete, and settling of any Improvement.

12.4.2 Exposed Floors. This Section applies to Improvements with exposed concrete floors. This notice is given because Owners may be inexperienced with concrete and expect it to be as forgiving as wood or sheetrock. In deciding whether, when, and how to fill cracks in exposed concrete floors, an Owner is hereby made aware that the color and texture of the fill material may not match the rest of the concrete floor. On some exposed concrete floors,

fill materials make minor cracks more noticeable than if the cracks had been left in their natural state. In addition, each Owner is hereby made aware that any specification for polished concrete means that the concrete will be polished, but this does not mean an Owner will be able to actually see their reflection in the floor.

12.5 Construction Activities. Declarant, Homebuilders, and their licensees will be constructing portions of the Development and engaging in other construction activities related to the construction of Improvements and Common Area. Such construction activities may, from time to time, produce certain conditions on the Development, including, without limitation: (i) noise or sound that is objectionable because of its volume, duration, frequency or shrillness; (ii) smoke; (iii) noxious, toxic or corrosive fumes or gases; (iv) obnoxious odors; (v) dust, dirt or flying ash; (vi) unusual fire or explosion hazards; (vii) temporary interruption of utilities; and/or (viii) other conditions that may threaten the security or safety of persons within the Development or the Common Area. Notwithstanding the foregoing, all Owners and Occupants agree that such conditions on the Development or the Common Area resulting from construction activities shall not be deemed a nuisance and shall not cause Declarant, Homebuilder or their agents to be deemed in violation of any provision of this Covenant.

12.6 Moisture. Improvements may trap humidity created by general use and occupancy. As a result, condensation may appear on the interior portion of windows and glass surfaces and fogging of windows and glass surfaces may occur due to temperature disparities between the interior and exterior portions of the windows and glass. If left unattended and not properly maintained by Owners and Occupants, the condensation may increase resulting in staining, damage to surrounding seals, caulk, paint, wood work and sheetrock, and potentially, mildew and/or mold.

12.7 Mold and/or Mildew. Mold and/or mildew can grow in any portion of an Improvement that is exposed to elevated levels of moisture including Improvements in which HVAC condenser units are located. Each Owner is advised to regularly inspect the Owner's Improvements for the existence of mold, mildew and/or water intrusion (except when the water intrusion is part of the normal functioning of Improvements and appliances such as showers, sinks, dishwashers and other similar appliances) and/or damage.

12.8 Encroachments. Improvements may have been constructed on adjoining lands that encroach onto the Development. Declarant or Homebuilder gives no representations or warranties as to property rights, if any, created by any such encroachments.

12.9 Budgets. Any budgets of the Association provided by the Declarant or a Homebuilder are based on estimated expenses only without consideration for the effects of inflation and may increase or decrease significantly when the actual expenses become known.

12.10 Light and Views. The natural light available to and views from a Lot or Condominium Unit can change over time due to among other things, additional development

and the removal or addition of landscaping. **NATURAL LIGHT AND VIEWS ARE NOT PROTECTED.**

12.11 Schools. No representations are being made regarding which schools may now or in the future serve the Development.

12.12 Suburban Environment. The Development is located in a suburban environment. Sound and vibrations may be audible and felt from such things as sirens, whistles, horns, the playing of music, people speaking loudly, trash being picked up, deliveries being made, equipment being operated, dogs barking, construction activity, building and grounds maintenance being performed, automobiles, buses, trucks, ambulances, airplanes, and other generators of sound and vibrations typically found in an suburban area. In addition to sound and vibration, there may be odors and light in suburban areas.

12.13 Water Runoff. The Development may still be subject to erosion and/or flooding during unusually intense or prolonged periods of rain. In addition, water may pond on various portions of the Development or the Common Area having impervious surfaces, such as rooftop terraces, patios, and balconies, as applicable.

12.14 Photography of the Development. Declarant, Homebuilders, and their licensees retain the right to obtain and use photography of the Development for publication and advertising purposes.

12.15 Changes to Street Names and Addresses. Declarant retains the right to change, in its sole discretion, the Development name and the street names and addresses in or within the Development including the street address of Lots or Condominium Units before or after conveyance to any third-party.

12.16 Plans. Any advertising materials, brochures, renderings, drawings, and the like, furnished by Declarant or a Homebuilder to Owner which purport to depict the Improvements to be constructed on any Lot or Condominium Unit are merely approximations and do not necessarily reflect the actual as-built conditions of the same.

12.17 Location of Utilities. Neither Declarant nor any Homebuilder makes any representation as to the location of mailboxes, utility boxes, street lights, fire hydrants or storm drain inlets or basins.

12.18 Wood. Natural wood has considerable variation due to its organic nature. There may be shades of white, red, black or even green in areas. In addition, mineral streaks may also be visible. Grain pattern or texture will vary from consistent to completely irregular; wood from different areas of the same tree can also have variations in pattern or texture. It is these variations in wood that add to its aesthetic appeal. These variations in grain will in turn accept stain in varying amounts, which will show throughout the wood products from one door to the next, one panel to the next or one piece of wood to the next. Also, cabinet finishes (including gloss and/or

matte finishes) will not be entirely consistent and some minor irregularities will be apparent. Additionally, wood and wood products may be subject to warping, splitting, swelling and/or delamination, and surfaces may weather differently due to the type of wood, its location in or on an Improvement, and other factors. Wood floors may require more maintenance than some man-made materials. Owners with wood floors should educate themselves about wood floor care.

12.19 Stone. Veins and colors of any marble, slate or other stone may vary drastically from one piece of stone to another. Each piece is different. Marble, granite, slate and other stone can also have chips and shattering veins, which look like scratches. The thickness of the joints between marble, granite, slate and other stone and/or other materials against which they have been laid will vary and there will be irregularities in surface smoothness. Marble and other stone finishes may be dangerously slippery and Declarant and each Homebuilder assume no responsibility for injuries sustained as a result of exposure to or use of such materials. Periodic use of professionally approved and applied sealant is needed to ensure proper maintenance of the marble, granite, slate and other stone and it is the Owner's responsibility to properly maintain these materials. Marble, granite and other stone surfaces may scratch, chip or stain easily. Such substances, as part of their desirable noise attenuating properties, may flex or move slightly in order to absorb impacts. Such movement may in turn cause grout to crack or loosen or cause some cracking in the stone flooring which may need to be repaired as part of normal home maintenance.

12.20 Chemicals. Each Improvement will contain products that have water, powders, solids and industrial chemicals, which will be used in construction. The water, powders, solids and industrial chemicals will and do contain mold, mildew, fungus, spores and chemicals that may cause allergic or other bodily reactions in certain individuals. Leaks, wet flooring and moisture will contribute to the growth of molds, mildew, fungus or spores. Neither Declarant nor any Homebuilder is responsible for any illness or allergic reactions that a person may experience as a result of mold, mildew, fungus or spores. It is the responsibility of the Owner to keep their Improvements clean, dry, well ventilated and free of contamination.

[SIGNATURE PAGE FOLLOWS]

EXECUTED to be effective on the date this instrument is Recorded.

DECLARANT:

PMB STATION DEVELOPER LLC,
a Texas limited liability company

By: PMB STATION LAND LP,
a Texas limited partnership,
its manager

By: PMB Station Land GP, LLC,
a Texas limited liability company,
its general partner

By: K Taylor Baird
Name: K. Taylor Baird
Title: Manager

THE STATE OF TEXAS §
§
COUNTY OF Dallas §

This instrument was acknowledged before me this 27th day of May, 2020 by K. Taylor Baird, Manager of PMB STATION LAND GP, LLC, a Texas limited liability company, in its capacity as general partner of PMB STATION LAND LP, a Texas limited partnership, in its capacity as manager of PMB STATION DEVELOPER LLC, a Texas limited liability company, on behalf of said entities.

Teresa Lynne Keeton
Notary Public Signature

(SEAL)

TERESA LYNNE KEETON
Notary Public, State of Texas
Comm. Expires 04-20-2024
Notary ID 128963763

CONSENT OF MORTGAGEE

The undersigned, being the sole owner and holder of the lien created by a Deed of Trust recorded as Document No. 201900251529 of the Official Public Records of Dallas County, Texas (the "**Lien**"), securing a note of even date therewith, executes this Covenant solely for the purposes of (i) evidencing its consent to this Covenant, and (ii) subordinating the Lien to this Covenant, both on the condition that the Lien shall remain superior to the Assessment Lien in all events.

VANTAGE BANK TEXAS, a Texas state bank

By: Brent White
Printed Name: Brent White
Title: SVP

THE STATE OF TEXAS §
§
COUNTY OF Tarrant §

This instrument was acknowledged before me on this 3 day of June, 2020 by Brent White, SVP of Vantage Bank Texas, a Texas state bank, on behalf of said bank.

(seal)

NUVIS LOPEZ
Notary Public, State of Texas
Comm. Expires 02-02-2023
Notary ID 125974374

Nuvis Lopez
Notary Public, State of Texas

EXHIBIT "A"

DESCRIPTION OF PROPERTY

BEING a 35.992 acre tract of land situated in the Richard Copeland Survey, abstract No. 228, also being a portion of a 78.13-acre tract of land called Tract (A) described by deed to Children's Medical Center Foundation recorded in Instrument Number 201200202382 of the Official Public Records of Dallas County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod with cap stamped "R.P.L.S. 5430" found for the northwest corner of a tract of land described by deed to the City of Sachse as recorded in Instrument Number 201700347810 of the Official Public Records of Dallas County, Texas;

THENCE through the interior of said Tract (A) the following courses and distances:

South 89 degrees 22 minutes 53 seconds West, a distance of 184.52 feet to a point for corner;

North 00 degrees 10 minutes 25 seconds West, a distance of 248.76 feet to a point for corner;

North 82 degrees 32 minutes 40 seconds West, a distance of 33.31 feet to a point for corner;

North 82 degrees 04 minutes 22 seconds West, a distance of 326.14 feet to a point for corner at the beginning of a curve to the left;

With said curve to the left having a radius of 974.00 feet, a central angle of 07 degrees 30 minutes 44 seconds, an arc length of 127.70 feet, a chord bearing of North 85 degrees 49 minutes 43 seconds West, a distance of 127.61 feet to a point for corner;

North 89 degrees 35 minutes 05 seconds West, a distance of 136.11 feet to a point for corner;

North 00 degrees 03 minutes 11 seconds East, a distance of 70.82 feet to a point for corner at the beginning of a curve to the right;

With said curve to the right having a radius of 776.00 feet, a central angle of 18 degrees 20 minutes 42 seconds, an arc length of 248.46 feet, a chord bearing of North 09 degrees 13 minutes 32 seconds East, a distance of 247.40 feet to a point for corner;

North 18 degrees 23 minutes 53 seconds East, a distance of 237.22 feet to a point for corner;

North 71 degrees 36 minutes 07 seconds West, a distance of 392.19 feet to a point for corner at the beginning of a curve to the right;

With said curve to the right having a radius of 52.00 feet, a central angle of 203 degrees 25 minutes 03 seconds, an arc length of 184.62 feet, a chord bearing of North 59 degrees 53 minutes 35 seconds West, a distance of 101.84 feet to a point for corner;

North 65 degrees 53 minutes 58 seconds West, a distance of 73.07 feet to a point for corner lying on the west line of said Tract (A) and the east line of a tract of land described by deed to the City of Sachse recorded in Volume 98121, Page 6186 of the Deed Records of Dallas County, Texas;

THENCE along the common line of said Tract (A) and said City of Sachse tract the following courses and distances;

North 05 degrees 13 minutes 42 seconds East, a distance of 108.21 feet to a point for corner;

North 07 degrees 29 minutes 41 seconds East, a distance of 257.79 feet to a point for corner;

North 21 degrees 10 minutes 21 seconds East, a distance of 228.89 feet to a point for corner for the northwest corner of said Tract (A) also lying on the southerly line of Hudson Drive a variable width right-of-way, also for the beginning of a curve to the right;

THENCE along the north line of said Tract (A) and the southerly line of said Hudson Drive, with said curve to the right having a radius of 573.50 feet, a central angle of 15 degrees 36 minutes 23 seconds, an arc length of 156.21 feet, a chord bearing of South 55 degrees 44 minutes 24 seconds East, a distance of 155.73 feet to a point for corner at the beginning of a reverse curve to the left;

THENCE with said reverse curve to the left having a radius of 575.00 feet, a central angle of 18 degrees 05 minutes 20 seconds, an arc length of 181.53 feet, a chord bearing of South 56 degrees 58 minutes 52 seconds East, a distance of 180.78 feet to a point for corner at the beginning of a compound curve to the left;

THENCE with said compound curve continuing to the left having a radius of 2500.00 feet, a central angle of 20 degrees 36 minutes 16 seconds, an arc length of 899.04 feet, a chord bearing of South 76 degrees 19 minutes 40 seconds East, a distance of 894.20 feet to a PK Nail found for corner;

THENCE South 69 degrees 16 minutes 05 seconds East, continuing along the north line of said Tract (A) and the southerly line of said Hudson Drive, a distance of 110.00 feet to a 1/2 inch iron rod found for corner;
THENCE South 89 degrees 45 minutes 48 seconds East, continuing along the north line of said Tract (A) and the southerly line of said Hudson Drive, a distance of 67.22 feet to a point for corner;

THENCE North 89 degrees 28 minutes 37 seconds East, continuing along the north line of said Tract (A) and the southerly line of said Hudson Drive, a distance of 173.94 feet to a 1/2 inch iron rod found for the northeast corner of said Tract (A), also lying on the west line of Merritt Road a variable width right-of-way;

THENCE South 00 degrees 14 minutes 29 seconds West along the west line of said Merritt Road, a distance of 265.43 feet to a 1/2-inch iron rod with cap stamped "HALFF" found for an angle point in same;

THENCE South 00 degrees 17 minutes 44 seconds East, continuing along the west line of said

Merritt Road, a distance of 914.60 feet to a 5/8-inch iron rod with cap stamped "WAI" found for corner;

THENCE South 87 degrees 03 minutes 13 seconds West, leaving the west line of said Merritt Road, a distance of 177.54 feet to a 1/2-inch iron rod found for the northeast corner of said City of Sachse tract recorded in Instrument Number 201700347810 of the Official Public Records of Dallas County, Texas;

THENCE South 89 degrees 05 minutes 27 seconds West, along the north line of last mentioned City of Sachse tract. a distance of 228.63 feet to the POINT OF BEGINNING containing 1,567,798 square feet, or 35.992 acres of land.

Filed and Recorded
Official Public Records
John F. Warren, County Clerk
Dallas County, TEXAS
06/09/2020 10:37:42 AM
$322.00
202000143250

ELECTRONICALLY RECORDED 202000153095
06/16/2020 04:13:12 PM MISC 1/45

AFTER RECORDING RETURN TO:
Robert D. Burton, Esq.
Winstead PC
401Congress Ave., Suite 2100
Austin, Texas 78701
Email: rburton@winstead.com

THE STATION RESIDENTIAL DISTRICT COMMUNITY MANUAL

PMB STATION DEVELOPER LLC, a Texas limited liability company, as the Declarant under The Station Residential District Master Covenant [*Residential*] recorded under Document No. 202000143250, Official Public Records of Dallas County, Texas, and the initial and sole member of The Station Residential Property Owner's Association, Inc., a Texas non-profit corporation (the "**Association**"), certifies that the foregoing Community Manual was adopted as part of the initial project documentation for The Station Residential District. This Community Manual becomes effective when Recorded.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned has executed this Community Manual on the 27th day of May, 2020.

DECLARANT:

PMB STATION DEVELOPER LLC,
a Texas limited liability company

By: PMB STATION LAND LP,
a Texas limited partnership,
its manager

By: PMB Station Land GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: K. Taylor Baird
Title: Manager

THE STATE OF TEXAS §
§
COUNTY OF Dallas §

This instrument was acknowledged before me this 27th day of May, 2020 by K. Taylor Baird, Manager of PMB STATION LAND GP, LLC, a Texas limited liability company, in its capacity as general partner of PMB STATION LAND LP, a Texas limited partnership, in its capacity as manager of PMB STATION DEVELOPER LLC, a Texas limited liability company, on behalf of said entities.

_____
Notary Public Signature

(SEAL)

TERESA LYNNE KEETON
Notary Public, State of Texas
Comm. Expires 04-20-2024
Notary ID 128963763

Cross-reference to The Station Residential District Master Covenant [*Residential*] recorded under Document No. 202000143250, Official Public Records of Dallas County, Texas, as the same may be amended from time to time.

THE STATION RESIDENTIAL DISTRICT

COMMUNITY MANUAL

TABLE OF CONTENTS

COMMUNITY MANUAL

for

THE STATION RESIDENTIAL DISTRICT

A Master Planned Community in Dallas County

I. INTRODUCTION

PMB STATION DEVELOPER LLC, a Texas limited liability company, is the developer of The Station Residential District. The guiding principles for the Community have been set forth in the governing documents for The Station Residential District which include the Development Documents and the Association Documents (both defined below) and are collectively referred to herein as the "Documents" (the **"Documents"**). The Documents include such instruments as the Master Covenant (the **"Covenant"**), any applicable Notices of Applicability, any applicable Development Area Declaration (the "**DAD**"), the Design Guidelines, if any, and this Community Manual (collectively referred to as the **"Development Documents"**), all of which are recorded in the property records by the developer generally prior to the time that you purchased your property. The Development Documents contain covenants, conditions and restrictions which not only encumber your property, but also have a legal and binding effect on all Owners and Occupants in the Community, now or in the future.

Under the Development Documents, the developer is the **"Declarant"** who has reserved certain rights to facilitate the development, construction, and marketing of the Community, including its size, shape and composition (the **"Development Period"**). Furthermore, the Development Documents identify and set forth the obligations of The Station Residential Property Owner's Association, Inc., the non-profit corporation created by the Declarant to exercise the authority and assume the powers described in the Covenant (the **"Association"**). Integral to the functioning of the Community, the Association's roles include owning, operating and maintaining various Common Areas and Community amenities, as well as administering and enforcing all of the Documents.

Other specific Documents include such instruments as the Certificate of Formation and Bylaws which set forth the corporate governance structure of the Association as well as the various Rules, which include rules, regulations, policies and procedures outlining the operation of the Association and required standards for use of property, activities and conduct (the **"Association Documents"**). It is the Association Documents which are included within this Community Manual, as further set forth herein.

Capitalized terms used but not defined in this Community Manual shall have the meaning ascribed to such terms in the Covenant.

This Community Manual becomes effective when Recorded.

ATTACHMENT 1

CERTIFICATE OF FORMATION

[SEE ATTACHED]

Filing#:803629186 Document#:972033420003 Filed On 5/22/2020 received by Upload

CERTIFICATE OF FORMATION
OF
THE STATION RESIDENTIAL PROPERTY OWNER'S ASSOCIATION, INC.

The undersigned natural person, being of the age of eighteen (18) years or more, a citizen of the State of Texas, acting as incorporator of a nonprofit corporation under the Texas Business Organizations Code, does hereby adopt the following Certificate of Formation for such corporation:

ARTICLE I

NAME

The name of the corporation is The Station Residential Property Owner's Association, Inc. (hereinafter called the "**Association**").

ARTICLE II

NONPROFIT CORPORATION

The Association is a nonprofit corporation.

ARTICLE III

DURATION

The Association shall exist perpetually.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

The Association is organized in accordance with, and shall operate for nonprofit purposes, pursuant to the Texas Business Organizations Code, and does not contemplate pecuniary gain or profit to its members. In furtherance of its purposes, the Association shall have the following powers which, unless indicated otherwise by this Certificate of Formation, that certain The Station Master Covenant *[Residential]*, recorded in the Official Public Records of Dallas County, Texas, as the same may be amended from time to time (the "**Covenant**"), the Bylaws, or Applicable Law, may be exercised by the Board of Directors:

(a) all rights and powers conferred upon nonprofit corporations by Applicable Law;

(b) all rights and powers conferred upon property associations by Applicable Law, in effect from time to time, provided, however, that the Association shall not have the power to institute, defend, intervene in, settle or compromise proceedings (i) in the name of any Member or Owner (whether one or more); or (ii) pertaining to a Claim, as defined in *Section 11.1* of the Covenant relating to the design or construction of Improvements on a Lot or Condominium Unit (whether one or more); and

(c) all powers necessary, appropriate, or advisable to perform any purpose or duty of the Association as set out in this Certificate of Formation, the Bylaws, the Covenant, or Applicable Law.

Notwithstanding any provision in *Article XIV* to the contrary, any proposed amendment to the provisions of this *Article IV* shall be adopted only upon an affirmative vote of Members holding one-hundred percent (100%) of the total number of votes of the Association and the Declarant.

Terms used but not defined in this Certificate of Formation, shall have the meaning ascribed to such terms in the Covenant.

ARTICLE V

REGISTERED OFFICE; REGISTERED AGENT

The street address of the initial registered office of the Association is 401 Congress Avenue, Suite 2100, Austin, Texas 78701. The name of its initial registered agent at such address is Robert D. Burton.

ARTICLE VI

MEMBERSHIP

Membership in the Association shall be dependent upon ownership of a qualifying property interest as defined and set forth in the Covenant. Any person or entity acquiring such a qualifying property interest shall automatically become a member of the Association, and such membership shall be appurtenant to, and shall run with, the property interest. The foregoing shall not be deemed or construed to include persons or entities holding an interest merely as security for performance of an obligation. Membership may not be severed from or in any way transferred, pledged, mortgaged, or alienated except together with the title to the qualifying property interest, and then only to the transferee of title to said property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage, or alienation shall be void.

ARTICLE VII

VOTING RIGHTS

Voting rights of the members of the Association shall be determined as set forth in the Covenant.

ARTICLE VIII

INCORPORATOR

The name and street address of the incorporator is:

NAME	ADDRESS
Robert D. Burton	401 Congress Avenue, Suite 2100 Austin, Texas 78701

ARTICLE IX

BOARD OF DIRECTORS

The affairs of the Association shall be managed by an initial Board of Directors consisting of three (3) individuals, who need not be members of the Association. The Board shall fulfill all of the functions of, and possess all powers granted to, Boards of Directors of nonprofit corporations pursuant to the Texas Business Organizations Code. The number of Directors of the Association may be changed by amendment of the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of initial Directors until the selection of their successors are:

NAME	ADDRESS
Taylor Baird	4001 Maple Avenue, Suite 600 Dallas, Texas 75219
Matt Mildren	4001 Maple Avenue, Suite 600 Dallas, Texas 75219
Peter Pincoffs	4001 Maple Avenue, Suite 600 Dallas, Texas 75219

All of the powers and prerogatives of the Association shall be exercised by the Board of Directors named above until their successors are elected or appointed in accordance with the Covenant.

ARTICLE X

LIMITATION OF DIRECTOR LIABILITY

A member of the Board of Directors of the Association shall not be personally liable to the Association for monetary damages for any act or omission in his capacity as a board member, except to the extent otherwise expressly provided by Applicable Law. Any repeal or modification of this *Article X* shall be prospective only, and shall not adversely affect any limitation of the personal liability of a member of the Board of Directors existing at the time of the repeal or modification.

ARTICLE XI

INDEMNIFICATION

Each person who acts as a member of the Board of Directors, officer or committee member of the Association shall be indemnified by the Association against any costs, expenses and liabilities which may be imposed upon or reasonably incurred by him in connection with any civil or criminal action, suit or proceeding in which he may be named as a party defendant or in which he may be a witness by reason of his or her being or having been a member of the Board of Directors, officer, or committee member of the Association, or by reason of any action alleged to have been taken or omitted by him or her in either such capacity. Such indemnification shall be provided in the manner and under the terms, conditions and limitations set forth in *Section 3.7* of the Covenant.

ARTICLE XII

DISSOLUTION

The Association may be dissolved with the written and signed assent of not less than ninety percent (90%) of the total number of votes of the Association, as determined under the Covenant. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE XIII

ACTION WITHOUT MEETING

Any action required or permitted by Applicable Law to be taken at a meeting of the Members may be taken without a meeting, without prior notice, and without a vote if written consent specifically authorizing the proposed action is signed by the Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all the Members entitled to vote thereon were present. If the action is proposed by the Association, the Board of Directors shall provide each member of the Association written notice at least ten (10) days in advance of the date the Board of Directors proposes to initiate securing consent as contemplated by this Article XIII. Consents obtained pursuant to this Article XIII shall be dated and signed within sixty (60) days after receipt of the earliest dated consent and delivered to the Association at its principal place of business in Texas. Such consents shall be filed with the minutes of the Association and shall have the same force and effect as a vote of the Members at a meeting. Within ten (10) days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

ARTICLE XIV

AMENDMENT

Except as otherwise provided by the terms and provisions of *Article IV* of this Certificate of Formation, this Certificate of Formation may be amended by the Declarant during the Development Period or by a Majority of the Board of Directors; provided, however, that any amendment to this Certificate of Formation by a Majority of the Board of Directors must be approved in advance and in writing by the Declarant during the Development Period.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand, this 22nd day of May, 2020.

Robert D. Burton, Incorporator

ATTACHMENT 2

BYLAWS
OF
THE STATION RESIDENTIAL PROPERTY OWNER'S ASSOCIATION, INC.

ARTICLE I
INTRODUCTION

The name of the corporation is The Station Residential Property Owner's Association, Inc., a Texas non-profit corporation, hereinafter referred to as the "**Association**". The principal office of the Association shall initially be located in Dallas County, Texas, but meetings of Members and Directors may be held at such places within the State of Texas, County of Dallas, as may be designated by the Board of Directors as provided in these Bylaws.

The Association is organized to be a nonprofit corporation.

Notwithstanding anything to the contrary in these Bylaws, a number of provisions are modified by the Declarant's reservations in that certain The Station Residential District Master Covenant [*Residential*], recorded in the Official Public Records of Dallas County, Texas (the "Covenant"), including the number, qualification, appointment, removal, and replacement of Directors.

ARTICLE II
DEFINITIONS

Capitalized terms used but not defined in these Bylaws shall have the meaning ascribed to such terms in the Covenant.

ARTICLE III
MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

Section 3.1. Membership. Each Owner of a Lot or Condominium Unit is a mandatory Member of the Association, as more fully set forth in the Covenant.

Section 3.2. Place of Meetings. Meetings of the Association shall be held where designated by the Board, either within the Development or as convenient as possible and practical.

Section 3.3. Annual Meetings. There shall be an annual meeting of the Members of the Association for the purposes of Association-wide elections or votes and for such other Association business at such reasonable place, date and time as set by the Board.

Section 3.4. Special Meetings. Special meetings of Members may be called in accordance with Section 22.155 of the Texas Business Organizations Code or any successor statute.

Section 3.5. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting or by publication in a newspaper of general circulation, not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President, the Secretary, or the officers or persons calling the meeting. In the case of a special meeting or when otherwise required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage prepaid. If an election or vote of the Members will occur outside of a meeting of the Members (*i.e.*, absentee or electronic ballot), then the Association shall provide notice to each Member no later than the 20th day before the latest date on which a ballot may be submitted to be counted.

Section 3.6. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed a waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting by a Member shall be deemed a waiver of notice of all business transacted at such meeting unless an objection by a Member on the basis of lack of proper notice is raised before the business is put to a vote.

Section 3.7. Quorum. Except as provided in these Bylaws or in the Covenant, the presence of the Members representing ten percent (10%) of the total votes in the Association shall constitute a quorum at all Association meetings. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the departure of enough Members to leave less than a quorum, provided that Members representing at least five percent (5%) of the total votes in the Association remain in attendance, and provided that any action taken is approved by at least a Majority of the votes present at such adjourned meeting, unless otherwise provided in the Covenant.

Section 3.8. Conduct of Meetings. The President or any other person appointed by the Board shall preside over all Association meetings, and the Secretary, or the Secretary's designee, shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 3.9. Voting. The voting rights of the Members shall be as set forth in the Covenant, and such voting rights provisions are specifically incorporated by reference. Except as otherwise provided in the Covenant, action may be taken at any legally convened meeting of the Members upon the affirmative vote of the Members having a Majority of the total votes present at such meeting in person or proxy or by absentee ballot or electronic ballot, if such votes are considered present at the meeting as further set forth herein. Cumulative voting shall not be allowed. The person holding legal title to a Lot or Condominium Unit shall be entitled to cast the vote allocated to such Lot or Condominium Unit and not the person merely holding beneficial title to the same unless such right is expressly delegated to the beneficial Owner thereof in writing. **Any provision in the Association's governing documents that would disqualify an Owner from voting in an Association election of Board Members or on any matter concerning the rights or responsibilities of the Owner is void**.

Section 3.10. Methods of Voting: In Person; Proxies; Absentee Ballots; Electronically. On any matter as to which a Member is entitled individually to cast the vote for his Lot or Condominium Unit such vote may be cast or given: (a) in person or by proxy at a meeting of the Association; (b) by absentee ballot; (c) by electronic ballot; or (d) by such other means as may be permitted by law and as adopted by the Board. Any vote cast in an election or vote by a Member of the Association must be in writing and signed by the Member. Electronic votes constitute written and signed ballots. In an Association election, written and signed ballots are not required for uncontested races. Votes shall be cast as provided in this Section:

(A) Proxies. Any Member may give a revocable written proxy in the form as prescribed by the Board from time to time to any person authorizing such person to cast the Member's vote on any matter. A Member's vote by proxy is subject to any limitations of Texas law relating to the use of general proxies and subject to any specific provision to the contrary in the Covenant or these Bylaws. No proxy shall be valid unless signed by the Member for which it is given or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to the meeting for which it is to be effective. Proxies shall be valid only for the specific meeting for which given and for lawful adjournments of such meeting. In no event shall a proxy be valid more than eleven (11) months after the effective date of the proxy. Every proxy shall be revocable and shall automatically cease upon conveyance of the Lot or Condominium Unit for which it was given.

(B) Absentee and Electronic Ballots. An absentee or electronic ballot: (i) may be counted as a Member present and voting for the purpose of establishing a quorum only for items appearing on the ballot; (ii) may not be counted, even if properly delivered, if the Member attends any meeting to vote in person, so that any vote cast at a meeting by a Member supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal; and (iii) may not be counted on the final vote of a proposal if the proposal was amended at the meeting to be different from the exact language on the absentee or electronic ballot. For the purposes of this Section, a nomination taken from the floor in a Board member election is not considered an amendment to the proposal for the election.

(1) *Absentee Ballots.* No absentee ballot shall be valid unless it is in writing, signed by the Member for which it is given or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to the meeting for which it is to be effective. Absentee ballots shall be valid only for the specific meeting for which given and for lawful adjournments of such meeting. In no event shall an absentee ballot be valid after the specific meeting or lawful adjournment of such meeting at which such ballot is counted or upon conveyance of the Lot or Condominium Unit for which it was given. Any solicitation for votes by absentee ballot must include:

(i) an absentee ballot that contains each proposed action and provides an opportunity to vote for or against each proposed action;

(ii) instructions for delivery of the completed absentee ballot, including the delivery location; and

(iii) the following language: *"By casting your vote via absentee ballot you will forgo the opportunity to consider and vote on any action from the*

floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail."

(2) *Electronic Ballots.* "Electronic ballot" means a ballot: (a) given by email, facsimile or posting on a website; (b) for which the identity of the Member submitting the ballot can be confirmed; and (c) for which the Member may receive a receipt of the electronic transmission and receipt of the Member's ballot. If an electronic ballot is posted on a website, a notice of the posting shall be sent to each Member that contains instructions on obtaining access to the posting on the website.

Section 3.11. Tabulation of and Access to Ballots. A person who is a candidate in an Association election or who is otherwise the subject of an Association vote, or a person related to that person within the third degree by consanguinity or affinity may not tabulate or otherwise be given access to the ballots cast in that election or vote except such person may be given access to the ballots cast in the election or vote as part of a recount process. A person tabulating votes in an Association election or vote or who performs a recount pursuant to *Section 3.12* may not disclose to any other person how an individual voted. Notwithstanding any provision of these Bylaws to the contrary, only a person who tabulates votes pursuant to this Section or performs a recount pursuant to *Section 3.12* shall be given access to any Association ballots.

Section 3.12. Recount of Votes. Any Member (the "**Recount Requesting Member**") may, not later than the fifteenth (15th) day after the later of the date of any meeting of Members at which an election or vote was held, or the date of the announcement of the results of the election or vote, require a recount of the votes (the "**Recount Request**"). A Recount Request must be submitted in writing either: (i) by any method of mailing for which evidence of mailing is provided by the United States Postal Service or a common carrier, with signature confirmation service to the Association's mailing address as reflected on the latest management certificate; or (ii) in person to the Association's managing agent as reflected on the latest management certificate or to the address to which absentee and proxy ballots are mailed. The Recount Requesting Member shall be required to pay, in advance, expenses associated with the recount as estimated by the Association, pursuant to subsection (a) below.

(a) Cost of Recount. The Association shall estimate the costs for performing the recount by a person qualified to tabulate votes under subsection (b), and no later than the 20th day after the date the Association receives the Recount Request, shall send an invoice for the estimated costs (the "**Initial Recount Invoice**") to the Recount Requesting Member at the Recount Requesting Member's last known address according to the Association's records. The Recount Requesting Member must pay the Initial Recount Invoice in full to the Association on or before the 30th day after the date the Initial Recount Invoice was delivered to the Recount Requesting Member (the "**Deadline**"). If the Initial Recount Invoice is not paid by the Recount Requesting Member by the Deadline, the Recount Requesting Member's Recount Request shall be considered withdrawn and the Association shall not be required to perform a recount. If the Initial Recount Invoice is paid by the Recount Requesting Member by the Deadline, then on or before the 30th day after the date of receipt of payment of the Invoice, the recount must be

completed and the Association must provide each Recount Requesting Member with notice of the results of the recount. If the recount changes the results of the election, the Association shall reimburse the Recount Requesting Member for the cost of the recount not later than the 30th day after the date the results of the recount are provided. If the recount does not change the results of the election, and the estimated costs included on the Initial Recount Invoice are either lesser or greater than the actual costs of the recount, the Association shall send a final invoice (the "**Final Recount Invoice**") to the Recount Requesting Member on or before the 30th business day after the date the results of the recount are provided. If the Final Recount Invoice reflects that additional amounts are owed by the Recount Requesting Member, the Recount Requesting Member shall remit such additional amounts to the Association immediately. Any additional amounts not paid to the Association by the Recount Requesting Member before the 30th business day after the date the Final Recount Invoice is sent may be charged as an Individual Assessment against the Recount Requesting Member. If the costs estimated in the Initial Recount Invoice costs exceed the amount reflected in the Final Recount Invoice, then the Recount Requesting Member shall be entitled to a refund, which such refund shall be paid at the time the Final Recount Invoice is delivered pursuant to this Section.

(b) Vote Tabulator. Following receipt of payment of the Initial Recount Invoice, the Association shall retain for the purpose of performing the recount, the services of a person qualified to tabulate votes. The Association shall enter into a contract for the services of a person who: (i) is not a Member of the Association or related to a Member of the Association Board within the third degree by consanguinity or affinity; and (ii) is either a person agreed on by the Association and each person requesting a recount or is a current or former county judge, county elections administrator, justice of the peace or county voter registrar.

(c) Board Action. Any action taken by the Board in the period between the initial election vote tally and the completion of the recount is not affected by any recount.

Section 3.13. Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice, and without a vote if written consent specifically authorizing the proposed action is signed by Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Members entitled to vote thereon were present. Such consents shall be signed within sixty (60) days after receipt of the earliest dated consent, dated, and delivered to the Association at its principal place of business in Texas. Such consents shall be filed with the minutes of the Association and shall have the same force and effect as a vote of the Members at a meeting. Within ten (10) days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

ARTICLE IV
BOARD OF DIRECTORS

Section 4.1. Authority; Number of Directors.

(a) The affairs of the Association shall be governed by a Board of Directors. The number of Directors shall be fixed by the Board of Directors from time to time. The initial Directors shall be three (3)

in number and shall be those Directors named in the Certificate. The initial Directors shall serve until their successors are elected and qualified.

(b) In accordance with *Section 3.4* of the Covenant, no later than the 10th anniversary of the date the Covenant is recorded in the Official Public Records of Dallas County, Texas, or sooner as determined by Declarant, the Board must have held a meeting of the Members of the Association (the "**Initial Member Election Meeting**") where the Members will elect one (1) Director, for a one (1) year term ("**Initial Member Elected Director**"). Declarant will continue to appoint and remove two-thirds (⅔) of the Board after the Initial Member Election Meeting until expiration or termination of the Development Period. Notwithstanding the foregoing, the Initial Member Elected Director's term will expire as of the date of the Member Election Meeting.

(c) At the expiration or termination of the Development Period, the Sub-Association Representative will be entitled to appoint and remove one (1) Director (the "**Sub-Association Director**") and the Members will elect two (2) Directors (all Declarant appointed Directors and the Initial Member Elected Director will resign by this time) (the "**Member Election Meeting**"). The Members will elect one (1) Director for a three (3) year term and one (1) Director for a two (2) year term (with the individual receiving the highest number of votes to serve the three (3) year term and the individual receiving the next highest number of votes to serve the two (2) year term). Upon expiration of the term of a Director elected by the Members pursuant to this *Section 4.1(c)*, his or her successor will be elected for a term of three (3) years. Each Sub-Association Director will be appointed for a term of three (3) years.

(d) A Director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed.

(e) Each Director, other than Directors appointed by Declarant, shall be a Member. In the case of corporate, partnership, or other entity ownership of a Lot or Condominium Unit, the Director must be a duly authorized agent or representative of the corporation, the partnership, or other entity which owns the Lot or Condominium Unit. Other than as set forth in this subparagraph (e), the Association may not restrict an Owner's right to run for a position on the Board.

Section 4.2. Compensation. The Directors shall serve without compensation for such service.

Section 4.3. Nominations to Board of Directors. Members may be nominated for election to the Board of Directors in either of the following ways:

(a) A Member who is not a Director and who desires to run for election to that position shall be deemed to have been nominated for election upon his filing with the Board of Directors a written petition of nomination; or

(b) A Director who is eligible to be re-elected shall be deemed to have been nominated for re-election to the position he holds by signifying his intention to seek reelection in a writing addressed to the Board of Directors.

Section 4.4. Vacancies on Board of Directors. Except with respect to Directors appointed by the Declarant or the Sub-Association Director, if the office of any elected Member elected Director shall

become vacant by reason of death, resignation, or disability, the remaining Member elected Director, at a special meeting duly called for this purpose, shall choose a successor who shall fill the unexpired term of the directorship being vacated. At the expiration of the term of his position on the Board of Directors, the successor Director shall be re-elected or his successor shall be elected in accordance with these Bylaws. Except with respect to Directors appointed by the Declarant or the Sub-Association Director, any Board Member whose term has expired or who has been removed from the Board must be elected by the Members.

Section 4.5. Removal of Directors. Subject to the right of Declarant to nominate and appoint Directors as set forth in *Section 4.1* of these Bylaws, an elected Director may be removed, with or without cause, by the Majority of the Members which elected such Director; provided that the Sub-Association Director may only be removed by the Sub-Association Representative.

Section 4.6. Solicitation of Candidate for Election to the Board. At least thirty (30) days before the date an Association disseminates absentee ballots or other ballots to Members for the purpose of voting in a Board election, the Association shall provide notice (the "**Solicitation Notice**") of the election to the Members. The Solicitation Notice shall: (a) solicit candidates that are eligible under *Section 4.1(e)* and interested in running for a position on the Board; (b) state that an eligible candidate has fifteen (15) days to respond to the Solicitation Notice and request to be placed on the ballot; and (c) must be: (1) mailed to each Member; (2) e-mailed to each Member that has registered their e-mail address with the Association; or (3) posted in a conspicuous manner reasonably designed to provide notice to Members, such as: (i) within the Common Area or, with the Member's consent, on other conspicuously located privately owned property within the subdivision; or (ii) on any website maintained by the Association or other internet media.

ARTICLE V
MEETINGS OF DIRECTORS

Section 5.1. Development Period. The provisions of this *Article V* do not apply to Board meetings during the Development Period (as defined in the Covenant) during which period the Board may take action by unanimous written consent in lieu of a meeting pursuant to *Section 5.10*, except with respect to a meeting conducted for the purpose of: (a) adopting or amending the Documents (*i.e.*, declarations, bylaws, rules, and regulations); (b) increasing the amount of Regular Assessments of the Association or adopting or increasing a Special Assessment; (c) electing non-Declarant Board members or establishing a process by which those members are elected; or (d) changing the voting rights of Members.

Section 5.2. Definition of Board Meetings. A meeting of the Board means a deliberation between a quorum of the Board, or between a quorum of the Board and another person, during which Association business is considered and the Board takes formal action.

Section 5.3. Regular Meetings. Regular meetings of the Board shall be held annually or such other frequency as determined by the Board, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 5.4. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

Section 5.5. Quorum. A Majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a Majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors; provided that the Sub-Association Director has approved such act or decision.

Section 5.6. Open Board Meetings. All regular and special Board meetings must be open to Owners. However, the Board has the right to adjourn a meeting and reconvene in closed executive session to consider actions involving: (a) personnel; (b) pending or threatened litigation; (c) contract negotiations; (d) enforcement actions; (e) confidential communications with the Association's attorney; (f) matters involving the invasion of privacy of individual Owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board. Following an executive session, any decision made by the Board in executive session must be summarized orally in general terms and placed in the minutes. The oral summary must include a general explanation of expenditures approved in executive session.

Section 5.7. Location. Except if otherwise held by electronic or telephonic means, a Board meeting must be held in the county in which the Development is located or in a county adjacent to that county, as determined in the discretion of the Board.

Section 5.8. Record; Minutes. The Board shall keep a record of each regular or special Board meeting in the form of written minutes of the meeting. The Board shall make meeting records, including approved minutes, available to a Member for inspection and copying on the Member's written request to the Association's managing agent at the address appearing on the most recently filed management certificate or, if there is not a managing agent, to the Board.

Section 5.9. Notices. Members shall be given notice of the date, hour, place, and general subject of a regular or special board meeting, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be: (a) mailed to each Member not later than the tenth (10th) day or earlier than the sixtieth (60th) day before the date of the meeting; **or** (b) provided at least seventy-two (72) hours before the start of the meeting by: (i) posting the notice in a conspicuous manner reasonably designed to provide notice to Members in a place located on the Association's common area or on any website maintained by the Association; and (ii) sending the notice by e-mail to each Member who has registered an e-mail address with the Association. It is the Member's duty to keep an updated e-mail address registered with the Association. The Board may establish a procedure for registration of email addresses, which procedure may be required for the purpose of receiving notice of Board meetings. If the Board recesses a regular or special Board meeting to continue the following regular business day, the Board is not required to post notice of the continued meeting if the recess is taken in good faith and not to circumvent this Section. If a regular or special Board meeting is continued to the following regular business day, and on that following day the Board continues the meeting to another day, the Board shall give notice of the continuation in at least one manner as set forth above within two (2) hours after adjourning the meeting being continued.

Section 5.10. Unanimous Consent. During the Development Period, Directors may vote by unanimous written consent. Unanimous written consent occurs if all Directors individually or collectively consent in writing to a Board action. The written consent must be filed with the minutes of Board meetings. Action by written consent shall be in lieu of a meeting and has the same force and effect as a unanimous vote of the Directors. As set forth in *Section 5.1*, Directors may not vote by unanimous

consent if the Directors are considering any of the following actions: (a) adopting or amending the Documents (*i.e.*, declarations, bylaws, rules, and regulations); (b) increasing the amount of Regular Assessments of the Association or adopting or increasing a Special Assessment; (c) electing non-Declarant Board members or establishing a process by which those members are elected; or (d) changing the voting rights of Members.

Section 5.11. Meeting Without Prior Notice. The Board may take action outside a meeting, including voting by electronic or telephonic means, without prior notice to the Members if each Board member is given a reasonable opportunity (i) to express his or her opinions to all other Board members and (ii) to vote. Any action taken without notice to Members must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special Board meeting. The Board may not, unless done in an open meeting for which prior notice was given to the Members pursuant to *Section 5.9* above, consider or vote on: (a) fines; (b) damage assessments; (c) the initiation of foreclosure actions; (d) the initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety; (e) increases in assessments; (f) levying of special assessments; (g) appeals from a denial of architectural control approval; (h) a suspension of a right of a particular Member before the Member has an opportunity to attend a Board meeting to present the Member's position, including any defense, on the issue; (i) the lending or borrowing of money; (j) the adoption of any amendment of a dedicatory instrument; (k) the approval of an annual budget or the approval of an amendment of an annual budget that increases the budget by more than 10 percent (10%); (l) the sale or purchase of real property; (m) the filling of a vacancy on the Board; (n) the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or (o) the election of an officer.

Section 5.12. Telephone and Electronic Meetings. Any action permitted to be taken by the Board may be taken by telephone or electronic methods provided that: (1) each Board member may hear and be heard by every other Board member; (2) except for any portion of the meeting conducted in executive session: (i) all Members in attendance at the meeting may hear all Board members; and (ii) any Members are allowed to listen using any electronic or telephonic communication method used or expected to be used by a participating Board member at the same meeting; and (3) the notice of the Board meeting provides instructions to the Members on how to access the electronic or telephonic communication method used in the meeting. Participation in such a meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE VI
POWERS AND DUTIES OF THE BOARD

Section 6.1. Powers. The Board shall have power and duty to undertake any of the following actions, in addition to those actions to which the Association is authorized to take in accordance with the Covenant:

(a) adopt, amend, revoke, record, and publish the Rules;

(b) suspend the right of a Member to use of the Common Area during any period in which such Member shall be in default in the payment of any Assessment levied by the Association, or after notice and hearing, for any period during which an infraction of the Rules by such Member exists;

(c) exercise for the Association all powers, duties and authority vested in or related to the Association and not reserved to the membership by other provisions of the Documents;

(d) to enter into any contract or agreement with a municipal agency or utility company to provide electric utility service to all or any portion of the Development;

(e) declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(f) employ such employees as they deem necessary, and to prescribe their duties;

(g) as more fully provided in the Covenant, to:

(1) fix the amount of the Assessments against each Lot and/or Condominium Unit in advance of each annual assessment period and any other assessments provided by the Covenant; and

(2) foreclose the lien against any property for which Assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(h) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid and to levy a reasonable charge for the issuance of these certificates (it being understood that if a certificate states that an Assessment has been paid, such certificate shall be conclusive evidence of such payment);

(i) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(j) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(k) exercise such other and further powers or duties as provided in the Covenant or by law.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 7.1. Enumeration of Offices. The officers of the Association shall be a President and a Vice-President, who shall at all times be members of the Board, a Secretary and a Treasurer, and such other officers as the Board may from time to time create by resolution.

Section 7.2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 7.3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he resigns sooner, or shall be removed or otherwise disqualified to serve.

Section 7.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 7.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.6. Vacancies. A vacancy in any office may be filled through appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7.7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to *Section 7.4*.

Section 7.8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice President. The Vice President, if any, shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President or the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board.

(d) Assistant Secretaries. Each Assistant Secretary shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him or her by the Secretary, the President, the Board or any committee established by the Board.

(e) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Association; keep proper books of account in appropriate form such that they could be audited by a public accountant whenever ordered by the Board or the membership; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the Members.

Section 7.9. Execution of Instruments. Except when the Documents require execution of certain instruments by certain individuals, the Board may authorize any person to execute instruments on behalf of the Association, including without limitation checks from the Association's bank account. In the absence of Board designation, and unless otherwise provided herein, the President and the Secretary are the only persons authorized to execute instruments on behalf of the Association.

ARTICLE VIII
OTHER COMMITTEES OF THE BOARD OF DIRECTORS

The Board may, by resolution adopted by affirmative vote of a Majority of the number of Directors fixed by these Bylaws, designate two or more Directors (with such alternates, if any, as may be deemed desirable) to constitute another committee or committees for any purpose; provided, that any such other committee or committees shall have and may exercise only the power of recommending action to the Board of Directors and of carrying out and implementing any instructions or any policies, plans, programs and rules theretofore approved, authorized and adopted by the Board.

ARTICLE IX
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Documents shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X
ASSESSMENTS

As more fully provided in the Covenant, each Member is obligated to pay to the Association Assessments which are secured by a continuing lien upon the property against which the Assessments are made. Assessments shall be due and payable in accordance with the Covenant.

ARTICLE XI
CORPORATE SEAL

The Association may, but shall have no obligation to, have a seal in a form adopted by the Board.

ARTICLE XII
AMENDMENTS

These Bylaws may be amended by: (i) the Declarant until expiration or termination of the Development Period; or (ii) a Majority vote of the Board of Directors with the advance written consent of (a) the Sub-Association Director; and (ii) the Declarant until expiration or termination of the Development Period.

ARTICLE XIII
INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Association shall indemnify every Director, Officer or Committee Member against, and reimburse and advance to every Director, Officer or Committee Member for, all liabilities, costs and expenses' incurred in connection with such directorship or office and any actions taken or omitted in such capacity to the greatest extent permitted under the Texas Business Organizations Code and all other applicable laws at the time of such indemnification, reimbursement or advance payment; provided, however, no Director, Officer or Committee Member shall be indemnified for: (a) a breach of duty of loyalty to the Association or its Members; (b) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (c) a transaction from which such Director, Officer or Committee Member received an improper benefit, whether or not the benefit resulted from an action taken within the scope of directorship or office; or (d) an act or omission for which the liability of such Director, Officer or Committee Member is expressly provided for by statute.

ARTICLE XIV
MISCELLANEOUS

Section 14.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 14.2. Review of Statutes and Court Rulings. Users of these Bylaws should also review statutes and court rulings that may modify or nullify provisions of this document or its enforcement, or may create rights or duties not anticipated by these Bylaws.

Section 14.3. Conflict. In the case of any conflict between the Certificate and these Bylaws, the Certificate shall control; and in the case of any conflict between the Covenant and these Bylaws, the Covenant shall control. In the case of any conflict between these Bylaws and any provision of the applicable laws of the State of Texas, the conflicting aspect of the Bylaws provision is null and void, but all other provisions of these Bylaws remain in full force and effect.

Section 14.4. Interpretation. The effect of a general statement is not limited by the enumerations of specific matters similar to the general. The captions or articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. The singular is construed to mean the plural, when applicable, and the use of masculine or neuter pronouns includes the feminine.

Section 14.5. No Waiver. No restriction, condition, obligation, or covenant contained in these Bylaws may be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ATTACHMENT 3

THE STATION RESIDENTIAL PROPERTY OWNER'S ASSOCIATION, INC.
FINE AND ENFORCEMENT POLICY

1. Background. The Station Residential District is subject to that certain The Station Residential District Master Covenant [*Residential*] recorded in the Official Public Records of Dallas County, Texas, as the same may be amended from time to time ("**Covenant**"). In accordance with the Covenant, The Station Residential Property Owner's Association, Inc., a Texas non-profit corporation (the "**Association**") was created to administer the terms and provisions of the Covenant. Unless the Covenant or Applicable Law expressly provides otherwise, the Association acts through a majority of its board of directors (the "**Board**"). The Association is empowered to enforce the covenants, conditions and restrictions of the Covenant, Certificate, Bylaws, Community Manual, the Design Guidelines (if adopted), any applicable Development Area Declaration, any applicable Notice of Applicability, and any rules and regulations promulgated by the Association pursuant to the Covenant or any Development Area Declaration, as each may be adopted and amended from time to time (collectively, the "**Documents**"), including the obligation of Owners to pay assessments pursuant to the terms and provisions of the Covenant and the obligations of the Owners to compensate the Association for costs incurred by the Association for enforcing violations of the Documents.

   The Board hereby adopts this Fine and Enforcement Policy to establish equitable policies and procedures for the levy of fines within the Association in compliance with the Chapter 209 of the Texas Property Code, titled the "Texas Residential Property Owners Protection Act," as it may be amended (the "**Act**"). To the extent any provision within this policy is in conflict with the Act or any other applicable law, such provision shall be modified to comply with the applicable law.

   Terms used in this policy, but not defined, shall have the meaning ascribed to such term in the Documents.

2. Policy. The Association uses fines to discourage violations of the Documents, and to encourage compliance when a violation occurs – not to punish violators or generate revenue for the Association. Although a fine may be an effective and efficient remedy for certain types of violations or violators, it is only one of several methods available to the Association for enforcing the Documents. The Association's use of fines does not interfere with its exercise of other rights and remedies for the same violation.

3. Owner's Liability. An Owner is liable for fines levied by the Association for violations of the Documents by the Owner and the relatives, guests, employees, and agents of the Owner and residents. Regardless of who commits the violation, the Association may direct all communications regarding the violation to the Owner.

4. Amount. The Association may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The Association may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation, and should be uniform for similar

violations of the same provision of the Documents. If the Association allows fines to accumulate, the Association may establish a maximum amount for a particular fine, at which point the total fine will be capped.

5. Violation Notice. Except as set forth in *Section 5(C)* below, before levying a fine, the Association will give (i) a written violation notice via certified mail to the Owner (at the Owner's last known address as shown in the Association records) (the "**Violation Notice**") and (ii) an opportunity to be heard, if requested by the Owner. The Association's Violation Notice will contain the following items: (1) the date the Violation Notice is prepared or mailed; (2) a description of the violation or property damage that is the basis for the Individual Assessment, suspension action, or other charge; (3) a reference to the rule or provision that is being violated; (4) a description of the action required to cure the violation and a reasonable timeframe in which the violation is required to be cured to avoid the fine or suspension; (5) the amount of the possible fine; (6) a statement that no later than the thirtieth (30th) day after the date the notice was mailed, the Owner may request a hearing pursuant to Section 209.007 of the Texas Property Code, and further, if the hearing held pursuant to Section 209.007 of the Texas Property Code is to be held by a committee appointed by the Board, a statement notifying the Owner that he or she has the right to appeal the committee's decision to the Board by written notice to the Board; and (7) a statement that the Owner may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. section *et seq.*), if the Owner is serving on active military duty. The Violation Notice sent out pursuant to this paragraph is further subject to the following:

A. First Violation. If the Owner has not been given notice and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months, the Violation Notice will state those items set out in (1) – (7) above, along with a reasonable timeframe by which the violation must be cured to avoid the fine. The Violation Notice must state that any future violation of the same rule may result in the levy of a fine. A fine pursuant to the *Schedule of Fines* may be levied if an Owner does not cure the violation within the timeframe set forth in the notice.

B. Uncurable Violation/Violation of Public Health or Safety. If the violation is of an uncurable nature or poses a threat to public health or safety (as exemplified in Section 209.006 of the Texas Property Code), then the Violation Notice shall state those items set out in (1), (2), (3), (5), (6), and (7) above, and the Association shall have the right to exercise any enforcement remedy afforded to it under the Documents, including but not limited to the right to levy a fine pursuant to the *Schedule of Fines*.

C. Repeat Violation without Attempt to Cure. If the Owner has been given a Violation Notice and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months but commits the violation again, then the Owner shall not be entitled to an additional Violation Notice or a hearing pursuant to Section 209.007 of the Texas Property Code, and the Association shall have the right to exercise any enforcement remedy afforded to it under the Documents, including but not limited to the right to levy a fine

pursuant to the *Schedule of Fines*. After an Owner has been provided a Violation Notice as set forth herein and assessed fines in the amounts set forth in the *Schedule of Fines*, if the Owner has never cured the violation in response to any Violation Notices sent or any fines levied, then the Board, in its sole discretion, may determine that such a circumstance is a continuous violation which warrants a levy of a fine based upon a daily, monthly, or quarterly amount as determined by the Board.

6. Violation Hearing. If the Owner is entitled to an opportunity to cure the violation, then the Owner has the right to submit a written request to the Association for a hearing before the Board or a committee appointed by the Board to discuss and verify the facts and resolve the matter. To request a hearing, the Owner must submit a written request (the "**Request**") to the Association's manager (or the Board if there is no manager) within thirty (30) days after receiving the Violation Notice. The Association must then hold the hearing requested no later than thirty (30) days after the Board receives the Request. The Board must notify the Owner of the date, time, and place of the hearing at least ten (10) days before the date of the hearing. The hearing will be scheduled to provide a reasonable opportunity for both the Board and the Owner to attend. The Board or the Owner may request a postponement, and if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. Notwithstanding the foregoing, the Association may exercise its other rights and remedies as set forth in Section 209.007(d) and (e) of the Texas Property Code. Any hearing before the Board will be held in a closed or executive session of the Board. At the hearing, the Board will consider the facts and circumstances surrounding the violation. The Owner shall attend the hearing in person, but may be represented by another person (i.e., attorney) during the hearing, upon advance written notice to the Board. If an Owner intends to make an audio recording of the hearing, such Owner's request for hearing shall include a statement noticing the Owner's intent to make an audio recording of the hearing, otherwise, no audio or video recording of the hearing may be made, unless otherwise approved by the Board. The minutes of the hearing must contain a statement of the results of the hearing and the fine, if any, imposed. A copy of the Violation Notice and Request should be placed in the minutes of the hearing. If the Owner appears at the meeting, the notice requirements will be deemed satisfied. Unless otherwise agreed by the Board, each hearing shall be conducted in accordance with the agenda attached hereto as Exhibit A.

7. Due Date. Fine and/or damage charges are due immediately if the violation is uncurable or poses a threat to public health or safety. If the violation is curable, the fine and/or damage charges are due immediately after the later of: (1) the date that the cure period set out in the first Violation Notice ends and the Owner does not attempt to cure the violation or the attempted cure is unacceptable to Association, or (2) if a hearing is requested by the Owner, such fines or damage charges will be due immediately after the Board's final decision on the matter, assuming that a fine or damage charge of some amount is confirmed by the Board at such hearing.

8. Lien Created. The payment of each fine and/or damage charge levied by the Board against the Owner of a Lot is, together with interest as provided in *Section 5.11* of the Covenant and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Association pursuant to *Section 5.1.2* of the Covenant. The fine and/or damage charge will be

considered an Assessment for the purpose of this Article and will be enforced in accordance with the terms and provisions governing the enforcement of assessments pursuant to *Article 5* of the Covenant.

9. Levy of Fine. Any fine levied shall be reflected on the Owner's periodic statements of account or delinquency notices.

10. Foreclosure. The Association may not foreclose its assessment lien on a debt consisting solely of fines.

11. Amendment of Policy. This policy may be revoked or amended from time to time by the Board. This policy will remain effective until the Association records an amendment to this policy in the county's official public records.

Schedule of Fines

The Board has adopted the following general schedule of fines. The number of notices set forth below does not mean that the Board is required to provide each notice prior to exercising additional remedies as set forth in the Documents. The Board may elect to pursue such additional remedies at any time in accordance with applicable law. The Board also reserves the right to set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effect of the violation:

FINES‡:

New Violation: **Notice of Violation**	**Fine Amount:** **$25.00 (if a curable violation, may be avoided if Owner cures the violation by the time specified in the notice)**
Repeat Violation (No Right to Cure or Uncurable Violation):	**Fine Amount:** **1st Notice $50.00** **2nd Notice $75.00** **3rd Notice $100.00** **4th Notice $125.00**
Continuous Violation: **Continuous Violation Notice**	**Amount TBD**

‡ The Board reserves the right to adjust these fine amounts based on the severity and/or frequency of the violation.

EXHIBIT A

HEARING BEFORE THE BOARD

Note: An individual will act as the presiding hearing officer. The hearing officer will provide introductory remarks and administer the hearing agenda.

I. Introduction:

Hearing Officer. The Board has convened for the purpose of providing [Owner] an opportunity to be heard regarding a notice of violation of the Documents sent by the Association.

The hearing is being conducted as required by Section 209.007(a) of the Texas Property Code, and is an opportunity for [Owner] to discuss, verify facts, and attempt to resolve the matter at issue. The Board may be able to resolve the dispute at the hearing or the Board may elect to take the matter under advisement and conclude the hearing. If the matter is taken under advisement, a final decision will be communicated in writing within fifteen (15) days.

II. Presentation of Facts:

Hearing Officer. This portion of the hearing is to permit a representative of the Association the opportunity to describe the violation and to present photographs or other material relevant to the violation, fines or penalties. After the Association's representative has finished his presentation, the Owner or its representative will be given the opportunity to present photographs or other material relevant to the violation, fines or penalties. The Board may ask questions during either party's presentation. It is requested that questions by [Owner] be held until completion of the presentation by the Association's representative.

[Presentations]

III. Discussion:

Hearing Officer. This portion of the hearing is to permit the Board and [Owner] to discuss factual disputes relevant to the violation. Discussion regarding any fine or penalty is also appropriate. Discussion should be productive and designed to seek, if possible, a mutually agreed upon resolution of the dispute. The Hearing Officer retains the right to conclude this portion of the hearing at any time.

IV. Resolution:

Hearing Officer. This portion of the hearing is to permit discussion between the Board and [Owner] regarding the final terms of a mutually agreed upon resolution, if such resolution was agreed upon during the discussion phase of the hearing. If no mutually agreed upon resolution was reached, the Hearing Officer may: (i) request that the Board enter into executive session to discuss the matter; (ii) request that the Board take the matter under advisement and adjourn the hearing; or (iii) adjourn the hearing.

ATTACHMENT 4

THE STATION RESIDENTIAL PROPERTY OWNER'S ASSOCIATION, INC.
ASSESSMENT COLLECTION POLICY

The Station Residential District is a community (the "**Community**") created by and subject to The Station Residential District Master Covenant [*Residential*] recorded in the Official Public Records of Dallas County, Texas, and any amendments or supplements thereto ("**Covenant**"). The operation of the Community is vested in The Station Residential Property Owner's Association, Inc. (the "**Association**"), acting through its board of directors (the "**Board**"). The Association is empowered to enforce the covenants, conditions and restrictions of the Covenant, Certificate, Bylaws, Community Manual, the Design Guidelines (if adopted), any applicable Development Area Declaration, any applicable Notice of Applicability, and any rules and regulations promulgated by the Association pursuant to the Covenant or any Development Area Declaration, as adopted and amended from time to time (collectively, the **"Documents"**), including the obligation of Owners to pay Assessments pursuant to the terms and provisions of the Documents.

The Board hereby adopts this Assessment Collection Policy to establish equitable policies and procedures for the collection of Assessments levied pursuant to the Documents. Terms used in this policy, but not defined, shall have the meaning ascribed to such term in the Documents.

Section 1. DELINQUENCIES, LATE CHARGES & INTEREST

1-A. Due Date. An Owner will timely and fully pay Assessments. Regular Assessments are assessed annually and are due and payable on the first calendar day of the month at the beginning of the fiscal year, or in such other manner as the Board may designate in its sole and absolute discretion.

1-B. Delinquent. Any Assessment that is not fully paid when due is delinquent. When the account of an Owner becomes delinquent, it remains delinquent until paid in full — including collection costs, interest and late fees.

1-C. Late Fees & Interest. If the Association does not receive full payment of an Assessment by 5:00 p.m. on the due date established by the Board, the Association may levy a late fee of $25 per month and/or interest at the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date thereof (or if there is no such highest rate, then at the rate of 1 and 1/2% per month) until paid in full.

1-D. Liability for Collection Costs. The defaulting Owner is liable to the Association for the cost of title reports, credit reports, certified mail, long distance calls, court costs, filing fees, and other reasonable costs and attorney's fees incurred by the Association in collecting the delinquency.

1-E. Insufficient Funds. The Association may levy a charge of $25 for any check returned to the Association marked "not sufficient funds" or the equivalent.

1-F. Waiver. Properly levied collection costs, late fees, and interest may only be waived by a Majority of the Board.

Section 2. INSTALLMENTS & ACCELERATION

If an Assessment, other than a Regular Assessment, is payable in installments, and if an Owner defaults in the payment of any installment, the Association may declare the entire Assessment in default and accelerate the due date on all remaining installments of the Assessment. An Assessment, other than a Regular Assessment, payable in installments may be accelerated only after the Association gives the Owner at least fifteen (15) days prior notice of the default and the Association's intent to accelerate the unpaid balance if the default is not timely cured. Following acceleration of the indebtedness, the Association has no duty to reinstate the installment program upon partial payment by the Owner.

Section 3. PAYMENTS

3-A. Application of Payments. After the Association notifies the Owner of a delinquency and the Owner's liability for late fees or interest, and collection costs, any payment received by the Association shall be applied in the following order, starting with the oldest charge in each category, until that category is fully paid, regardless of the amount of payment, notations on checks, and the date the obligations arose:

(1) Delinquent assessments

(2) Current assessments

(3) Attorney fees and costs associated with delinquent assessments

(4) Other attorney's fees

(5) Fines

(6) Any other amount

3-B. Payment Plans. The Association shall offer a payment plan to a delinquent Owner with a minimum term of at least three (3) months from the date the payment plan is requested for which the Owner may be charged reasonable administrative costs and interest. The Association will determine the actual term of each payment plan offered to an Owner in its sole and absolute discretion. An Owner is not entitled to a payment plan if the Owner has defaulted on a previous payment plan in the last two (2) years. The Association is not required to make a payment plan available to a Member after the Delinquency Cure Period allowed under Paragraph 5-B expires. If an Owner is in default at the time the Owner submits a payment, the Association is not required to follow the application of payments schedule set forth in Paragraph 3-A.

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

3-D. Partial and Conditioned Payment. The Association may refuse to accept partial payment (i.e., less than the full amount due and payable) and payments to which the payer attaches conditions or directions contrary to the Board's policy for applying payments. The Association's endorsement and deposit of a payment does not constitute acceptance. Instead, acceptance by the Association occurs when the Association posts the payment to the Owner's account. If the Association does not accept the payment at that time, it will promptly refund the payment to the payer. A payment that is not refunded to the payer within thirty (30) days after being deposited by the Association may be deemed accepted as to payment, but not as to words of limitation or instruction accompanying the payment. The acceptance by the Association of partial payment of

delinquent Assessments does not waive the Association's right to pursue or to continue pursuing its remedies for payment in full of all outstanding obligations.

3-E. Notice of Payment. If the Association receives full payment of the delinquency after Recording a notice of lien, the Association will cause a release of notice of lien to be publicly Recorded, a copy of which will be sent to the Owner. The Association may require the Owner to prepay the cost of preparing and Recording the release.

3-F. Correction of Credit Report. If the Association receives full payment of the delinquency after reporting the defaulting Owner to a credit reporting service, the Association will report receipt of payment to the credit reporting service.

Section 4. LIABILITY FOR COLLECTION COSTS

4-A. Collection Costs. The defaulting Owner may be liable to the Association for the cost of title reports, credit reports, certified mail, long distance calls, filing fees, and other reasonable costs and attorney's fees incurred in the collection of the delinquency.

Section 5. COLLECTION PROCEDURES

5-A. Delegation of Collection Procedures. From time to time, the Association may delegate some or all of the collection procedures, as the Board in its sole discretion deems appropriate, to the Association's Manager, an attorney, or a debt collector.

5-B. Delinquency Notices. If the Association has not received full payment of an Assessment by the due date, the Association may send written notice of nonpayment to the defaulting Owner, by certified mail, stating: (a) the amount delinquent and the total amount of the payment required to make the account current, (b) the options the Owner has to avoid having the account turned over to a collection agent, as such term is defined in Texas Property Code Section 209.0064, including information regarding availability of a payment plan through the Association, and (c) that the Owner has thirty (30) days for the Owner to cure the delinquency before further collection action is taken (the "**Delinquency Cure Period**"). The Association's delinquency-related correspondence may state that if full payment is not timely received, the Association may pursue any or all of the Association's remedies, at the sole cost and expense of the defaulting Owner.

5-C. Verification of Owner Information. The Association may obtain a title report to determine the names of the Owners and the identity of other lien-holders, including the mortgage company.

5-D. Collection Agency. The Board may employ or assign the debt to one or more collection agencies.

5-E. Notification of Mortgage Lender. The Association may notify the Mortgage lender of the default obligations.

5-F. Notification of Credit Bureau. The Association may report the defaulting Owner to one or more credit reporting services.

5-G. Collection by Attorney. If the Owner's account remains delinquent for a period of ninety (90) days, the Manager of the Association or the Board of the Association shall refer the delinquent account to the Association's attorney for collection. In the event an account is referred to the Association's attorney, the Owner will be liable to the Association for its legal fees and expenses. Upon referral of a delinquent account to the Association's attorney, the Association's attorney will provide the following notices and take the following actions unless otherwise directed by the Board:

(1) Initial Notice: Preparation of the Initial Notice of Demand for Payment Letter. If the account is not paid in full within 30 days (unless such notice has previously been provided by the Association), then

(2) Lien Notice: Preparation of the Lien Notice and Demand for Payment Letter and Recordation of a Notice of Unpaid Assessment Lien. If the account is not paid in full within 30 days, then

(3) Final Notice: Preparation of the Final Notice of Demand for Payment Letter and Intent to Foreclose and Notice of Intent to Foreclose to Lender. If the account is not paid in full within 30 days, then

(4) Foreclosure of Lien: Only upon specific approval by a majority of the Board.

5-H. Notice of Lien. The Association's attorney may cause a notice of the Association's Assessment lien against the Owner's home to be publicly Recorded. In that event, a copy of the notice will be sent to the defaulting Owner and may also be sent to the Owner's Mortgagee.

5-I. Cancellation of Debt. If the Board deems the debt to be uncollectible, the Board may elect to cancel the debt on the books of the Association, in which case the Association may report the full amount of the forgiven indebtedness to the Internal Revenue Service as income to the defaulting Owner.

5-J. Suspension of Use of Certain Facilities or Services. The Board may suspend the use of the Common Area amenities by an Owner, or his Occupant, whose account with the Association is delinquent for at least thirty (30) days.

Section 6. GENERAL PROVISIONS

6-A. Independent Judgment. Notwithstanding the contents of this detailed policy, the officers, directors, Manager, and attorney of the Association may exercise their independent, collective, and respective judgment in applying this policy.

6-B. Other Rights. This policy is in addition to and does not detract from the rights of the Association to collect Assessments under the Documents and the laws of the State of Texas.

6-C. Limitations of Interest. The Association, and its officers, directors, Managers, and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Documents or any other document or agreement executed or made in connection with this policy, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by applicable law. If from any circumstances whatsoever, the Association ever receives, collects, or applies as interest a sum in excess of the maximum rate permitted by law, the excess amount will be applied to the reduction of unpaid Assessments, or reimbursed to the Owner if those Assessments are paid in full.

6-D. Notices. Unless the Documents, applicable law, or this policy provide otherwise, any notice or other written communication given to an Owner pursuant to this policy will be deemed delivered to the Owner upon depositing same with the U.S. Postal Service, addressed to the Owner at the most recent address shown on the Association's records, or on personal delivery to the Owner. If the Association's records show that an Owner's property is owned by two (2) or more persons, notice to one co-Owner is deemed notice to all co-Owners. Similarly, notice to one Occupant is deemed notice to all Occupants. Written communications to the Association, pursuant to this policy, will be deemed given on actual receipt by the Association's president, secretary, managing agent, or attorney.

6-E. Amendment of Policy. This policy may be amended from time to time by the Board.

ATTACHMENT 5

THE STATION RESIDENTIAL PROPERTY OWNER'S ASSOCIATION, INC.
RECORDS INSPECTION, COPYING AND RETENTION POLICY

Terms used but not defined in this policy will have the meaning ascribed to such terms in that certain The Station Residential District Master Covenant [*Residential*] recorded in the Official Public Records of Dallas County, Texas, as the same may be amended from time to time.

Note: Texas statutes presently render null and void any restriction in the Covenant which restricts or prohibits the inspection, copying and/or retention of association records and files in violation of the controlling provisions of the Texas Property Code or any other applicable state law. The Board has adopted this policy in lieu of any express prohibition or any provision regulating such matters which conflict with Texas law, as set forth in the Covenant.

1. *Written Form*. The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

2. *Request in Writing; Pay Estimated Costs In Advance*. An Owner (or an individual identified as an Owner's agent, attorney or certified public accountant, provided the designation is in writing and delivered to the Association) may submit a written request via certified mail to the Association's mailing address or authorized representative listed in the management certificate to access the Association's records. The written request must include sufficient detail describing the books and records requested and whether the Owner desires to inspect or copy the records. Upon receipt of a written request, the Association may estimate the costs associated with responding to each request, which costs may not exceed the costs allowed pursuant to Texas Administrative Code Section 70.3, as may be amended from time to time (a current copy of which is attached hereto). Before providing the requested records, the Association will require that the Owner remit such estimated amount to the Association. The Association will provide a final invoice to the Owner on or before the 30th business day after the records are provided by the Association. If the final invoice includes additional amounts due from the requesting party, the additional amounts, if not reimbursed to the Association before the 30th business day after the date the invoice is sent to the Owner, may be added to the Owner's account as an Assessment. If the estimated costs exceeded the final invoice amount, the Owner is entitled to a refund, and the refund shall be issued to the Owner not later than the 30th business day after the date the final invoice is sent to the Owner.

3. *Period of Inspection*. Within ten (10) business days from receipt of the written request, the Association must either: (1) provide the copies to the Owner; (2) provide available inspection dates; or (3) provide written notice that the Association cannot produce the documents within the ten (10) business days along with either: (i) another date within an additional fifteen (15) business days on which the records may either be inspected or by which the copies will be sent to the Owner; or (ii) a notice that after a diligent search, the requested records are missing and cannot be located.

4. *Records Retention*. The Association shall keep the following records for at least the time periods stated below:

a. **PERMANENT**: The Articles of Incorporation or the Certificate of Formation, the Bylaws and the Covenant, any and all other governing documents, guidelines, rules, regulations and policies and all amendments thereto Recorded in the property records to be effective against any Owner and/or Member of the Association.

b. **FOUR (4) YEARS**: Contracts with a term of more than one (1) year between the Association and a third party. The four (4) year retention term begins upon expiration of the contract term.

c. **FIVE (5) YEARS**: Account records of each Owner. Account records include debit and credit entries associated with amounts due and payable by the Owner to the Association, and written or electronic records related to the Owner and produced by the Association in the ordinary course of business.

d. **SEVEN (7) YEARS**: Minutes of all meetings of the Board and the Owners.

e. **SEVEN (7) YEARS**: Financial books and records produced in the ordinary course of business, tax returns and audits of the Association.

f. **GENERAL RETENTION INSTRUCTIONS**: "Permanent" means records which are not to be destroyed. Except for contracts with a term of one (1) year or more (See item 4.b. above), a retention period starts on the last day of the year in which the record is created and ends on the last day of the year of the retention period. For example, if a record is created on June 14, 2020, and the retention period is five (5) years, the retention period begins on December 31, 2020 and ends on December 31, 2025. If the retention period for a record has elapsed and the record will be destroyed, the record should be shredded or otherwise safely and completely destroyed. Electronic files should be destroyed to ensure that data cannot be reconstructed from the storage mechanism on which the record resides.

5. ***Confidential Records***. As determined in the discretion of the Board, certain Association records may be kept confidential such as personnel files, Owner account or other personal information (except addresses) unless the Owner requesting the records provides a court order or written authorization from the person whose records are sought.

6. ***Attorney Files***. Attorney's files and records relating to the Association (excluding invoices requested by an Owner pursuant to Texas Property Code Section 209.008(d)), are not records of the Association and are not: (a) subject to inspection by the Owner; or (b) subject to production in a legal proceeding. If a document in an attorney's files and records relating to the Association would be responsive to a legally authorized request to inspect or copy Association documents, the document shall be produced by using the copy from the attorney's files and records if the Association has not maintained a separate copy of the document. The Association is not required under any circumstance to produce a

document for inspection or copying that constitutes attorney work product or that is privileged as an attorney-client communication.

7. *Presence of Board Member or Manager; No Removal*. At the discretion of the Board or the Association's Manager, certain records may only be inspected in the presence of a Board member or employee of the Association's Manager. No original records may be removed from the office without the express written consent of the Board.

TEXAS ADMINISTRATIVE CODE
TITLE 1, PART 3, CHAPTER 70
RULE §70.3 - CHARGES FOR PROVIDING COPIES OF PUBLIC INFORMATION

(a) The charges in this section to recover costs associated with providing copies of public information are based on estimated average costs to governmental bodies across the state. When actual costs are 25% higher than those used in these rules, governmental bodies other than agencies of the state, may request an exemption in accordance with §70.4 of this title (relating to Requesting an Exemption).

(b) Copy charge.

(1) Standard paper copy. The charge for standard paper copies reproduced by means of an office machine copier or a computer printer is $.10 per page or part of a page. Each side that has recorded information is considered a page.

(2) Nonstandard copy. The charges in this subsection are to cover the materials onto which information is copied and do not reflect any additional charges, including labor, that may be associated with a particular request. The charges for nonstandard copies are:

(A) Diskette--$1.00;

(B) Magnetic tape--actual cost;

(C) Data cartridge--actual cost;

(D) Tape cartridge--actual cost;

(E) Rewritable CD (CD-RW)--$1.00;

(F) Non-rewritable CD (CD-R)--$1.00;

(G) Digital video disc (DVD)--$3.00;

(H) JAZ drive--actual cost;

(I) Other electronic media--actual cost;

(J) VHS video cassette--$2.50;

(K) Audio cassette--$1.00;

(L) Oversize paper copy (e.g.: 11 inches by 17 inches, greenbar, bluebar, not including maps and photographs using specialty paper--See also §70.9 of this title)--$.50;

(M) Specialty paper (e.g.: Mylar, blueprint, blueline, map, photographic--actual cost.

(c) Labor charge for programming. If a particular request requires the services of a programmer in order to execute an existing program or to create a new program so that requested information may be accessed and copied, the governmental body may charge for the programmer's time.

(1) The hourly charge for a programmer is $28.50 an hour. Only programming services shall be charged at this hourly rate.

(2) Governmental bodies that do not have in-house programming capabilities shall comply with requests in accordance with §552.231 of the Texas Government Code.

(3) If the charge for providing a copy of public information includes costs of labor, a governmental body shall comply with the requirements of §552.261(b) of the Texas Government Code.

(d) Labor charge for locating, compiling, manipulating data, and reproducing public information.

(1) The charge for labor costs incurred in processing a request for public information is $15 an hour. The labor charge includes the actual time to locate, compile, manipulate data, and reproduce the requested information.

(2) A labor charge shall not be billed in connection with complying with requests that are for 50 or fewer pages of paper records, unless the documents to be copied are located in:

(A) Two or more separate buildings that are not physically connected with each other; or

(B) A remote storage facility.

(3) A labor charge shall not be recovered for any time spent by an attorney, legal assistant, or any other person who reviews the requested information:

(A) To determine whether the governmental body will raise any exceptions to disclosure of the requested information under the Texas Government Code, Subchapter C, Chapter 552; or

(B) To research or prepare a request for a ruling by the attorney general's office pursuant to §552.301 of the Texas Government Code.

(4) When confidential information pursuant to a mandatory exception of the Act is mixed with public information in the same page, a labor charge may be recovered for time spent to redact, blackout, or otherwise obscure confidential information in order to release the public information. A labor charge shall not be made for redacting confidential information for requests of 50 or fewer pages, unless the request also qualifies for a labor charge pursuant to Texas Government Code, §552.261(a)(1) or (2).

(5) If the charge for providing a copy of public information includes costs of labor, a governmental body shall comply with the requirements of Texas Government Code, Chapter 552, §552.261(b).

(6) For purposes of paragraph (2)(A) of this subsection, two buildings connected by a covered or open sidewalk, an elevated or underground passageway, or a similar facility, are not considered to be separate buildings.

(e) Overhead charge.

(1) Whenever any labor charge is applicable to a request, a governmental body may include in the charges direct and indirect costs, in addition to the specific labor charge. This overhead charge would cover such costs as depreciation of capital assets, rent, maintenance and repair, utilities, and administrative overhead. If a governmental body chooses to recover such costs, a charge shall be made in accordance with the methodology described in paragraph (3) of this subsection. Although an exact calculation of costs will vary, the use of a standard charge will avoid complication in calculating such costs and will provide uniformity for charges made statewide.

(2) An overhead charge shall not be made for requests for copies of 50 or fewer pages of standard paper records unless the request also qualifies for a labor charge pursuant to Texas Government Code, §552.261(a)(1) or (2).

(3) The overhead charge shall be computed at 20% of the charge made to cover any labor costs associated with a particular request. Example: if one hour of labor is used for a particular request, the formula would be as follows: Labor charge for locating, compiling, and reproducing, $15.00 x .20 = $3.00; or Programming labor charge, $28.50 x .20 = $5.70. If a request requires one hour of labor charge for locating, compiling, and reproducing information ($15.00 per hour); and one hour of programming labor charge ($28.50 per hour), the combined overhead would be: $15.00 + $28.50 = $43.50 x .20 = $8.70.

(f) Microfiche and microfilm charge.

(1) If a governmental body already has information that exists on microfiche or microfilm and has copies available for sale or distribution, the charge for a copy must not exceed the cost of its reproduction. If no copies of the requested microfiche or microfilm are available and the information on the microfiche or microfilm can be released in its entirety, the governmental body should make a copy of the microfiche or microfilm. The charge for a copy shall not exceed the cost of its reproduction. The Texas State Library and Archives Commission has the capacity to reproduce microfiche and microfilm for governmental bodies. Governmental bodies that do not have in-house capability to reproduce microfiche or microfilm are encouraged to contact the Texas State Library before having the reproduction made commercially.

(2) If only a master copy of information in microfilm is maintained, the charge is $.10 per page for standard size paper copies, plus any applicable labor and overhead charge for more than 50 copies.

(g) Remote document retrieval charge.

(1) Due to limited on-site capacity of storage documents, it is frequently necessary to store information that is not in current use in remote storage locations. Every effort should be made by governmental bodies to store current records on-site. State agencies are encouraged to store inactive or non-current records with the Texas State Library and Archives Commission. To the extent that the retrieval of documents results in a charge to comply with a request, it is permissible to recover costs of such services for requests that qualify for labor charges under current law.

(2) If a governmental body has a contract with a commercial records storage company, whereby the private company charges a fee to locate, retrieve, deliver, and return to storage the needed record(s), no additional labor charge shall be factored in for time spent locating documents at the storage location by the private company's personnel. If after delivery to the governmental body, the boxes must still be searched for records that are responsive to the request, a labor charge is allowed according to subsection (d)(1) of this section.

(h) Computer resource charge.

(1) The computer resource charge is a utilization charge for computers based on the amortized cost of acquisition, lease, operation, and maintenance of computer resources, which might include, but is not limited to, some or all of the following: central processing units (CPUs), servers, disk drives, local area networks (LANs), printers, tape drives, other peripheral devices, communications devices, software, and system utilities.

(2) These computer resource charges are not intended to substitute for cost recovery methodologies or charges made for purposes other than responding to public information requests.

(3) The charges in this subsection are averages based on a survey of governmental bodies with a broad range of computer capabilities. Each governmental body using this cost recovery charge shall determine which category(ies) of computer system(s) used to fulfill the public information request most closely fits its existing system(s), and set its charge accordingly. Type of System--Rate: mainframe--$10 per CPU minute; Midsize--$1.50 per CPU minute; Client/Server--$2.20 per clock hour; PC or LAN--$1.00 per clock hour.

(4) The charge made to recover the computer utilization cost is the actual time the computer takes to execute a particular program times the applicable rate. The CPU charge is not meant to apply to programming or printing time; rather it is solely to recover costs associated with the actual time required by the computer to execute a program. This time, called CPU time, can be read directly from the CPU

clock, and most frequently will be a matter of seconds. If programming is required to comply with a particular request, the appropriate charge that may be recovered for programming time is set forth in subsection (d) of this section. No charge should be made for computer print-out time. Example: If a mainframe computer is used, and the processing time is 20 seconds, the charges would be as follows: $10 / 3 = $3.33; or $10 / 60 x 20 = $3.33.

(5) A governmental body that does not have in-house computer capabilities shall comply with requests in accordance with the §552.231 of the Texas Government Code.

(i) Miscellaneous supplies. The actual cost of miscellaneous supplies, such as labels, boxes, and other supplies used to produce the requested information, may be added to the total charge for public information.

(j) Postal and shipping charges. Governmental bodies may add any related postal or shipping expenses which are necessary to transmit the reproduced information to the requesting party.

(k) Sales tax. Pursuant to Office of the Comptroller of Public Accounts' rules sales tax shall not be added on charges for public information (34 TAC, Part 1, Chapter 3, Subchapter O, §3.341 and §3.342).

(l) Miscellaneous charges: A governmental body that accepts payment by credit card for copies of public information and that is charged a "transaction fee" by the credit card company may recover that fee.

(m) These charges are subject to periodic reevaluation and update.

Source Note: The provisions of this §70.3 adopted to be effective September 18, 1996, 21 TexReg 8587; amended to be effective February 20, 1997, 22 TexReg 1625; amended to be effective December 3, 1997, 22 TexReg 11651; amended to be effective December 21, 1999, 24 TexReg 11255; amended to be effective January 16, 2003, 28 TexReg 439; amended to be effective February 11, 2004, 29 TexReg 1189; transferred effective September 1, 2005, as published in the Texas Register September 29, 2006, 31 TexReg 8251; amended to be effective February 22, 2007, 32 TexReg 614.

ATTACHMENT 6

THE STATION RESIDENTIAL PROPERTY OWNER'S ASSOCIATION, INC.
STATUTORY NOTICE OF POSTING AND RECORDATION OF ASSOCIATION GOVERNING DOCUMENTS

Terms used but not defined in this policy will have the meaning ascribed to such terms in that certain The Station Residential District Master Covenant [*Residential*] recorded in the Official Public Records of Dallas County, Texas, as the same may be amended from time to time (the "Covenant").

1. *Dedicatory Instruments*. As set forth in Texas Property Code Section 202.001, "dedicatory instrument" means each document governing the establishment, maintenance or operation of a residential subdivision, planned unit development, condominium or townhouse regime, or any similar planned development. The term includes the Covenant, the Development Area Declaration, or any similar instrument subjecting real property to: (a) restrictive covenants, bylaws, or similar instruments governing the administration or operation of a property owners' association; (b) properly adopted rules and regulations of the property owners' association; or (c) all lawful amendments to the covenants, bylaws, instruments, rules, or regulations. The term "dedicatory instrument" is referred to in this notice and the Covenant as the "Documents."

2. *Recordation of All Documents*. The Association shall file all of the Documents in the real property records of each county in which the property to which the Documents relate is located. Any dedicatory instrument comprising one of the Documents of the Association has no effect until the instrument is filed in accordance with this provision, as set forth in Texas Property Code Section 202.006.

3. *Online Posting of Documents*. The Association shall make all of the Recorded Documents relating to the Association or Development available on a website if the Association, or a management company on behalf of the Association, maintains a publicly accessible website.

ATTACHMENT 7

THE STATION RESIDENTIAL PROPERTY OWNER'S ASSOCIATION, INC.
EMAIL REGISTRATION POLICY

Terms used but not defined in this policy will have the meaning ascribed to such terms in that certain The Station Residential District Master Covenant [*Residential*] recorded in the Official Public Records of Dallas County, Texas, as the same may be amended from time to time.

1. *Purpose*. The purpose of this Email Registration Policy is to facilitate proper notice of annual and special meetings of members of the Association pursuant to Section 209.0051(e) of the Texas Property Code.

2. *Email Registration*. Should the owner wish to receive any and all email notifications of annual and special meetings of members of the Association, it is the owner's sole responsibility to register his/her email address with the Association and to continue to keep the registered email address updated and current with the Association. In order to register an email address, the owner must provide their name, address, phone number and email address through the method provided on the Association's website, if any, and/or to the official contact information provided by the Association for the community manager.

3. *Failure to Register*. An owner may not receive email notification or communication of annual or special meetings of members of the Association should the owner fail to register his/her email address with the Association and/or properly and timely maintain an accurate email address with the Association. Correspondence to the Association and/or Association manager from an email address or by any method other than the method described in Paragraph No. 2 above will not be considered sufficient to register such email address with the Association.

4. *Amendment*. The Association may, from time to time, modify, amend, or supplement this Policy or any other rules regarding email registration.

ATTACHMENT 8

THE STATION RESIDENTIAL PROPERTY OWNER'S ASSOCIATION, INC.
GENERATOR POLICY

Terms used but not defined in this policy will have the meaning ascribed to such terms in that certain The Station Residential District Master Covenant [*Residential*] recorded in the Official Public Records of Dallas County, Texas, as the same may be amended from time to time (the "Covenant").

A. **ARCHITECTURAL REVIEW APPROVAL REQUIRED**

As part of the installation and maintenance of a generator on an Owner's Lot, an Owner may submit plans for and install a standby electric generator ("**Generator**") upon written approval by the architectural review authority under the Covenant (the **"The Station Residential District Reviewer**").

B. **GENERATOR PROCEDURES AND REQUIREMENTS**

1. Application. Approval by The Station Residential District Reviewer is required prior to installing a Generator. To obtain the approval of The Station Residential District Reviewer for a Generator, the Owner shall provide The Station Residential District Reviewer with the following information: (i) the proposed site location of the Generator on the Owner's Lot; (ii) a description of the Generator, including a photograph or other accurate depiction; and (iii) the size of the Generator (the **"Generator Application"**). A Generator Application may only be submitted by a tenant if the Owner's tenant provides written confirmation at the time of submission that the Owner consents to the Generator Application. The Station Residential District Reviewer is not responsible for: (i) errors or omissions in the Generator Application submitted to The Station Residential District Reviewer for approval; (ii) supervising installation or construction to confirm compliance with an approved Generator Application or (iii) the compliance of an approved application with Applicable Law.

2. Approval Conditions. Each Generator Application and all Generators to be installed in accordance therewith must comply with the following:

(i) The Owner must install and maintain the Generator in accordance with the manufacturer's specifications and meet all applicable governmental health, safety, electrical, and building codes.

(ii) The Owner must use a licensed contractor(s) to install all electrical, plumbing, and fuel line connections and all electrical connections must be installed in accordance with all applicable governmental health, safety, electrical, and building codes.

(iii) The Owner must install all natural gas, diesel fuel, biodiesel fuel, and/or hydrogen fuel line connections in accordance with applicable governmental health, safety, electrical, and building codes.

(iv) The Owner must install all liquefied petroleum gas fuel line connections in accordance with the rules and standards promulgated and adopted by the Railroad

Commission of Texas and other applicable governmental health, safety, electrical, and building codes.

(v) The Owner must install and maintain all non-integral standby Generator fuel tanks in compliance with applicable municipal zoning ordinances and governmental health, safety, electrical, and building codes.

(vi) The Owner must maintain in good condition the Generator and its electrical lines and fuel lines. The Owner is responsible to repair, replace, or remove any deteriorated or unsafe component of a Generator, including electrical and fuel lines.

(vii) The Owner must screen a Generator if it is visible from the street faced by the residence, located in an unfenced side or rear yard of a Lot, and is visible either from an adjoining residence or from adjoining property owned by the Association, and/or is located in a side or rear yard fenced by a wrought iron or residential aluminum fence and is visible through the fence either from an adjoining residence or from adjoining property owned by the Association.

(viii) The Owner may only perform periodic testing of the Generator consistent with the manufacturer's recommendations between the hours of 9 a.m. to 5 p.m., Monday through Friday.

(ix) No Owner shall use the Generator to generate all or substantially all of the electric power to the Owner's residence unless the utility-generated electrical power to the residence is not available or is intermittent due to causes other than nonpayment for utility service to the residence.

(x) No Owner shall locate the Generator (i) in the front yard of a residence; or (ii) in the side yard of a residence facing a street.

(xi) No Owner shall locate a Generator on property owned by the Association.

(xii) No Owner shall locate a Generator on any property owned in common by members of the Association.

3. Process. Any proposal to install a Generator on property owned by the Association or property owned in common by members of the Association must be approved in advance and in writing by the Board, and the Board need not adhere to the requirements set forth in this Generator Policy when considering any such request.

4. Approval. Each Owner is advised that if the Generator Application is approved by the ACC, installation of the Generator must: (i) strictly comply with the Generator Application; (ii) commence within thirty (30) days of approval; and (iii) be diligently prosecuted to completion. If the Owner fails to cause the Generator to be installed in accordance with the approved Generator Application, The Station Residential District Reviewer may require the Owner to: (a) modify the Generator Application to accurately reflect the Generator installed on the Property; or (b) remove the

Generator and reinstall the Generator in accordance with the approved Generator Application. Failure to install the Generator in accordance with the approved Generator Application or an Owner's failure to comply with the post-approval requirements constitutes a violation of the Covenant and may subject the Owner to fines and penalties. Any requirement imposed by The Station Residential District Reviewer to resubmit a Generator Application or remove and relocate a Generator in accordance with the approved Generator Application shall be at the Owner's sole cost and expense.

Filed and Recorded
Official Public Records
John F. Warren, County Clerk
Dallas County, TEXAS
06/16/2020 04:13:12 PM
$202.00
202000153095

ELECTRONICALLY RECORDED 202000153093
06/16/2020 04:13:10 PM MISC 1/71

After Recording Return To:

Robert D. Burton, Esq.
Winstead PC
401 Congress Ave., Suite 2100
Austin, Texas 78701
Email: rburton@winstead.com

THE STATION RESIDENTIAL DISTRICT

DEVELOPMENT AREA DECLARATION
[*TOWNHOMES*]

Dallas County, Texas

Declarant: **PMB STATION DEVELOPER LLC, a Texas limited liability company**

Cross reference to The Station Residential District Master Covenant [Residential], recorded as Document No. 202000143250 in the Official Public Records of Dallas County, Texas.

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THE STATION RESIDENTIAL DISTRICT

DEVELOPMENT AREA DECLARATION
[*TOWNHOMES*]

This Development Area Declaration for The Station Residential District [*Townhomes*] (this "**Development Area Declaration**") is made by **PMB STATION DEVELOPER LLC,** a Texas limited liability company (the "**Declarant**"), and is as follows:

R E C I T A L S:

A. Declarant previously Recorded that certain The Station Residential District Master Covenant [*Residential*], recorded as Document No. 202000143250 in the Official Public Records of Dallas County, Texas (the "**Covenant**").

B. Pursuant to the Covenant, Declarant served notice that portions of the Property may be made subject to one or more Development Area Declarations upon the Recording of one or more Notices of Applicability in accordance with Section 9.5 of the Covenant, and once such Notices of Applicability have been Recorded, the portions of the Property described therein will constitute the Development Area and will be governed by and fully subject to this Development Area Declaration in addition to the Covenant.

A Development Area is a portion of The Station Residential District which is subject to the terms and provisions of the Covenant. A Development Area Declaration includes specific restrictions which apply to the Development Area, in addition to the terms and provisions of the Covenant.

C. Upon the further Recording of one or more Notices of Applicability, portions of the Property identified in such notice or notices will be subject to the terms and provisions of this Development Area Declaration. The Property made subject to the terms and provisions of this Development Area Declaration will be referred to herein as the "**Development Area**."

NOW, THEREFORE, it is hereby declared: (i) those portions of the Property as and when made subject to this Development Area Declaration by the filing of a Notice of Applicability will be held, sold, conveyed, and occupied subject to the following covenants, conditions and restrictions which will run with such portions of the Property and will be binding upon all parties having right, title, or interest in or to such portions of the Property or any part thereof, their heirs, successors, and assigns and will inure to the benefit of each Owner thereof; and (ii) each contract or deed conveying those portions of the Property which are made subject to this Development Area Declaration will conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions and restrictions, regardless of whether or not the same are set out in full or by reference in said contract or deed;

and (iii) that this Development Area Declaration will supplement and be in addition to the covenants, conditions, and restrictions of the Covenant.

ARTICLE 1
DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in this Development Area Declaration have the meanings hereinafter specified:

"**Area of Common Responsibility**" means those portions of a Lot, Structure or Dwelling that are designated, from time to time, by this Development Area Declaration or the Townhome Association to be maintained, repaired, and replaced by the Townhome Association, as a common expense of the Townhome Association, as reflected in the Designation of Area of Common Responsibility and Maintenance Chart attached to this Development Area Declaration as Exhibit "A".

"**Bulk Rate Contract**" or "**Bulk Rate Contracts**" means one or more contracts which are entered into by the Townhome Association for the provision of utility services or other services of any kind or nature to the Lots. The services provided under Bulk Rate Contracts may include, without limitation, security services, trash pick-up services, propane service, natural gas service, landscape services and any other services of any kind or nature which are considered by the Townhome Board to be beneficial. Each Bulk Rate Contract must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period.

"**Dwelling**" means the single family residence located on a Lot, together with any garage incorporated therein, whether or not the Dwelling is occupied for residential purposes.

"**Master Assessments**" means any assessment levied by the Master Association, pursuant to the Covenant or other Applicable Law.

"**Master Association**" means The Station Residential Property Owner's Association, Inc., a Texas non-profit corporation.

"**Master Board**" means the Board of Directors of the Master Association.

"**Owner**" means the person(s), entity or entities, including Declarant, holding all or a portion of the fee simple interest in any Lot within the Development Area. Mortgagees who acquire title to a Lot through a deed in lieu of foreclosure or through foreclosure are Owners. Persons or entities having ownership interests merely as security for the performance of an obligation are not Owners. Every Owner is a Townhome Member.

"**Occupant**" means a resident, occupant or tenant of a Lot within the Development Area.

"**Rainwater Harvesting System**" means one or more rain barrels, tanks, or rainwater harvesting systems used to collect and store rainwater runoff from roofs or downspouts for later reuse.

"**Rental Restriction Period**" means a period commencing on the date that a Lot is conveyed to an Owner by Declarant or Homebuilder and ending twelve (12) months after the date of the conveyance of such Lot to the Owner by Declarant or Homebuilder; provided, however, Owner must occupy the Dwelling constructed on the Lot as his or her primary residence for the entirety of the 12-month period. If an Owner does not occupy the Dwelling constructed on a Lot as his or her primary residence during the twelve (12) months following conveyance of the Lot to Owner by Declarant or Homebuilder, the Rental Restriction Period shall be extended until such time as Owner has occupied the Dwelling as his or her primary residence for twelve (12) months.

"**Solar Energy Device**" means a system or series of mechanisms designed primarily to provide heating or cooling or to produce electrical or mechanical power by collecting and transferring solar-generated energy. The term includes a mechanical or chemical device that has the ability to store solar-generated energy for use in heating or cooling or in the production of power.

"**Structure**" means a building containing two (2) or more Dwellings that: (i) is located on two or more adjacent Lots; and (ii) has one or more Party Walls (as defined in *Section 2.20* of this Development Area Declaration) separating the Dwellings comprising such building.

"**Townhome Assessments**" means assessments the Townhome Association may impose under this Development Area Declaration.

"**Townhome Association**" means The Station Residential District Townhome Association, Inc., a Texas non-profit corporation, which will be created by the Declarant to exercise the authority and assume the powers specified in *Article 3* and elsewhere in this Development Area Declaration. The failure of the Townhome Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Townhome Association, which derives its authority from this Development Area Declaration, the Covenant, the Townhome Certificate, the Townhome Bylaws, and Applicable Law.

"**Townhome Board**" means the Board of Directors of the Townhome Association.

"**Townhome Bylaws**" means the Bylaws of the Townhome Association as adopted and as amended from time to time.

"**Townhome Certificate**" means the Certificate of Formation of the Townhome Association, filed in the Office of the Secretary of State of Texas, as the same may be amended from time to time.

"**Townhome Community Manual**" means the community manual, which may be initially adopted by the Declarant or the Townhome Board and Recorded as part of the initial project documentation for the benefit of the Townhome Association. The Townhome Community Manual may include the Townhome Bylaws, Townhome Rules and other policies governing the Townhome Association. The Townhome Community Manual may be amended, from time to time, by the Declarant or by a Majority of the Townhome Board.

"**Townhome Documents**" means, singularly or collectively, as the case may be, this Development Area Declaration, the Townhome Certificate, Townhome Bylaws, the Townhome Community Manual, as each may be amended from time to time, and any Townhome Rules promulgated by the Townhome Association pursuant to this Development Area Declaration, as adopted and amended from time to time.

"**Townhome Members**" means every person or entity that holds membership privileges in the Townhome Association.

"**Townhome Rules**" means any instrument, however denominated, which is adopted by the Townhome Board for the regulation and management of the Development Area, including any amendments to those instruments.

Any other capitalized terms used but not defined in this Development Area Declaration will have the meanings given to such terms in the Covenant.

ARTICLE 2
USE RESTRICTIONS

All of the Development Area will be owned, held, encumbered, leased, used, occupied, and enjoyed subject to the following limitations and restrictions:

2.1 Single Family Use Restrictions. The Development Area will be used solely for single-family residential purposes.

No professional, business, or commercial activity to which the general public is invited shall be conducted on any portion of the Development Area, except an Owner or Occupant may conduct business activities within a Dwelling so long as: (i) such activity complies with all Applicable Law; (ii) participation in the business activity is limited to the Owner(s) or Occupant(s) of a Dwelling; (iii) the existence or operation of the business activity is not apparent or detectable by sight, i.e., no sign may be erected advertising the business within the Development Area, sound, or smell from outside the Dwelling; (iv) the business activity does not involve door-to-door solicitation of residents within the Development Area; (v) the business does not, in the Master Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles parked within the Development Area which is noticeably greater than that which is typical of Dwellings in which no business activity is being conducted; (vi) the business activity is consistent with the residential character of the Development Area and does not

constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Development Area as may be determined in the sole discretion of the Master Board; and (vii) the business does not require the installation of any machinery other than that customary to normal household operations. The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (x) such activity is engaged in full or part-time; (y) such activity is intended to or does generate a profit; or (z) a license is required. Leasing of a residence in compliance with *Section 2.2* will not be considered a business or trade within the meaning of this subsection. This subsection will not apply to any activity conducted by the Declarant or a Homebuilder.

Notwithstanding any provision in this Development Area Declaration to the contrary, until the expiration or termination of the Development Period:

(i) Declarant and/or its licensees may construct and maintain upon portions of the Common Area or Special Common Area, and any Lot owned by the Declarant such facilities and may conduct such activities which, in Declarant's sole opinion, may be reasonably required, convenient, or incidental to the construction or sale of single family residences constructed upon the Lots, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and/or its licensees have an easement over and across the Common Area and Special Common Area for access and use of such facilities at no charge; and

(ii) Declarant and/or its licensees will have an access easement over and across the Common Area and Special Common Area for the purpose of making, constructing and installing improvements to the Common Area and Special Common Area.

2.2 Rentals. No portion of the Development Area may be used as an apartment house, flat, lodging house, hotel, bed and breakfast lodge, or any similar purpose. Upon the expiration of the Rental Restriction Period (as defined in *Article 1*), the Dwelling constructed on a Lot may be leased for residential purposes for a lease term of no less than twelve (12) months. All leases will be in writing. The Owner must provide to its lessee copies of the Documents and the Townhome Documents. Notice of any lease, together with such additional information as may be required by the Master Board, must be remitted to the Master Association by the Owner on or before the expiration of ten (10) days after the effective date of the lease. All leases must be for the entire Dwelling. Notwithstanding the foregoing, Declarant and its affiliates shall be

exempt from the rental restrictions contained in this *Section 2.2*, and this *Section 2.2* may not be amended or modified without Declarant's written and acknowledged consent.

2.3 Rubbish and Debris. As determined by The Station Residential District Reviewer, no rubbish or debris of any kind may be placed or permitted to accumulate on or within the Development Area, and no odors will be permitted to arise therefrom so as to render all or any portion of the Development Area unsanitary, unsightly, offensive, or detrimental to any other property or Occupants. Refuse, garbage, and trash must be kept at all times in covered containers, and such containers must be kept within enclosed structures or appropriately screened from view. Each Owner will contract with an independent disposal service to collect all garbage or other wastes, if such service is not provided by a governmental entity or the Master Association.

2.4 Trash Containers. Trash containers and recycling bins must be stored in one of the following locations: (i) inside the garage of the Dwelling constructed on the Lot; or (ii) behind or on the side of a Dwelling in such a manner that the trash container and recycling bin is not visible from any street, alley, or adjacent Dwelling, e.g. behind a privacy fence or other appropriate screening. The Station Residential District Reviewer will have the right to specify additional locations in which trash containers or recycling bins must be stored. It is the responsibility of each Owner to insure that trash, recycling and other debris are not blown from the Owner's Lot or trash containers or recycling bins belonging to an Owner. In the event that trash, recycling or other debris are blown from the Owner's Lot or trash containers or recycling bins belonging to an Owner, the Association may arrange for such debris to be removed and the Owner of the Lot shall be liable for all expenses incurred in connection therewith.

2.5 Unsightly Articles; Vehicles. No article deemed to be unsightly by the Master Board will be permitted to remain on any Lot so as to be visible from adjoining property or from public or private thoroughfares. Without limiting the generality of the foregoing, trailers, graders, trucks other than pickups, boats, tractors, campers, wagons, buses, motorcycles, motor scooters, all-terrain vehicles and garden maintenance equipment will be kept at all times except when in actual use, in enclosed structures or screened from view and no repair or maintenance work may be done on any of the foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages or other structures. Service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household fabrics must be appropriately screened from view, and no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials, scrap, refuse or trash must be kept, stored, or allowed to accumulate on any portion of the Development Area except within enclosed structures or appropriately screened from view. No racing vehicles or any other vehicles (including, without limitation, motorcycles or motor scooters) that are inoperable or do not have a current license tag may be visible on any Lot or may be parked on any roadway within the Development Area. Motorcycles must be operated in a quiet manner.

Parking of commercial vehicles or equipment, recreational vehicles, boats and other watercraft, trailers, stored vehicles or inoperable vehicles in places other than: (i) in enclosed garages; and (ii) behind a fence so as to not be visible from any other portion of the Development Area is prohibited; provided, construction, service and delivery vehicles may be exempt from this provision for such period of time as is reasonably necessary to provide service or to make a delivery to a Dwelling.

2.6 Outside Burning. No exterior fires are permitted with the exception of barbecues, outside fireplaces, braziers and incinerator fires that are contained within facilities or receptacles and in areas designated and approved by The Station Residential District Reviewer. No Owner may permit any condition upon its portion of the Development Area which creates a fire hazard or violates Applicable Law.

2.7 Hazardous Activities. No activities may be conducted on or within the Development Area and no Improvements may be constructed on or within any portion of the Development Area which, in the opinion of the Master Board, are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms or fireworks may be discharged upon any portion of the Development Area unless discharged in conjunction with an event approved in advance by The Station Residential District Reviewer and no open fires may be lighted or permitted except within safe and well-designed fireplaces or in contained barbecue units while attended and in use for cooking purposes. No portion of the Development Area may be used for the takeoff, storage, or landing of aircraft (including, without limitation, helicopters) except for medical emergencies.

2.8 Animals - Household Pets. No animals, including pigs, hogs, swine, poultry, fowl, wild animals, horses, cattle, sheep, goats, or any other type of animal not considered to be a domestic household pet within the ordinary meaning and interpretation of such words may be kept, maintained, or cared for on or within the Development Area (as used in this paragraph, the term "domestic household pet" does not include non-traditional pets such pot-bellied pigs, miniature horses, chickens, exotic snakes or lizards, ferrets, monkeys or other exotic animals). The Master Board may conclusively determine, in its sole discretion, whether a particular pet is a domestic household pet within the ordinary meaning and interpretation of such words. No Owner or Occupant may keep on such Owner's or Occupant's Lot more than four (4) cats and dogs, in the aggregate. No animal may be allowed to make an unreasonable amount of noise, or to become a nuisance, and no domestic pets will be allowed on the Development Area other than within the residence, or the fenced yard space associated therewith, unless confined to a leash. The Master Board may restrict pets to certain areas on the Development Area. No animal may be stabled, maintained, kept, cared for, or boarded for hire or remuneration on the Development Area, and no kennels or breeding operation will be allowed. No animal may be allowed to run at large, and all animals must be kept within enclosed areas which must be clean, sanitary, and reasonably free of refuse, insects, and waste at all times. No pet may be left unattended in front yards, porches or other unenclosed outside areas of the Lot. All pet waste will be removed and appropriately disposed of by the owner of the pet. All pets must be

registered, licensed and inoculated as required by Applicable Law. All pets not confined to a residence must wear collars with appropriate identification tags and all outdoor cats are required to have a bell on their collar. If, in the opinion of the Master Board, any pet becomes a source of unreasonable annoyance to others, or the owner of the pet fails or refuses to comply with these restrictions, the Owner or Occupant, upon written notice, may be required to remove the pet from the Development Area.

2.9 Antennas. Except as expressly provided below, no exterior radio or television antennas or aerial or satellite dish or disc, nor any Solar Energy Device, may be erected, maintained or placed on a Lot without the prior written approval of The Station Residential District Reviewer; provided, however, that:

(i) an antenna designed to receive direct broadcast services, including direct-to-home satellite services, that is one meter or less in diameter; or

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or

(iii) an antenna that is designed to receive television broadcast signals

(collectively, (i) through (iii) are referred to herein as the "Permitted Antennas") will be permitted subject to reasonable requirements as to location and screening as may be set forth in rules adopted by The Station Residential District Reviewer, consistent with Applicable Law, in order to minimize obtrusiveness as viewed from streets and adjacent property. Declarant and/or the Master Association will have the right, but not the obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or any portion of the Development Area.

2.10 Location of Permitted Antennas. A Permitted Antenna may be installed solely on the Owner's Lot and may not encroach upon any street, Common Area, Special Common Area, or any other portion of the Development Area. A Permitted Antenna may be installed in a location on the Lot from which an acceptable quality signal can be obtained and where least visible from the street and the Development Area, other than the Lot. In order of preference, the locations of a Permitted Antenna which will be considered least visible by The Station Residential District Reviewer are as follows:

(i) attached to the back of the principal single-family Dwelling constructed on the Lot, with no part of the Permitted Antenna

any higher than the lowest point of the roofline and screened from view of adjacent Lots and the street; then

(ii) attached to the side of the principal single-family Dwelling constructed on the Lot, with no part of the Permitted Antenna any higher than the lowest point of the roofline and screened from view of adjacent Lots and the street.

The Station Residential District Reviewer may, from time to time, modify, amend, or supplement the rules regarding installation and placement of Permitted Antennas.

Satellite dishes one meter or less in diameter, e.g., DirecTV or Dish satellite dishes, are permitted; HOWEVER, you are required to comply with the rules regarding installation and placement. These rules and regulations may be modified by The Station Residential District Reviewer from time to time. Please contact The Station Residential District Reviewer for the current rules regarding installation and placement.

2.11 Signs. Unless otherwise permitted by Applicable Law, no sign of any kind may be displayed to the public view on any Lot without the prior written approval of The Station Residential District Reviewer, except for:

2.11.1 Declarant Signs. Signs erected by the Declarant or erected with the advance written consent of the Declarant;

2.11.2 Security Signs. One small security service sign per Lot, provided that the sign has a maximum face area of two (2) square feet and is located no more than five (5) feet from the front elevation of the principal Dwelling constructed upon the Lot;

2.11.3 Permits. Permits as may be required by Applicable Law;

2.11.4 Religious Item on Door. A religious item on the entry door or door frame of a Dwelling (which may not extend beyond the outer edge of the door frame), provided that the size of the item(s), individually or in combination with other religious items on the entry door or door frame of the Dwelling, does not exceed twenty-five (25) square inches;

2.11.5 Sale or Rental Signs. One (1) temporary "For Sale" or "For Lease" sign per Lot, provided that the sign will be limited to: (i) a maximum face area of five (5) square feet on each visible side and, if free standing, is mounted on a single or frame post; (ii) an overall height of the sign from finished grade at the spot where the sign is located may not exceed four feet (4'); and (iii) the sign must be removed within two (2) business days following the sale or lease of the Lot;

2.11.6 Political Signs. Candidate or measure signs may be erected provided the sign: (i) is erected no earlier than the 90th day before the date of the election to which the sign relates; (ii) is removed no later than the 10th day after the date of the election to which the sign relates; and (iii) is ground-mounted. Only one sign may be erected for each candidate or measure. In addition, signs which include any of the components or characteristics described in Section 202.009(c) of the Texas Property Code are prohibited; and

2.11.7 No Soliciting Signs. A "no soliciting" sign near or on the front door to the principal residence constructed upon the Lot, provided, that the sign may not exceed twenty-five (25) square inches.

Except for signs which are erected by the Declarant or erected with the advance written consent of the Declarant, no sign may be displayed in the window of any Improvement located on a Lot.

2.12 Flags – Approval Requirements. An Owner is permitted to display the flag of the United States of America, the flag of the State of Texas, an official or replica flag of any branch of the United States Military, or one flag with official insignia of a college or university (**"Permitted Flag"**) and permitted to install a flagpole no more than five feet in length affixed to the front of a Dwelling near the principal entry or affixed to the rear of a Dwelling (**"Permitted Flagpole"**). Only two permitted Flagpoles are allowed per Dwelling. A Permitted Flag or Permitted Flagpole need not be approved in advance by The Station Residential District Reviewer. Approval by The Station Residential District Reviewer is required prior to installing vertical freestanding flagpoles installed in the front or back yard area of any Lot (**"Freestanding Flagpole"**). To obtain approval of any Freestanding Flagpole, the Owner shall provide The Station Residential District Reviewer with the following information: (i) the location of the Freestanding Flagpole to be installed on the Lot; (ii) the type of Freestanding Flagpole to be installed; (iii) the dimensions of the Freestanding Flagpole; and (iv) the proposed materials of the Freestanding Flagpole (the "**Flagpole Application**"). A Flagpole Application may only be submitted by an Owner. The Flagpole Application shall be submitted in accordance with the provisions of Article 6 of the Covenant.

2.13 Flags – Installation and Display. Unless otherwise approved in advance and in writing by The Station Residential District Reviewer, Permitted Flags, Permitted Flagpoles and Freestanding Flagpoles, installed in accordance with the Flagpole Application, must comply with the following:

(i) No more than one Freestanding Flagpole OR no more than two Permitted Flagpoles are permitted per Lot, on which only Permitted Flags may be displayed;

(ii) Any Permitted Flagpole must be no longer than five feet in length and any Freestanding Flagpole must be no more than 20' in height;

(iii) Any Permitted Flag displayed on any flagpole may not be more than three feet in height by five feet in width;

(iv) The flag of the United States of America must be displayed in accordance with 4 U.S.C. Sections 5-10 and the flag of the State of Texas must be displayed in accordance with Chapter 3100 of the Texas Government Code;

(v) The display of a Permitted Flag, or the location and construction of a Permitted Flagpole or Freestanding Flagpole must comply with Applicable Law, easements and setbacks of record;

(vi) Each Permitted Flagpole and Freestanding Flagpole must be constructed of permanent, long-lasting materials, with a finish appropriate to the materials used in the construction of the flagpole and harmonious with the Dwelling;

(vii) Any Permitted Flag, Permitted Flagpole and Freestanding Flagpole must be maintained in good condition and any deteriorated Permitted Flag or deteriorated or structurally unsafe Permitted Flagpole or Freestanding Flagpole must be repaired, replaced or removed;

(viii) A Permitted Flag may be illuminated by no more than one (1) halogen landscaping light of low beam intensity which will not be aimed towards or directly affect any neighboring Lot. Such illumination will also comply with the outdoor lighting restrictions set forth in the Documents; and

(ix) Any external halyard of a Permitted Flagpole or Freestanding Flagpole must be secured so as to reduce or eliminate noise from flapping against the metal of the Permitted Flagpole or Freestanding Flagpole.

2.14 Maintenance. The Owners of each Lot will jointly and severally have the duty and responsibility, at their sole cost and expense, to keep their Lot and all Improvements thereon in good condition and repair and in a well-maintained, safe, clean and attractive condition at all times. The Master Board, in its sole discretion, will determine whether a violation of the maintenance obligations set forth in this Section has occurred. Such maintenance includes, but is not limited to the following, which must be performed in a timely manner, as determined by the Master Board, in its sole discretion:

(i) Prompt removal of all litter, trash, refuse, and wastes.

(ii) Keeping exterior lighting and mechanical facilities in working order.

(iii) Keeping sidewalks and driveways in good repair.

(iv) Complying with Applicable Law.

(v) Repainting of Improvements.

(vi) Repair of exterior damage, and wear and tear to Improvements.

2.15 Master Association's Maintenance Right. The Master Board shall have the right, but not the duty, to designate portions of Lots, for maintenance by the Master Association at the Lot Owner's expense. The designation by the Master Board may be based on circumstantial categories, such as vacant lots, unoccupied residences, or on the Master Association's experience with a particular Owner or category of Owners. The type of maintenance designated by the Master Board for performance by the Master Association is not required to be uniform for all designated lots, and may change from time to time, as determined in the Master Board's sole discretion. The Master Board's designation may be based on several considerations, including but not limited to, the Board's reasonable belief that an Owner is not able or willing to maintain his or her Lot in accordance with the requirements set forth in this Development Area Declaration. The Master Board, in its sole discretion, shall determine all aspects of the maintenance to be performed by the Master Association pursuant to a designation contemplated by this *Section 2.15*, including, but not limited to, the scope, quality, quantity, frequency, timing, cost and the performer. The full cost of all expenses incurred pursuant to this *Section 2.15* to maintain, repair or replace an Owner's Lot shall be an Individual Assessment against such Owner's Lot, secured by a lien against such Owner's Lot and collectable in the same manner as provided in Article 5 of the Covenant. In the event of any conflict between the terms and provisions of this *Section 2.15*, if any, and the terms and provisions of any of the Restrictions, the terms and provisions of this *Section 2.155* will control.

2.16 Tanks. The Station Residential District Reviewer must approve any tank used or proposed in connection with a Dwelling, including tanks for storage of fuel, water, oil, or liquid petroleum gas (LPG), and including swimming pool filter tanks. No elevated tanks of any kind may be erected, placed or permitted on any Lot within the Development Area without the advance written approval of The Station Residential District Reviewer. All permitted tanks must be screened from view in accordance with a screening plan approved in advance by The Station Residential District Reviewer. This provision will not apply to a tank used to operate a standard residential gas grills, nor will it apply to barrels used as part of a Rainwater Harvesting Systems with a capacity of less than 50 gallons, so long as such barrels are actively being used for rainwater collection and storage.

2.17 Temporary Structures. No tent, shack, or other temporary building, Improvement, or structure must be placed upon the Development Area without the prior written approval of The Station Residential District Reviewer; provided, however, that temporary structures necessary for storage of tools and equipment, and for office space for Homebuilders, architects, and foremen during actual construction may be maintained with the prior approval of the Declarant, approval to include the nature, size, duration, and location of such structure.

2.18 Outside Storage Buildings. Outside storage buildings located in a fenced rear yard of a Lot are allowed with the prior written approval of The Station Residential District Reviewer. One (1) permanent storage building will be permitted if: (i) the surface area of the pad on which the storage building is constructed is no more than eighty (80) square feet; (ii) the height of the storage building, measured from the surface of the Lot, is no more than six (6) feet; (iii) the exterior of the storage building is constructed of the same or substantially similar materials and of the same color as the principal residential structure constructed on the Lot; (iv) the roof of the storage building is the same material and color as the roof of the principal residential structure constructed on the Lot; and (v) the storage building is constructed within all applicable building setbacks. No storage building may be used for habitation.

2.19 Mobile Homes, Travel Trailers and Recreational Vehicles. No mobile homes, travel trailers or recreational vehicles may be parked or placed on any street, right of way, Lot or used as a residence, either temporary or permanent, at any time. However, such vehicles may be parked temporarily for a period not to exceed seventy-two (72) consecutive hours during each two (2) month period. Notwithstanding the foregoing, sales trailers or other temporary structures expressly approved by The Station Residential District Reviewer or allowed pursuant to Section 9.2 of the Covenant will be permitted.

2.20 Party Walls and Fences. Except as otherwise set forth in *Section 2.20.7* below, a fence or wall located on or near the dividing line between two (2) Lots or Dwellings constructed upon such Lots and intended to benefit both Lots constitutes a "**Party Wall**". To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions will apply thereto. Party Walls will also be subject to the following:

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

2.20.2 Right to Repair. If the Party Wall is damaged or destroyed from any cause, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, the Owner of either Lot may repair or rebuild the Party Wall to its previous condition, and the other Owner or Owners that the wall serves will thereafter contribute to the cost of restoration thereof in equal proportions without prejudice, subject however, to the right of any such Owners to call for a larger contribution from the others under any rule or law regarding liability for negligent or willful acts or omissions. The Owners of both Lots, their successors and assigns, have the right to the full use of the repaired or rebuilt Party Wall. No Party Wall may be constructed, repaired, or rebuilt without the advance written approval of The Station Residential District Reviewer in accordance with Article 6 of the Covenant.

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

2.20.4 Alterations. The Owner of a Lot sharing a Party Wall may not cut openings in the Party Wall or alter or change the Party Wall in any manner that affects the use, condition, or appearance of the Party Wall to the adjoining Lot. The Party Wall will always remain in the same location as when erected unless otherwise approved by the Owner of each Lot sharing the Party Wall and The Station Residential District Reviewer.

2.20.5 Townhome Association Insurance. Notwithstanding the foregoing, Party Walls that are covered by an insurance policy maintained by the Townhome Association pursuant to *Section 7.1* shall be repaired and replaced in accordance with the provisions set forth in *Section 7.1*.

2.20.6 Dispute Resolution. In the event of any dispute arising concerning a Party Wall, or under the provisions of this Section (the "**Dispute**"), the parties must submit the Dispute to mediation. Should the parties be unable to agree on a mediator within ten (10) days after written request therefore by the Master Board, the Master Board will appoint a mediator. If the Dispute is not resolved by mediation, the Dispute will be resolved by binding arbitration. Either party may initiate the arbitration. Should the parties be unable to agree on an arbitrator within ten (10) days after written request therefore by the Master Board, the Master Board will appoint an arbitrator. The decision of the arbitrator will be binding upon the parties and will be

in lieu of any right of legal action that either party may have against the other. In the event an Owner fails to properly and on a timely basis (both standards to be determined by the Master Board in the Master Board's sole and absolute discretion) implement the decision of the mediator or arbitrator, as applicable, the Master Board may implement said mediator's or arbitrator's decision, as applicable. If the Master Board implements the mediator's or arbitrator's decision on behalf of an Owner, the Owner otherwise responsible therefor will be personally liable to the Master Association for all costs and expenses incurred by the Master Association in conjunction therewith. If such Owner fails to pay such costs and expenses upon demand by the Master Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half percent (1-1/2%) per month) will be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot hereunder will be secured by the liens reserved in the Covenant for Assessments and may be collected by any means provided in the Covenant for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s).

2.20.7 Retaining Walls along Public Right-of-Way. Neither the City, Declarant, Master Association nor the Townhome Association shall be responsible for maintenance, repair or replacement, or the costs associated therewith, of retaining walls located on or near the dividing line of a Lot and any portion of the Property or Development Area dedicated to the City or other governmental authority as a public right-of-way. Such maintenance, repair and replacement, and all costs associated therewith, are Owner's sole responsibility.

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

2.22 Injury to Person or Property. Neither the Townhome Association, Master

Association nor Declarant, or their respective directors, officers, committees, agents, and employees have a duty or obligation to any Owner, Occupant or their guests: (i) to supervise minor children or any other person; (ii) to fence or otherwise enclose any Lot; or (iii) to provide security or protection to any Owner, Occupant, or their guests, employees, contractors, and invitees from harm or loss. By accepting title to a Lot, each Owner agrees that the limitations set forth in this Section are reasonable and constitute the exercise of ordinary care by the Townhome Association, Master Association and Declarant. EACH OWNER AGREES TO INDEMNIFY AND HOLD HARMLESS THE TOWNHOME ASSOCIATION, MASTER ASSOCIATION AND DECLARANT, AND DECLARANT'S AGENTS FROM ANY CLAIM OF DAMAGES, TO PERSON OR PROPERTY ARISING OUT OF AN ACCIDENT OR INJURY IN OR ABOUT THE DEVELOPMENT AREA TO THE EXTENT AND ONLY TO THE EXTENT CAUSED BY THE ACTS OR OMISSIONS OF SUCH OWNER, HIS TENANT, HIS GUESTS, EMPLOYEES, CONTRACTORS, OR INVITEES TO THE EXTENT SUCH CLAIM IS NOT COVERED BY INSURANCE OBTAINED BY THE TOWNHOME ASSOCIATION OR MASTER ASSOCIATION AT THE TIME OF SUCH ACCIDENT OR INJURY.

2.23 Water Quality Facilities, Drainage Facilities and Drainage Ponds. The Development Area may include one or more water treatment plant, waste water treatment plant, water quality facilities, sedimentation, drainage and detention facilities, or ponds which serve all or a portion of the Development Area and are inspected, maintained and administered by the Master Association in accordance with all Applicable Law. Access to these facilities and ponds is limited to persons engaged by the Master Association to periodically maintain such facilities. Each Owner is advised that the water treatment plant, waste water treatment plant, water quality facilities, sedimentation, drainage and detention facilities, and ponds are an active utility feature integral to the proper operation of the Development Area and may periodically hold standing water. Each Owner is advised that entry into the water treatment plant, waste water treatment plant, water quality facilities, sedimentation, drainage and detention facilities, or ponds may result in injury and is a violation of the Townhome Rules.

2.24 No Warranty of Enforceability. Declarant makes no warranty or representation as to the present or future validity or enforceability of the Documents or the Townhome Documents. Any Owner acquiring a Lot in reliance on one or more of the Documents or Townhome Documents will assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant harmless therefrom.

2.25 On Street Parking. Owners and Occupants are strongly encouraged not to park on any road or street within the Property unless in the event of an emergency. "Emergency" for purposes of the foregoing sentence shall mean an event which jeopardizes life or property. "Parked" as used herein shall be defined as a vehicle left unattended by a licensed operator for more than thirty (30) consecutive minutes. This provision will not apply to Declarant or its designee during the Development Period. Visitor parking areas, if any, shall only be used for temporary parking. "Temporary" for the purposes of the foregoing sentence shall mean no more than twenty-four (24) hours.

2.26 Limited or Restricted Driveway Parking. No vehicle may be parked on a driveway constructed on a Lot if the vehicle, when parked, would obstruct or otherwise block ingress and egress to and from sidewalks adjacent to the driveway, i.e., no portion of the vehicle may extend over a line extended from the rear of one sidewalk adjacent to the driveway to the rear of the other sidewalk adjacent to the driveway, or would obstruct or otherwise block ingress and egress to and from any alley or fire lane.

2.27 Compliance with Documents and Townhome Documents. Each Owner, his or her family, occupants of a Lot, and the Owner's tenants, guests, invitees, and licensees will comply strictly with the provisions of the Documents (as defined in the Covenant) and the Townhome Documents, as may be amended from time to time. Failure to comply with any of the Documents (as defined in the Covenant) or the Townhome Documents will constitute a violation of thereof and may result in a fine against the Owner in accordance with Section 5.14 of the Covenant and *Section 5.13* of this Development Area Declaration, and will give rise to a cause of action to recover sums due for damages or injunctive relief, or both, maintainable by the Declarant, the Master Board on behalf of the Master Association, the Townhome Board on behalf of the Townhome Association, The Station Residential District Reviewer, or by an aggrieved Owner. Without limiting any rights or powers of the Master Association, the Townhome Association, either the Master Board, Townhome Board or The Station Residential District Reviewer may (but neither will be obligated to) remedy or attempt to remedy any violation of any of the provisions of the Documents (as defined in the Covenant) or Townhome Documents, and the Owner whose violation has been so remedied will be personally liable to the Master Association or Townhome Association, as applicable, for all costs and expenses of effecting (or attempting to effect) such remedy. If such Owner fails to pay such costs and expenses upon demand by the Master Association or Townhome Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one half percent (1½%) per month) will be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot will be secured by the liens reserved in this Development Area Declaration for Townhome Assessments and/or the Covenant for Assessments and may be collected by any means provided in this Development Area Declaration and/or the Covenant for the collection of Townhome Assessments or Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s). Each such Owner will release and hold harmless the Master Association, the Townhome Association and their officers, directors, employees and agents from any cost, loss, damage, expense, liability, claim or cause of action incurred or that may arise by reason of the Master Association's or Townhome Association's acts or activities under this Section (including any cost, loss, damage, expense, liability, claim or cause of action arising out of the Master Association's or Townhome Association's negligence in connection therewith), except for such cost, loss, damage, expense, liability, claim or cause of action arising by reason of the Master Association's or Townhome Association's gross negligence or willful misconduct. "Gross negligence" as used herein does not include simple negligence, contributory negligence or similar negligence short of actual gross negligence.

2.28 Insurance Rates. Nothing may be done or kept on the Development Area that would increase the rate of casualty or liability insurance or cause the cancellation of any such insurance on the Common Area or Special Common Area, or the Improvements located thereon, without the prior written approval of the Master Board.

2.29 Release. EACH OWNER HEREBY RELEASES AND HOLDS HARMLESS THE TOWNHOME ASSOCIATION, THE MASTER ASSOCIATION, DECLARANT, THE STATION RESIDENTIAL DISTRICT REVIEWER AND THEIR AFFILIATES, OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF SUCH OWNER'S USE OF ANY COMMON AREA OR SPECIAL COMMON AREA.

Neither the Townhome Association, Master Association nor Declarant will assume any responsibility or liability for any personal injury or property damage which is occasioned by use of any Common Area or Special Common Area, and in no circumstance will words or actions by the Townhome Association, Master Association or Declarant constitute an implied or express representation or warranty regarding the fitness or condition of any Common Area or Special Common Area.

ARTICLE 3
THE STATION RESIDENTIAL DISTRICT TOWNHOME ASSOCIATION, INC.

3.1 Organization. The Townhome Association will be a nonprofit corporation created for the purposes, charged with the duties, and vested with the powers of a Texas non-profit corporation. Neither the Townhome Certificate nor the Townhome Bylaws will, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with the Covenant or this Development Area Declaration.

3.2 Membership. Any person or entity, upon becoming an Owner, will automatically become a member of the Townhome Association. Membership will be appurtenant to and will run with the ownership of the Lot that qualifies the Owner thereof for membership, and membership may not be severed from the ownership of the Lot, or in any way transferred, pledged, mortgaged or alienated, except together with the title to such Lot. Within thirty (30) days after acquiring legal title to a Lot, if requested by the Townhome Board, an Owner must provide the Townhome Association with: (1) a copy of the recorded deed by which the Owner has acquired title to the Lot; (2) the Owner's address, phone number, and driver's license number, if any; (3) any Mortgagee's name and address; and (4) the name and phone number of any Occupant other than the Owner.

3.3 Governance. The Townhome Board will consist of at least three (3) persons elected at the annual meeting of the Townhome Association, or at a special meeting called for such purpose. **Notwithstanding the foregoing provision or any provision in this**

Development Area Declaration to the contrary, until the 10th anniversary of the date this Development Area Declaration is Recorded, Declarant will have the sole right to appoint and remove all members of the Townhome Board. No later than the 10th anniversary of the date this Development Area Declaration is Recorded, or sooner as determined by Declarant, the Townhome Board shall hold a meeting of Townhome Members of the Townhome Association for the purpose of electing one-third of the Townhome Board (the "Initial Member Election Meeting"), which Townhome Board member(s) must be elected by Owners other than the Declarant. Declarant shall continue to have the sole right to appoint and remove two-thirds of the Townhome Board from and after the Initial Member Election Meeting until expiration or termination of the Development Period.

3.4 Voting. In any situation in which an Owner or Townhome Member is entitled individually to exercise the vote allocated to such Owner's Lot, if there is more than one Owner of a Lot, the vote for such Lot shall be exercised as the co-Owners holding a Majority of the ownership interest in the Lot determine among themselves and advise the Secretary of the Townhome Association in writing prior to the close of balloting. Any co-Owner may cast the vote for the Lot, and Majority agreement shall be conclusively presumed unless another co-Owner of the Lot protests promptly to the President or other person presiding over the meeting or the balloting, in the case of a vote taken outside of a meeting. In the absence of a majority agreement and if the vote is cast differently by co-Owners on a matter, the voting interest will be split proportionality between each co-Owner, e.g., if there are two co-Owners of a Lot which has been allocated one vote, and one co-Owner votes for the matter and the other co-Owner votes against the matter, each co-Owner will be allocated one-half (1/2) vote. If there are more than two co-Owners and the vote is not evenly split between co-Owners, the vote of a majority of the co-Owners will prevail for purposes of the matter to which the vote applies. In no event shall the vote for such Lot exceed the total votes to which such Lot is otherwise entitled pursuant to *Section 3.5*.

3.5 Voting Allocation. The number of votes which may be cast for election of members to the Townhome Board (except as provided by *Section 3.3*) and on all other matters to be voted on by the Townhome Members will be calculated as set forth below.

3.5.1 The Owner of each Lot will have one (1) vote for each Lot so owned.

3.5.2 In addition to the votes to which Declarant is entitled by reason of *Section 3.5.1*, for every one (1) vote outstanding in favor of any other person or entity, Declarant will have four (4) additional votes until the expiration or termination of the Development Period.

3.5.3 Declarant may cast votes allocated to the Declarant pursuant to this *Section 3.5*, shall be considered a Townhome Member for the purpose of casting such votes, and need not own any portion of the Development Area as a pre-condition to exercising such votes.

3.6 Powers. The Townhome Association will have the powers of a Texas non-profit corporation. It will further have the power to do and perform any and all acts that may be necessary or proper, for or incidental to, the exercise of any of the express powers granted to it by the laws of Texas or this Development Area Declaration. Without in any way limiting the generality of the two preceding sentences, the Townhome Board, acting on behalf of the Townhome Association, will have the following powers at all times:

(i) Townhome Rules, Townhome Bylaws and Townhome Community Manual. To make, establish and promulgate, and in its discretion to amend from time to time, or repeal and re-enact, such Townhome Rules, Townhome Bylaws and the Townhome Community Manual not in conflict with the Covenant or this Development Area Declaration, as it deems proper, covering any and all aspects of the Development Area (including the operation, maintenance and preservation thereof) or the Townhome Association. Any Townhome Rules, and any modifications thereto to existing Townhome Rules, Townhome Bylaws or the Townhome Community Manual, proposed by the Townhome Board must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period.

(ii) Insurance. To obtain and maintain in effect, policies of insurance that, in the opinion of the Townhome Board, are reasonably necessary or appropriate to carry out the Townhome Association's functions.

(iii) Records. To keep books and records of the Townhome Association's affairs, and to make such books and records, together with current copies of the Townhome Documents available for inspection by the Owners, Mortgagees, and insurers or guarantors of any Mortgage upon request during normal business hours.

(iv) Townhome Assessments. To levy and collect Townhome Assessments and to determine Townhome Assessment Units, as provided in *Article 5* below.

(v) Right of Entry and Enforcement. To enter at any time without notice in an emergency (or in the case of a non-emergency, after twenty-four (24) hours written notice), without being liable to any Owner, upon any Lot and into any Improvement thereon for the purpose of enforcing the Townhome Documents or for the purpose of maintaining or repairing any area, Improvement or other facility to conform to the Townhome Documents. The expense incurred by the Townhome Association in connection with the entry upon any Lot or and the

maintenance and repair work conducted thereon or therein will be a personal obligation of the Owner of the Lot so entered, will be deemed an Individual Townhome Assessment against such Lot, will be secured by a lien upon such Lot, and will be enforced in the same manner and to the same extent as provided in *Article 5* hereof for Townhome Assessments. The Townhome Association will have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Townhome Documents. The Townhome Association is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce the Townhome Documents; provided, however, that the Townhome Board will never be authorized to expend any Townhome Association funds for the purpose of bringing suit against Declarant, or its successors or assigns. The Townhome Association may not alter or demolish any Improvements on any Lot, in enforcing this Development Area Declaration before a judicial order authorizing such action has been obtained by the Townhome Association, or before the written consent of the Owner(s) of the affected Lot(s) has been obtained. **EACH OWNER AND OCCUPANT HEREBY RELEASES AND HOLDS HARMLESS THE TOWNHOME ASSOCIATION, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE TOWNHOME ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS *SECTION 3.6(V)* (INCLUDING ANY COST, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE TOWNHOME ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT TO THE EXTENT SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE TOWNHOME ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.**

(vi) Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Townhome Association.

(vii) Manager. To retain and pay for the services of a person or firm (the "**Manager**") to manage and operate the Townhome Association,

including its property, to the extent deemed advisable by the Townhome Board. Additional personnel may be employed directly by the Townhome Association or may be furnished by the Manager. To the extent permitted by Applicable Law, the Townhome Board may delegate any other duties, powers and functions to the Manager. **THE TOWNHOME MEMBERS HEREBY RELEASE THE TOWNHOME ASSOCIATION AND THE MEMBERS OF THE TOWNHOME BOARD FROM LIABILITY FOR ANY OMISSION OR IMPROPER EXERCISE BY THE MANAGER OF ANY SUCH DUTY, POWER OR FUNCTION SO DELEGATED.**

(viii) Property Services. To pay for water, sewer, garbage removal, street lights, landscaping, and all other utilities, services, repair and maintenance.

(ix) Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments that the Townhome Association or the Townhome Board is required or permitted to secure or to pay for pursuant to Applicable Law or under the terms of the Townhome Documents or as determined by the Townhome Board.

(x) Property Ownership. To acquire, own and dispose of all manner of real and personal property, including habitat, whether by grant, lease, easement, gift or otherwise. During the Development Period, all acquisitions and dispositions of the Townhome Association hereunder must be approved in advance and in writing by the Declarant.

(xi) Authority with Respect to Development Area Declaration. To do any act, thing or deed that is necessary or desirable, in the judgment of the Townhome Board, to implement, administer or enforce any of the Townhome Documents. Any decision by the Townhome Board to delay or defer the exercise of the power and authority granted by this *Section 3.6* will not subsequently in any way limit, impair or affect ability of the Townhome Board to exercise such power and authority.

3.7 Indemnification. To the fullest extent permitted by Applicable Law but without duplication of (and subject to) any rights or benefits arising under the Townhome Certificate or Townhome Bylaws, the Townhome Association will indemnify any person who was, or is, a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is, or was, a director, officer, committee member, employee, servant or agent of the Townhome Association against expenses, including attorneys' fees, reasonably incurred by him

in connection with such action, suit or proceeding if it is found and determined by the Townhome Board or a court of competent jurisdiction that he: (i) acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Townhome Association; or (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by settlement, or upon a plea of nolo contendere or its equivalent, will not of itself create a presumption that the person did not act in good faith or in a manner which was reasonably believed to be in, or not opposed to, the best interests of the Townhome Association or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

3.8 Insurance. The Townhome Board may purchase and maintain, at the expense of the Townhome Association, insurance on behalf of any person who is acting as a director, officer, committee member, employee, servant or agent of the Townhome Association against any liability asserted against such person or incurred by such person in their capacity as an director, officer, committee member, employee, servant or agent of the Townhome Association, or arising out of the person's status as such, whether or not the Townhome Association would have the power to indemnify the person against such liability or otherwise.

3.9 Bulk Rate Contracts. Without limitation on the generality of the Townhome Association powers set out in *Section 3.6* hereinabove (except that during the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Declarant), the Townhome Association will have the power to enter into Bulk Rate Contracts at any time and from time to time. The Townhome Association may enter into Bulk Rate Contracts with any service providers chosen by the Townhome Board (including Declarant, and/or any entities in which Declarant, or the owners or partners of Declarant are the owners or participants, directly or indirectly). The Bulk Rate Contracts may be entered into on such terms and provisions as the Townhome Board may determine in its sole and absolute discretion. The Townhome Association may, at its option and election, add the charges payable by such Owner under such Bulk Rate Contract to the Townhome Assessments (Regular Townhome Assessments or Individual Townhome Assessments, as the case may be) against such Owner's Lot. In this regard, it is agreed and understood that, if any Owner fails to pay any charges due by such Owner under the terms of any Bulk Rate Contract, then the Townhome Association will be entitled to collect such charges by exercising the same rights and remedies it would be entitled to exercise under this Development Area Declaration with respect to the failure by such Owner to pay Townhome Assessments, including without limitation the right to foreclose the lien against such Owner's Lot which is reserved under the terms and provisions of this Development Area Declaration. In addition, in the event of nonpayment by any Owner of any charges due under any Bulk Rate Contract and after the lapse of at least twelve (12) days since such charges were due, the Townhome Association may, upon five (5) days' prior written notice to such Owner (which may run concurrently with such 12-day period), in addition to all other rights and remedies available at law, equity or otherwise, terminate, in such manner as the Townhome Board deems appropriate, any utility service or other service provided at the cost of

the Townhome Association and not paid for by such Owner (or Occupant of such Owner's Lot) directly to the applicable service or utility provider. Such notice will consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of termination, with the title "termination notice" or similar language prominently displayed on the notice. The notice will include the office or street address where the Owner (or Occupant of such Owner's Lot) can make arrangements for payment of the bill and for re-connection or re-institution of service. No utility or cable television service will be disconnected on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services.

3.10 Protection of Declarant's Interests. Despite any assumption of control of the Townhome Board by Owners other than Declarant, until the expiration or termination of the Development Period, the Townhome Board is prohibited from taking any action which would discriminate against Declarant, or which would be detrimental to the sale of Lots owned by Declarant. Declarant shall be entitled to determine, in its sole and absolute discretion, whether any such action discriminates or is detrimental to Declarant. Unless otherwise agreed to in advance and in writing by the Declarant, the Townhome Board will be required to continue the same level and quality of maintenance, operations and services as that provided immediately prior to assumption of control of the Townhome Board by Owners other than Declarant until the expiration or termination of the Development Period.

3.11 Right of Action by Townhome Association or Master Association. Neither the Townhome Association nor the Master Association shall have the power to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings: (i) in the name of or on behalf of any Owner (whether one or more); (ii) pertaining to a Claim, as such term is defined in *Section 11.1* below, relating to the design or construction of Improvements on a Lot; or (iii) pertaining to a Claim, as such term is defined in *Section 11.1* below, relating to the Area of Common Responsibility. This *Section 3.11* may not be amended or modified without the written and acknowledged consent of the Declarant and Townhome Members entitled to cast at least one hundred percent (100%) of the total number of votes of the Townhome Association, which must be part of a Recorded amendment instrument.

ARTICLE 4
CONSTRUCTION RESTRICTIONS

4.1 Construction of Improvements. Unless prosecuted by Declarant, no Improvements of any kind may hereafter be placed, maintained, erected or constructed upon any portion of the Development Area unless approved in advance and in writing by The Station Residential District Reviewer in accordance with the Covenant. Pursuant to Section 6.4 of the Covenant, The Station Residential District Reviewer may adopt Design Guidelines applicable to the Development Area. All Improvements must strictly comply with the requirements of any adopted Design Guidelines unless a variance is obtained pursuant to the Covenant. The Design Guidelines may be supplemented, modified, amended, or restated by The Station Residential District Reviewer as authorized by the Covenant.

4.2 Utility Lines. Unless otherwise approved by The Station Residential District Reviewer, no sewer, drainage or utility lines or wires or other devices for the communication or transmission of electric current, power, or signals including telephone, television, microwave or radio signals, may be constructed, placed or maintained anywhere in or upon any portion of the Development Area other than within Structures or other buildings unless the same is contained in conduits or cables constructed, placed or maintained underground, concealed in or under Structures or other buildings, or within easements.

4.3 Garages. All garages, carports and other open automobile storage units must be approved in advance of construction by The Station Residential District Reviewer. No garage may be permanently enclosed or otherwise used for habitation.

4.4 Fences. No fence may be constructed on the Development Area without the prior written consent of The Station Residential District Reviewer. If adopted, all fences must strictly comply with the requirements of the Design Guidelines, unless a variance is obtained pursuant to the Covenant.

4.5 Roofing. All roofing material must be approved in advance of construction by The Station Residential District Reviewer. In addition, roofs of buildings may be constructed with "Energy Efficiency Roofing" with the advance written approval of The Station Residential District Reviewer. For the purpose of this Section, "Energy Efficiency Roofing" means shingles that are designed primarily to: (i) be wind and hail resistant; (ii) provide heating and cooling efficiencies greater than those provided by customary composite shingles; or (iii) provide solar generation capabilities. The Station Residential District Reviewer will not prohibit an Owner from installing Energy Efficient Roofing provided that the Energy Efficient Roofing shingles: (a) resemble the shingles used or otherwise authorized for use within the Development Area; (b) are more durable than, and are of equal or superior quality to, the shingles used or otherwise authorized for use within the community; and (c) match the aesthetics of adjacent property. An Owner who desires to install Energy Efficient Roofing will be required to comply with the architectural review and approval procedures set forth in the Townhome Documents. In conjunction with any such approval process, the Owner should submit information which will enable The Station Residential District Reviewer to confirm the criteria set forth in this Section. Any other type of roofing material will be permitted only with the advance written approval of The Station Residential District Reviewer.

4.6 HVAC Location. No air-conditioning apparatus may be installed on the ground in front of a residence or on the roof of any residence, unless otherwise approved in advance by The Station Residential District Reviewer. No window air-conditioning apparatus or evaporative cooler may be attached to any front wall or front window of a residence or at any other location where it would be visible from any street, any other residence, Common Area, or Special Common Area. All HVAC units must be screened in a manner approved in advance by The Station Residential District Reviewer, or as otherwise set forth in the Design Guidelines.

4.7 Solar Energy Device. Solar Energy Devices may be installed with the advance written approval of The Station Residential District Reviewer, in accordance with the procedures and requirements set forth below:

4.7.1 Application. To obtain approval of a Solar Energy Device, the Owner will provide The Station Residential District Reviewer with the following information: (i) the proposed installation location of the Solar Energy Device; and (ii) a description of the Solar Energy Device, including the dimensions, manufacturer, and photograph or other accurate depiction (the "**Solar Application**"). A Solar Application may only be submitted by an Owner. The Solar Application must be submitted in accordance with the provisions of Article 6 of the Covenant.

4.7.2 Approval Process. The Station Residential District Reviewer will review the Solar Application in accordance with the terms and provisions of Article 6 of the Covenant. The Station Residential District Reviewer will approve a Solar Energy Device if the Solar Application complies with *Section 4.7.3* below **UNLESS** The Station Residential District Reviewer makes a written determination that placement of the Solar Energy Device, despite compliance with *Section 4.7.3*, creates a condition that substantially interferes with the use and enjoyment of property within the Development by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities. The Station Residential District Reviewer's right to make a written determination in accordance with the foregoing sentence is negated if all Owners of Lots immediately adjacent to the Owner/applicant provide written approval of the proposed placement. Any proposal to install a Solar Energy Device on property owned or maintained by the Master Association or property owned in common by Members of the Master Association must be approved in advance and in writing by the Master Board, and the Master Board need not adhere to this Section when considering any such request.

4.7.3 Approval Conditions. Unless otherwise approved in advance and in writing by The Station Residential District Reviewer, each Solar Application and each Solar Energy Device to be installed in accordance therewith must comply with the following:

(i) The Solar Energy Device must be located on the roof of the residence located on the Owner's Lot, entirely within a fenced area of the Owner's Lot, or entirely within a fenced patio located on the Owner's Lot. If the Solar Energy Device is located on the roof of the residence, The Station Residential District Reviewer may designate the location for placement unless the location proposed by the Owner increases the estimated annual energy production of the Solar Energy Device, as determined by using a publicly available modeling tool provided by the National Renewable Energy Laboratory, by more than ten percent (10%) above the energy production of the Solar Energy Device if installed in the location designated by The Station Residential District Reviewer. If the Owner desires to contest the alternate location proposed by The Station

Residential District Reviewer, the Owner should submit information to The Station Residential District Reviewer which demonstrates that the Owner's proposed location meets the foregoing criteria. If the Solar Energy Device is located in the fenced area of the Owner's Lot or patio, no portion of the Solar Energy Device may extend above the fence line.

(ii) If the Solar Energy Device is mounted on the roof of the principal residence located on the Owner's Lot, then: (a) the Solar Energy Device may not extend higher than or beyond the roofline; (b) the Solar Energy Device must conform to the slope of the roof and the top edge of the Solar Device must be parallel to the roofline; (c) the frame, support brackets, or visible piping or wiring associated with the Solar Energy Device must be silver, bronze or black.

4.8 Rainwater Harvesting Systems. Rainwater Harvesting Systems may be installed with the advance written approval of The Station Residential District Reviewer.

4.8.1 Application. To obtain The Station Residential District Reviewer approval of a Rainwater Harvesting System, the Owner must provide The Station Residential District Reviewer with the following information: (i) the proposed installation location of the Rainwater Harvesting System; and (ii) a description of the Rainwater Harvesting System, including the color, dimensions, manufacturer, and photograph or other accurate depiction (the "**Rainwater Harvesting System Application**"). A Rainwater Harvesting System Application may only be submitted by an Owner.

4.8.2 Approval Process. The decision of The Station Residential District Reviewer will be made in accordance with Article 6 of the Covenant. Any proposal to install a Rainwater Harvesting System on property owned by the Master Association or property owned in common by Members of the Master Association must be approved in advance and in writing by the Master Board, and the Master Board need not adhere to this Section when considering any such request.

4.8.3 Approval Conditions. Unless otherwise approved in advance and in writing by The Station Residential District Reviewer, each Rainwater Harvesting System Application and each Rainwater Harvesting System to be installed in accordance therewith must comply with the following:

(i) The Rainwater Harvesting System will be consistent with the color scheme of the residence constructed on the Owner's Lot, as reasonably determined by The Station Residential District Reviewer.

(ii) The Rainwater Harvesting System does not include any language or other content that is not typically displayed on such a device.

(iii) The Rainwater Harvesting System is in no event located between the front of the residence constructed on the Owner's Lot and any adjoining or adjacent street.

(iv) There is sufficient area on the Owner's Lot to install the Rainwater Harvesting System, as reasonably determined by The Station Residential District Reviewer.

4.8.4 Guidelines. If the Rainwater Harvesting System is installed on or within the side yard of a Lot, or would otherwise be visible from a street, the Common Area, Special Common Area, or another Owner's Lot, The Station Residential District Reviewer may regulate the size, type, shielding of, and materials used in the construction of the Rainwater Harvesting System. Accordingly, when submitting a Rainwater Harvesting System Application, such application should describe methods proposed by the Owner to shield the Rainwater Harvesting System from the view of any street, Common Area, Special Common Area, or another Owner's Lot. When reviewing a Rainwater Harvesting System Application for a Rainwater Harvesting System that will be installed on or within the side yard of a Lot, or would otherwise be visible from a street, the Common Area, Special Common Area, or another Owner's Lot, any additional requirements imposed by The Station Residential District Reviewer to regulate the size, type, shielding of, and materials used in the construction of the Rainwater Harvesting System, may not prohibit the economic installation of the Rainwater Harvesting System, as reasonably determined by The Station Residential District Reviewer.

4.9 Xeriscaping. As part of the installation and maintenance of landscaping on an Owner's Lot, an Owner may submit plans for and install drought tolerant landscaping ("**Xeriscaping**") upon written approval by The Station Residential District Reviewer. All Owners implementing Xeriscaping must comply with the following:

4.9.1 Application. Approval by The Station Residential District Reviewer is required prior to installing Xeriscaping. To obtain the approval of The Station Residential District Reviewer for Xeriscaping, the Owner must provide The Station Residential District Reviewer with the following information: (i) the proposed site location of the Xeriscaping on the Owner's Lot; (ii) a description of the Xeriscaping, including the types of plants, border materials, hardscape materials and photograph or other accurate depiction and (iii) the percentage of yard to be covered with gravel, rocks and cacti (the "**Xeriscaping Application**"). A Xeriscaping Application may only be submitted by an Owner unless the Owner's tenant provides written confirmation at the time of submission that the Owner consents to the Xeriscaping Application. The Station Residential District Reviewer is not responsible for: (i) errors or omissions in the Xeriscaping Application submitted to The Station Residential District Reviewer for approval; (ii) supervising installation or construction to confirm compliance with an approved Xeriscaping Application or (iii) the compliance of an approved application with Applicable Law.

4.9.2 Approval Conditions. Unless otherwise approved in advance and in writing by The Station Residential District Reviewer each Xeriscaping Application and all Xeriscaping to be installed in accordance therewith must comply with the following:

(i) The Xeriscaping must be aesthetically compatible with other landscaping in the community as reasonably determined by The Station Residential District Reviewer. For purposes of this *Section 4.9.2*, "aesthetically compatible" will mean overall and long-term aesthetic compatibility within the community. For example, an Owner's Lot plan may be denied if The Station Residential District Reviewer determines that: (i) the proposed Xeriscaping would not be harmonious with already established turf and landscaping in the overall community; and/or (ii) the use of specific turf or plant materials would result in damage to or cause deterioration of the turf or landscaping of an adjacent property owner, resulting in a reduction of aesthetic appeal of the adjacent property Owner's Lot.

(ii) No Owner may install gravel, rocks or cacti that in the aggregate encompass over ten percent (10%) of such Owner's front yard or ten percent (10%) of such Owner's back yard.

(iii) The Xeriscaping may not attract diseases and insects that are harmful to the existing landscaping on neighboring Lots, as reasonably determined by The Station Residential District Reviewer.

4.9.3 Process. The decision of The Station Residential District Reviewer will be made within a reasonable time, or within the time period otherwise required by the specific provisions in the Design Guidelines, if adopted, or other provisions in the Documents that govern the review and approval of improvements. A Xeriscaping Application submitted to install Xeriscaping on property owned by the Master Association or property owned in common by Members of the Master Association will not be approved. Any proposal to install Xeriscaping on property owned by the Master Association or property owned in common by Members of the Master Association must be approved in advance and in writing by the Master Board, and the Master Board need not adhere to the requirements set forth in this *Section 4.9* when considering any such request.

4.9.4 Approval. Each Owner is advised that if the Xeriscaping Application is approved by The Station Residential District Reviewer installation of the Xeriscaping must: (i) strictly comply with the Xeriscaping Application; (ii) commence within thirty (30) days of approval; and (iii) be diligently prosecuted to completion. If the Owner fails to cause the Xeriscaping to be installed in accordance with the approved Xeriscaping Application, The Station Residential District Reviewer may require the Owner to: (i) modify the Xeriscaping Application to accurately reflect the Xeriscaping installed on the property; or (ii) remove the

Xeriscaping and reinstall the Xeriscaping in accordance with the approved Xeriscaping Application. Failure to install Xeriscaping in accordance with the approved Xeriscaping Application or an Owner's failure to comply with the post-approval requirements constitutes a violation of the Covenant and may subject the Owner to fines and penalties. Any requirement imposed by The Station Residential District Reviewer to resubmit a Xeriscaping Application or remove and relocate Xeriscaping in accordance with the approved Xeriscaping Application will be at the Owner's sole cost and expense.

ARTICLE 5
COVENANT FOR TOWNHOME ASSESSMENTS

5.1 Purpose of Townhome Assessments. The Townhome Association will use Townhome Assessments for the general purposes of preserving and enhancing the Development Area, and for the benefit of Owners and Occupants, including but not limited to maintenance of real and personal property, management, and operation of the Townhome Association, and any expense reasonably related to the purposes for which the Townhome Association was formed. If made in good faith, the Townhome Board's decision with respect to the use of Townhome Assessments is final.

5.2 Townhome Assessments.

5.2.1 Established by Townhome Board. Townhome Assessments established by the Townhome Board pursuant to the provisions of this *Article 5* will be levied against each Lot in amounts determined pursuant to *Section 5.8* below. The total amount of Townhome Assessments will be determined by the Townhome Board in accordance with the terms of this *Article 5*.

5.2.2 Personal Obligation; Lien. Each Townhome Assessment, together with such interest thereon and costs of collection as hereinafter provided, will be the personal obligation of the Owner of the Lot against which the Townhome Assessment is levied and will be secured by a lien hereby granted and conveyed by Declarant to the Townhome Association against each such Lot and all Improvements thereon (such lien, with respect to any Lot not in existence on the date hereof, will be deemed granted and conveyed at the time that such Lot is created). The Townhome Association may enforce payment of such Townhome Assessments in accordance with the provisions of this Article.

5.2.3 Declarant Subsidy. Declarant may, but is not obligated to, reduce Townhome Assessments which would otherwise be levied against Lots for any fiscal year by the payment of a subsidy to the Townhome Association. Any subsidy paid to the Townhome Association by Declarant shall be treated as a loan to the Townhome Association, which loan shall bear interest at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one half percent (1½%) per month. The payment of a subsidy in any given

year will not obligate Declarant to continue payment of a subsidy to the Townhome Association in future years.

5.2.4 Master Association. Each Lot is subject to the terms and provisions of the Covenant and accordingly, each Owner will also be a mandatory Member of the Master Association and be required to pay assessments to the Master Association in accordance with the Covenant.

5.3 Maintenance Fund. The Townhome Board will establish a maintenance fund into which will be deposited all monies paid to the Townhome Association and from which disbursements will be made in performing the functions of the Townhome Association under this Development Area Declaration.

5.4 Regular Townhome Assessments. Prior to the beginning of each fiscal year, the Townhome Board will prepare a budget for the purpose of determining amounts sufficient to pay the estimated net expenses of the Townhome Association (the "**Regular Townhome Assessments**") which sets forth: (i) an estimate of the expenses to be incurred by the Townhome Association during such year in performing its functions and exercising its powers under this Development Area Declaration, including, but not limited to, the cost of all management, repair and maintenance; and (ii) an estimate of the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, and due consideration to any expected income and any surplus from the prior year's fund. Regular Townhome Assessments sufficient to pay such estimated net expenses will then be levied at the level set by the Townhome Board in its sole and absolute discretion, and the Townhome Board's determination will be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any Individual Townhome Assessment by any Owner, the Townhome Association may at any time, and from time to time, levy further Regular Townhome Assessments in the same manner. All such Regular Townhome Assessments will be due and payable to the Townhome Association at the beginning of the fiscal year or during the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Townhome Board may designate in its sole and absolute discretion.

5.5 Working Capital Townhome Assessment. Each Owner (other than Declarant) of a Lot will pay a one-time working capital assessment (the "**Working Capital Townhome Assessment**") to the Townhome Association in such amount as may be determined by the Declarant, until expiration or termination of the Development Period, and the Townhome Board thereafter. Such Working Capital Townhome Assessment need not be uniform among all Lots, and the Declarant or the Townhome Board, as applicable, is expressly authorized to establish Working Capital Townhome Assessments of varying amounts depending on the size, use and general character of the Lots. The levy of any Working Capital Townhome Assessment will be effective only upon the Recordation of a written notice, signed by Declarant or a duly

authorized officer of the Townhome Association, setting forth the amount of the Working Capital Townhome Assessment and the Lots to which it applies.

Notwithstanding the foregoing provision, the following transfers will not be subject to the Working Capital Townhome Assessment: (i) foreclosure of a deed of trust lien, tax lien, or the Townhome Association's assessment lien; (ii) transfer to, from, or by the Townhome Association; (iii) voluntary transfer by an Owner to one or more co-owners, or to the Owner's spouse, child, or parent. In the event of any dispute regarding the application of the Working Capital Townhome Assessment to a particular Owner, the Declarant during the Development Period, and thereafter the Townhome Board's, determination regarding the application of the exception will be binding and conclusive without regard to any contrary interpretation of this *Section 5.5*. The Working Capital Townhome Assessment will be in addition to, not in lieu of, any other Townhome Assessments levied in accordance with this *Article 5* and will not be considered an advance payment of such Townhome Assessments. The Working Capital Townhome Assessment hereunder will be due and payable by the transferee to the Townhome Association immediately upon each transfer of title to the Lot, including upon transfer of title from one Owner of such Lot to any subsequent purchaser or transferee thereof. The Declarant during the Development Period, and thereafter the Townhome Board, will have the power to waive the payment of any Working Capital Townhome Assessment attributable to a Lot (or all Lots) by the Recordation of a waiver notice, which waiver may be temporary or permanent.

5.6 Special Townhome Assessments. In addition to the Regular Townhome Assessments provided for above, the Townhome Board may levy special Townhome Assessments (the "**Special Townhome Assessments**") whenever in the Townhome Board's opinion such Special Townhome Assessments are necessary to enable the Townhome Board to carry out the functions of the Townhome Association under the Townhome Documents. The amount of any Special Townhome Assessments will be at the reasonable discretion of the Townhome Board.

5.7 Individual Townhome Assessments. In addition to any other Townhome Assessments, the Townhome Board may levy an individual assessment (the "**Individual Townhome Assessment**") against an Owner and the Owner's Lot. Individual Townhome Assessments may include, but are not limited to, the following: (i) interest, late charges, and collection costs on delinquent Townhome Assessments; (ii) reimbursement for costs incurred in bringing an Owner or the Owner's Lot into compliance with the Townhome Documents; (iii) fines for violations of the Townhome Documents; (iv) transfer-related fees and resale certificate fees; (v) fees for estoppel letters and project documents; and (vi) reimbursement for damage or waste caused by willful or negligent acts of the Owner, the Owner's guests, invitees or Occupants of the Owner's Lot.

5.8 Amount of Assessment.

5.8.1 Townhome Assessments to be Levied. The Townhome Board will levy Townhome Assessments against each "Townhome Assessment Unit" (as defined in *Section 5.8.2* below). Unless otherwise provided in this Development Area Declaration, Townhome Assessments levied pursuant to *Section 5.4* and *Section 5.6* will be levied uniformly against each Townhome Assessment Unit.

5.8.2 Townhome Assessment Unit. Each Lot will constitute one "**Townhome Assessment Unit**" unless otherwise provided in *Section 5.8.3*.

5.8.3 Declarant Exemption. Notwithstanding anything in this Development Area Declaration to the contrary, no Townhome Assessments will be levied upon Lots owned by Declarant.

5.8.4 Other Exemptions. Declarant may, in its sole discretion, elect to: (i) exempt any un-platted or unimproved portion of the Development Area or Lot from Townhome Assessments; (ii) delay the levy of Townhome Assessments against any un-platted, unimproved or improved portion of the Development Area or Lot; or (iii) reduce the levy of Townhome Assessments against any un-platted, unimproved or improved portion of the Development Area or Lot. In the event Declarant elects to delay or reduce Townhome Assessments pursuant to this Section, the duration of the delay or the amount of the reduction will be set forth in a Recorded written instrument. Declarant may terminate, extend or modify any delay or reduction set forth in a previously Recorded instrument by the Recordation of a replacement instrument.

5.9 Late Charges. If any Townhome Assessment is not paid by the due date applicable thereto, the Owner responsible for the payment may be required by the Townhome Board, at the Townhome Board's election at any time and from time to time, to pay a late charge in such amount as the Townhome Board may designate, and the late charge (and any reasonable handling costs) will be a charge upon the Lot owned by such Owner, collectible in the manner as provided for collection of Townhome Assessments, including foreclosure of the lien against such Lot; provided, however, such charge will never exceed the maximum charge permitted under Applicable Law.

5.10 Owner's Personal Obligation for Payment of Townhome Assessments. Townhome Assessments levied as provided for herein will be the personal and individual debt of the Owner of the Lot against which are levied such Townhome Assessments. No Owner may exempt himself from liability for such Townhome Assessments. In the event of default in the payment of any such Townhome Assessment, the Owner of the Lot will be obligated to pay interest on the amount of the Townhome Assessment at the highest rate allowed by applicable usury laws then in effect on the amount of the Townhome Assessment from the due date

thereof (or if there is no such highest rate, then at the rate of 1 and 1/2% per month), together with all costs and expenses of collection, including reasonable attorney's fees.

5.11 Townhome Assessment Lien and Foreclosure. The payment of all sums assessed in the manner provided in this *Article 5* is, together with late charges as provided in *Section 5.9* and interest as provided in *Section 5.10* hereof and all costs of collection, including attorney's fees as herein provided, are secured by the continuing Townhome Assessment lien granted to the Townhome Association pursuant to *Section 5.2.2* above, and will bind each Lot in the hands of the Owner thereof, and such Owner's heirs, devisees, personal representatives, successors or assigns. The aforesaid lien will be superior to all other liens and charges against such Lot, except only for (i) tax and governmental assessment liens; (ii) liens for Master Assessments; and (iii) all sums secured by a first mortgage Recorded lien or Recorded first deed of trust lien, to the extent such lien secures sums borrowed for the acquisition or improvement of the Lot in question; provided that, in the case of subparagraph (iii) above, such Mortgage was Recorded, before the delinquent Townhome Assessment was due. The Townhome Association will have the power to subordinate the aforesaid Townhome Assessment lien to any other lien. Such power will be entirely discretionary with the Townhome Board, and such subordination may be signed by an officer of the Townhome Association. The Townhome Association may, at its option and without prejudice to the priority or enforceability of the Townhome Assessment lien granted hereunder, prepare a written notice of Townhome Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice may be signed by one of the officers of the Townhome Association and will be Recorded. Each Owner, by accepting a deed or ownership interest to a Lot subject to this Development Area Declaration will be deemed conclusively to have granted a power of sale to the Townhome Association to secure and enforce the Townhome Assessment lien granted hereunder. The Townhome Assessment liens and rights to foreclosure thereof will be in addition to and not in substitution of any other rights and remedies the Townhome Association may have pursuant to Applicable Law and this Development Area Declaration, including the rights of the Townhome Association to institute suit against such Owner personally obligated to pay the Townhome Assessment and/or for foreclosure of the aforesaid lien. In any foreclosure proceeding, such Owner will be required to pay the costs, expenses and reasonable attorney's fees incurred. The Townhome Association will have the power to bid (in cash or by credit against the amount secured by the lien) on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any Mortgagee, the Townhome Association will report to said Mortgagee any unpaid Townhome Assessments remaining unpaid for longer than sixty (60) days after the same are due. The lien hereunder will not be affected by the sale or transfer of any Lot; except, however, that in the event of foreclosure of any lien superior to the Townhome Assessment lien, the lien for any Townhome Assessments that were due and payable before the foreclosure sale will be extinguished, provided that past-due Townhome Assessments will be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the indebtedness secured by the Mortgage. The provisions of the preceding sentence will not, however, relieve any subsequent Owner (including any Mortgagee or other purchaser at a

foreclosure sale) from paying Townhome Assessments becoming due and payable after the foreclosure sale. Upon payment of all sums secured by a lien of the type described in this *Section 5.11*, the Townhome Association will upon the request of the Owner execute a release of lien relating to any lien for which written notice has been filed as provided above, except in circumstances in which the Townhome Association has already foreclosed such lien. Such release will be signed by an officer of the Townhome Association. In addition to the lien hereby retained, in the event of nonpayment by any Owner of any Townhome Assessment and after the lapse of at least twelve (12) days since such payment was due, the Townhome Association may, upon five (5) days' prior written notice (which may run concurrently with such 12 day period) to such Owner, in addition to all other rights and remedies available pursuant to Applicable Law, equity or otherwise, terminate, in such manner as the Townhome Board deems appropriate, any utility or cable services, provided through the Townhome Association and not paid for directly by an Owner or occupant to the utility or service provider. Such notice will consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of disconnection, with the title "termination notice" or similar language prominently displayed on the notice. The notice will include the office or street address where the Owner or the Owner's tenant can make arrangements for payment of the bill and for reconnection of service. Any utility or cable service will not be disconnected or terminated on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services. Except as otherwise provided by Applicable Law, the sale or transfer of a Lot will not relieve the Owner of such Lot or such Owner's transferee from liability for any Townhome Assessments thereafter becoming due or from the lien associated therewith. If an Owner conveys its Lot and on the date of such conveyance Townhome Assessments against the Lot remain unpaid, or said Owner owes other sums or fees under this Development Area Declaration to the Townhome Association, the Owner will pay such amounts to the Townhome Association out of the sales price of the Lot, and such sums will be paid in preference to any other charges against the Lot other than liens superior to the Townhome Assessment liens and charges in favor of the State of Texas or a political subdivision thereof for taxes on the Lot which are due and unpaid. The Owner conveying such Lot will remain personally liable for all such sums until the same are fully paid, regardless of whether the transferee of the Lot also assumes the obligation to pay such amounts. The Townhome Board may adopt an administrative transfer fee to cover the administrative expenses associated with updating the Townhome Association's records upon the transfer of a Lot to a third party; provided, however, that no administrative transfer fee will be due upon the transfer of a Lot from Declarant to a third party.

5.12 Exempt Property. The following area within the Development Area will be exempt from the Townhome Assessments provided for in this Article:

(i) All area dedicated and accepted by a public authority, by the Recordation of an appropriate document;

(ii) The Common Area and the Special Common Area; and

(iii) Any portion of the Development Area owned by Declarant.

5.13 Fines and Damages Townhome Assessment.

5.13.1 Townhome Board Assessment. The Townhome Board may assess fines against an Owner for violations of the Townhome Documents committed by such Owner, an Occupant or an Owner's or Occupant's guests, agents or invitees pursuant to the *Fine and Enforcement Policy* contained in the Townhome Community Manual. Any fine and/or charge for damage levied in accordance with this *Section 5.13* shall be considered an Individual Townhome Assessment pursuant to this Development Area Declaration. Each day of violation may be considered a separate violation if the violation continues after written notice to the Owner. The Townhome Board may assess damage charges against an Owner for pecuniary loss to the Townhome Association from property damage or destruction of any Improvements caused by the Owner, the Occupant or their guests, agents, or invitees. The Manager shall have authority to send notices to alleged violators, informing them of their violations and asking them to comply with the Townhome Documents and/or informing them of potential or probable fines or damage assessments. The Townhome Board may from time to time adopt a schedule of fines.

5.13.2 Lien Created. The payment of each fine and/or damage charge levied by the Townhome Board against the Owner of a Lot is, together with interest as provided in *Section 5.10* hereof and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Townhome Association pursuant to *Section 5.2.2* of this Development Area Declaration. The fine and/or damage charge shall be considered a Townhome Assessment for the purpose of this Article and shall be enforced in accordance with the terms and provisions governing the enforcement of Townhome Assessments pursuant to this Article.

5.14 Collection of Master Assessments Levied Pursuant to the Covenant. In accordance with the Covenant, unless the Master Association elects otherwise, the Townhome Association will collect from each Owner the allocated share attributable to such Owner's Lot of Master Assessments. The Master Assessments shall be paid by each Owner of a Lot together with the Regular Townhome Assessment levied hereunder by the Townhome Association. If, for any reason, the Townhome Association fails to collect the Master Assessments in conjunction with Regular Townhome Assessments, then the Townhome Association shall collect the Master Assessments from each Owner, and remit the Master Assessments to the Master Association in such manner as the Master Association may deem proper; provided, however, that, in any event, each Master Assessment will be remitted to the Master Association prior to the time when payment thereof is required by the terms and provisions of the Covenant.

5.15 Lien Rights under the Covenant. In addition to the lien rights granted to the Townhome Association pursuant to the terms and provisions of this Development Area Declaration, in accordance with Article 5 of the Covenant, each Owner, by accepting an interest

in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to pay Master Assessments in accordance with the terms and provisions of the Covenant. Each Master Assessment is a charge on the Lot and is secured by a continuing lien on the Lot as set forth in the Covenant. Each Owner, and each prospective Owner, is placed on notice that his title may be subject to the continuing lien for Master Assessments attributable to a period prior to the date the Owner purchased his Lot. An express lien on each Lot has been granted and conveyed by the Declarant under the Covenant to the Master Association to secure the payment of the Master Assessments. Each Owner is advised to review the Covenant for more information concerning the liens granted to secure payment of the Master Assessments.

ARTICLE 6
MAINTENANCE AND REPAIR OBLIGATIONS

6.1 Overview. Generally, each Owner maintains his or her Lot and the Structure and Dwelling located thereon. If any Owner fails to maintain his or her Lot and the Structure and Dwelling located thereon, the Townhome Association or the Master Association may perform the work at the Owner's expense. This Development Area Declaration provides for designating portions of the Structures, Dwellings and/or Lots to the Area of Common Responsibility. Notwithstanding any provision contained herein to the contrary, the Area of Common Responsibility is maintained by the Townhome Association and not the Owner. On the date of this Development Area Declaration, the initial designation of components of Structures, Dwellings, and Lots included within the Area of Common Responsibility is attached hereto as Exhibit "A".

6.2 Townhome Association Maintains. The Townhome Association's maintenance obligations will be discharged when and how the Townhome Board deems appropriate. Unless otherwise provided in this Development Area Declaration, the Townhome Association maintains, repairs and replaces the portions of the Development Area listed below, regardless of whether the portions are on an Owner's Lot:

(i) the Area of Common Responsibility;

(ii) any real and personal property owned by the Townhome Association; and

(iii) any portion of the Development Area, any item, easements or services, the maintenance of which is assigned to the Townhome Association by this Development Area Declaration or in accordance with any Recorded easement or Recorded plat of the Development Area.

The Townhome Association may be relieved of all or any portion of its maintenance responsibilities herein to the extent that: (i) such maintenance responsibility is assigned to an Owner under this Development Area Declaration; (ii) such maintenance responsibility is otherwise assumed by or assigned to an Owner; or (iii) such property is dedicated to any local,

state or federal government or quasi-governmental entity; provided, however, that in connection with such assumption, assignment or dedication, the Townhome Association may reserve or assume the right or obligation to continue to perform all or any portion of its maintenance responsibilities, if the Townhome Board determines that such maintenance is necessary or desirable.

Subject to the maintenance responsibilities herein provided, any maintenance or repair performed by an Owner or Occupant that is the responsibility of the Townhome Association hereunder shall be performed at the sole expense of such Owner or Occupant and the Owner and Occupant shall not be entitled to reimbursement from the Townhome Association even if the Townhome Association accepts the maintenance or repair.

The Townhome Association shall not be liable for injury or damage to person or property caused by the elements or by the Owner or Occupant of any Lot or any other person or resulting from any utility, rain, snow or ice which may leak or flow from any pipe, drain, conduit, appliance or equipment which the Townhome Association is responsible to maintain hereunder. The Townhome Association shall not be liable to any Owner or Occupant of any Lot for loss or damage, by theft or otherwise, of any property, which may be stored in or upon any Lot. The Townhome Association shall not be liable to any Owner or Occupant, for any damage or injury caused in whole or in part by the Townhome Association's failure to discharge its responsibilities under this Section where such damage or injury is not a foreseeable, natural result of the Townhome Association's failure to discharge its responsibilities. No diminution or abatement of Townhome Assessments shall be claimed or allowed by reason of any alleged failure of the Townhome Association to take some action or perform some function required to be taken or performed by the Townhome Association under this Development Area Declaration or for inconvenience or discomfort arising from the making of repairs or Improvements which are the responsibility of the Townhome Association or from any action taken by the Townhome Association to comply with any law ordinance or with any order or directive of any municipal or other governmental authority.

6.3 Area of Common Responsibility. The Townhome Association, acting through its members only, has the right but not the duty to designate, from time to time, portions of a Structure, Dwelling, and Lot as an Area of Common Responsibility to be treated, maintained, repaired, and/or replaced by the Townhome Association as a common expense of the Townhome Association. A designation applies to every Lot having the identified feature. The cost of maintaining the Area of Common Responsibility is added to the annual budget of the Townhome Association and assessed uniformly against all Lots as a Regular Townhome Assessment, unless, after expiration of the Development Period, the Owners of at least a Majority of the Lots decide to assess the costs as Individual Townhome Assessments.

6.3.1 Easement. The Townhome Association is hereby granted an easement over and across each Structure, Lot and Dwelling to the extent reasonably necessary or convenient for the Townhome Association or its designee to maintain, repair and/or replace the

Area of Common Responsibility. Unless otherwise agreed to by the Owner of the Lot to be accessed, access to the Area of Common Responsibility is limited to Monday through Friday, between the hours of 7 a.m. until 6 p.m., and then only in conjunction with actual maintenance activities. If the Townhome Association damages any Improvements located within a Structure, Lot or Dwelling in exercising the easement granted hereunder, the Townhome Association will be required to restore such Improvements to the condition which existed prior to any such damage, at the Townhome Association's expense, within a reasonable period of time not to exceed thirty (30) days after the date the Townhome Association is notified in writing of the damage by the Owner of the damaged Improvements.

6.3.2 Change in Designation. The Townhome Association may, from time to time, include additional components of Structures, Lots and Dwellings within the Area of Common Responsibility; however, unless otherwise approved by the Declarant during the Development Period, in no event may the Townhome Association at any time remove from the Area of Common Responsibility components of Structures, Lots or Dwellings previously designated as an Area of Common Responsibility under this Declaration. During the Development Period, any addition to the Area of Common Responsibility must also be approved by the Declarant. After expiration or termination of the Development Period, any addition must be approved by a majority of the Owners in the Townhome Association. During the Development Period, the Area of Common Responsibility may be modified or amended by the Declarant, acting alone. Any modification or amendment to the Area of Common Responsibility must be recorded in the Official Public Records of Dallas County, Texas.

6.4 Inspection Obligations.

6.4.1 Contract for Services. In addition to the Townhome Association's general maintenance obligations set forth in this Declaration, the Townhome Association shall, at all times, contract with (subject to the limitations otherwise set forth in this Declaration) or otherwise retain the services of independent, qualified, licensed individuals or entities to provide the Townhome Association with inspection services for the Area of Common Responsibility.

6.4.2 Schedule of Inspections. Such inspections shall take place in accordance with prudent business practices. The inspectors shall provide written reports of their inspections to the Townhome Association promptly following completion thereof. The written reports shall identify any items of maintenance or repair that either require current action by the Townhome Association or will need further review and analysis. The Townhome Board shall report the contents of such written reports to the Townhome Members at the next meeting of the Townhome Members following receipt of such written reports or as soon thereafter as reasonably practicable and shall include such written reports in the minutes of the Townhome Association. Subject to the provisions of the Declaration below, the Townhome Board shall promptly cause all matters identified as requiring attention to be maintained, repaired, or

otherwise pursued in accordance with prudent business practices and the recommendations of the inspectors.

6.4.3 Notice to Declarant. During the Development Period, the Townhome Association shall, if requested by Declarant, deliver to Declarant ten (10) days advance written notice of all such inspections (and an opportunity to be present during such inspection, personally or through an agent) and shall provide Declarant (or its designee) with a copy of all written reports prepared by the inspectors.

6.5 Owner Responsibility. This Development Area Declaration contemplates that the Townhome Association will maintain components of the Structures, Dwellings and Lots. Every Owner is responsible for the maintenance, repair and replacement of all Improvements located on such Owner's Lot, unless such Improvements are maintained by the Townhome Association as an Area of Common Responsibility. Every Owner has the following responsibilities and obligations for the maintenance, repair and replacement of their Lot:

(i) to maintain, repair, and replace the Structure and Dwelling located on the Owner's Lot and any Improvements which exclusively serve such Owner's Lot, except for the Area of Common Responsibility;

(ii) to not do any work or fail to do any work which, in the reasonable opinion of the Townhome Board, would materially jeopardize the soundness and safety of the Development Area, reduce the value thereof, or impair any easement or real property right thereto;

(iii) to be responsible for his own willful or negligent acts and those of the Occupant's family, guests, agents, employees, or contractors when those acts necessitate maintenance, repair, or replacement of Common Area or the property of another Owner, or any component of the Development Area for which the Townhome Association has maintenance and/or insurance responsibility;

(iv) to perform his or her responsibilities in such manner so as not to unreasonably disturb other Owners and Occupants;

(v) to promptly report to the Townhome Association or its agent any defect or need for repairs for which the Townhome Association is responsible;

(vi) to pay for the cost of repairing, replacing or cleaning up any item that is the responsibility of the Owner but which responsibility such Owner fails or refuses to discharge (which the Townhome Association shall have the right, but not the obligation, to do), or to pay for the cost of repairing, replacing, or cleaning up any item which,

although the responsibility of the Townhome Association, is necessitated by reason of the willful or negligent act of the Owner, his or her family, tenants or guests, with the cost thereof to be added to and to become part of the Owner's next chargeable Townhome Assessment.

SEE EXHIBIT "A"
IF IT'S NOT AN AREA OF COMMON RESPONSIBILITY,
THEN IT'S THE OWNER'S INDIVIDUAL RESPONSIBILITY.

6.6 Yard Maintenance. The Townhome Association is obligated to maintain, as an Area of Common Responsibility, front yards and any side yard areas on a Lot (the "**Yard Area**"). Shrubs and trees may not be planted, and no modifications may be made to the Yard Area, without the prior written approval of the Townhome Board. Specifically without limitations, the Association must:

(i) mow the lawns and grounds at regular intervals on the Yard Area; and

(ii) prevent lawn weeds or grass from exceeding six inches (6") in height on the Yard Area.

6.7 Disputes. If a dispute arises regarding the allocation of maintenance responsibilities by this Development Area Declaration, the dispute will be resolved by the Townhome Board, who shall delegate such maintenance responsibility to either the Townhome Association or the individual Owner(s), as determined by the Townhome Board in its sole and absolute discretion.

ARTICLE 7
INSURANCE

7.1 Insurance – Townhome Association. The Townhome Association shall comply with the following insurance requirements.

7.1.1 The Townhome Association shall obtain property insurance on the Dwellings insuring against all risks of physical loss commonly insured against, including fire and extended coverage, in a total amount of at least 100% of the replacement costs. Such coverage will include any wall coverings, floor coverings, appliances, or fixtures originally installed by the Declarant or Homebuilder, but will not include any Improvements or upgrades (including wall coverings and fixtures) installed by an Owner (other than Declarant or Homebuilder). Such coverage will also exclude furnishings and other personal property within the Dwelling.

7.1.2 The Townhome Association shall keep a policy or policies of (i) liability insurance insuring the Townhome Board, officers and employees of the Townhome Association against any claims, losses, liabilities, damages or causes of action arising out of, or in connection with, or resulting from any act done or omission to act by any such person or entities, including but not limited to directors and officer's liability insurance, errors and omissions insurance, indemnity bonds, or other insurance the Townhome Board deems advisable, (ii) workmen's compensation as required by Applicable Law, and (iii) such other insurance as deemed necessary by the Townhome Board. The Townhome Association may maintain blanket fidelity coverage for any person who handles or is responsible for funds held or administered by the Townhome Association, whether or not the person is paid for his services.

7.1.3 Insurance policies carried pursuant to this Section, and to the extent available, must also provide that:

(i) Each Owner is an insured person under the policy with respect to liability arising out of the person's membership in the Townhome Association;

(ii) The insurer waives its right to subrogation under the policy against an Owner;

(iii) No action or omission of an Owner, unless within the scope of the Owner's authority on behalf of the Townhome Association, will void the policy or be a condition to recovery under the policy; and

(iv) If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same property covered by the policy, the Townhome Association's policy provides primary insurance.

7.1.4 A claim for any loss covered by the insurance required by *Section 7.1.1* must be submitted by and adjusted with the Townhome Association. Each Owner irrevocably appoints the Townhome Association, acting through the Townhome Board, as his trustee to negotiate, receive, administer, and distribute the proceeds of any claim against an insurance policy maintained by the Townhome Association. The Townhome Association shall hold insurance proceeds in trust for the Owners and lienholders as their interests may appear. Subject to *Section 7.1.1*, the proceeds paid under a policy must be disbursed first for the repair or restoration of the damaged Dwellings or Structures, and Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Development Area has been completely repaired or restored.

7.1.5 An insurance policy issued to the Townhome Association does not prevent an Owner from obtaining insurance for the Owner's own benefit.

7.1.6 The insurer issuing the policy may not cancel or refuse to renew it less than thirty (30) days after written notice of the proposed cancellation or nonrenewal has been mailed to the Townhome Association.

7.1.7 Except as provided by this section, any portion of a Dwelling or Structure for which insurance is required that is damaged or destroyed shall be promptly repaired or replaced by the Townhome Association unless replacement would be illegal under any Applicable Law. The cost of repair or replacement in excess of the insurance proceeds shall be a common expense of the Townhome Association, and the Townhome Board may levy a Townhome Assessment to pay the excess costs or expenses in accordance with *Article 5*. Any insurance proceeds attributable to a damaged Dwelling or Structure shall be used to restore the damaged Dwelling or Structure to a condition compatible with the remainder of the Dwellings or Structures. If a Dwelling or Structure is not repaired or replaced, the insurance proceeds attributable to Dwelling or Structure that are not rebuilt shall be distributed to the Owners of that Dwelling or Structure, or to their mortgagees, as their interests may appear.

7.1.8 Even if the Townhome Association and the Owners have adequate amounts of recommended and required coverage, the Development Area may experience a loss that is not covered by insurance. In such event that a loss is not covered by insurance, the Owner is responsible for restoring the Owner's Dwelling or Structure.

7.1.9 The Townhome Association, the Townhome Board, and the Townhome Association's officers and managers, will not be liable for failure to obtain any coverage required by this Article or for any loss or damage resulting from such failure if the failure is due to the unavailability of a particular coverage from reputable insurance companies, or if the coverage is available only at demonstrably unreasonable cost.

7.2 Owner's Responsibility for Insurance.

7.2.1 Insurance by Owners. The Owner of a Dwelling is encouraged to procure insurance covering the interior of the Dwelling, including replacement of interior improvements and betterment coverage to insure improvements the Owner may make to the Dwelling, commonly referred to as HO-6 insurance or its equivalent. The Townhome Association does not insure improvements and betterments made by the Owner to a Dwelling. The Owner of a Dwelling is also encouraged to obtain Loss Assessment coverage, as well as general liability insurance covering the Owner's Lot for bodily injury and property damage. Notwithstanding the foregoing, the Townhome Board may establish additional minimum insurance requirements, including types and minimum amounts of coverage, to be individually obtained and maintained by Owners if the insurance is deemed necessary or desirable by the Board to reduce potential risks to the Townhome Association or other Owners.

7.2.2 Association Does Not Insure. The Townhome Association does not insure an Owner or Occupant's personal property. Each Owner and Occupant is solely

responsible for insuring his personal property in his Dwelling and on the Development Area, including furnishings, vehicles, and stored items. THE TOWNHOME ASSOCIATION STRONGLY RECOMMENDS THAT EACH OWNER AND OCCUPANT PURCHASE AND MAINTAIN INSURANCE ON HIS PERSONAL BELONGINGS.

7.3 Owner's Liability for Insurance Deductible. If repair or restoration of a Dwelling, a Structure, or any Improvement thereon is required as a result of an insured loss, the Townhome Board may levy an Individual Townhome Assessment, in the amount of the insurance deductible, against the Owner or Owners who would be responsible for the cost of the repair or reconstruction in the absence of insurance. Notwithstanding the foregoing, if the Townhome Board reasonably determines that the loss is the result of the negligence or willful misconduct of an Owner, then the Townhome Board may levy an Individual Townhome Assessment against the Owner and his Lot for the amount of the deductible that is attributable to the act or omission.

ARTICLE 8
EASEMENTS

8.1 Townhome Association's Access, Maintenance and Landscape Easement. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, grants to the Townhome Association an easement of access, maintenance and entry over, across, under, and through the Development Area, including without limitation, each Lot and each Dwelling and all Improvements thereon for the following purposes:

(i) to perform inspections and/or maintenance that is permitted or required of the Townhome Association by the Townhome Documents or by Applicable Law;

(ii) to perform maintenance that is permitted or required of the Owner by the Townhome Documents or by Applicable Law, if the Owner fails or refuses to perform such maintenance;

(iii) to enforce the Townhome Documents;

(iv) to exercise self-help remedies permitted by the Townhome Documents or by Applicable Law;

(v) to respond to emergencies;

(vi) to grant easements to utility providers as may be necessary to install, maintain, and inspect utilities serving any portion of the Development Area; and

(vii) to perform any and all functions or duties of the Townhome Association as permitted or required by the Townhome Documents or by Applicable Law.

8.2 **Easement to Inspect and Right To Correct**. For a period of ten (10) years after the expiration of the Development Period, Declarant reserves for itself and for Declarant's architect, engineer, other design professionals, builder, and general contractor the right, but not the duty, to inspect, monitor, test, redesign, correct, and relocate any Structure, Improvements, Dwelling, or condition that may exist on any Lot or other portion of the Development Area, and a perpetual nonexclusive easement of access throughout the Development Area to the extent reasonably necessary to exercise this right. Declarant will promptly repair, at its sole expense, any damage resulting from the exercise of this right. By way of illustration but not limitation, relocation of a retaining wall may be warranted by a change of circumstance, imprecise siting of the original wall, or desire to comply more fully with Applicable Law. This Section may not be construed to create a duty for Declarant, and may not be amended without Declarant's written and acknowledged consent. In support of this reservation, each Owner, by accepting an interest in or title to a Lot, hereby grants to Declarant an easement of access and entry over, across, under, and through the Development Area, including without limitation, each Lot, Structure, and Dwelling, and all Improvements thereon for the purposes contained in this Section.

8.3 **Private Utility Lines. Utility lines from each meter located on a Structure that exclusively serve a Dwelling are private utility lines (each a "Private Utility Line" and collectively, the "Private Utility Lines") that the Owner of the Dwelling is required to maintain, repair and replace, if necessary**. Neither the Townhome Association, Declarant, nor the utility company providing utility services will maintain, repair or replace Private Utility Lines. **EACH OWNER IS ADVISED THAT THE UTILITY LINES SERVING MORE THAN ONE DWELLING MAY BE LOCATED ON AN OWNER'S LOT. PRIOR TO DIGGING ON THE OWNER'S LOT, THE OWNER MUST DETERMINE THE LOCATION OF UTILITY LINES. FAILURE TO LOCATE UTILITY LINES BEFORE DIGGING MAY CAUSE SERIOUS INJURY TO PERSON OR PROPERTY. CALL 811 AT LEAST 48 HOURS BEFORE YOU DIG. SEE WWW.TEXAS811.ORG FOR FURTHER INFORMATION.**

EACH OWNER AND OCCUPANT HEREBY RELEASES AND HOLDS HARMLESS DECLARANT AND THE TOWNHOME ASSOCIATION, AND THEIR OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF AN OWNER'S FAILURE MAINTAIN, REPAIR OR REPLACE A PRIVATE UTILITY LINE OR FAILURE TO TAKE THE PROPER PRECAUTIONS AND DETERMINE THE LOCATION OF ALL PRIVATE UTILITY LINES AT PRIOR TO DIGGING ON SUCH OWNER'S LOT.

Each Owner is hereby granted an easement over and across the yard space of each Lot with a private utility line that exclusively serves such Owner's Dwelling to the extent

reasonably necessary to maintain, repair and replace the Private Utility Line serving such Owner's Dwelling, subject (except in the case of an emergency threatening life or property) to the consent of the Owners of the Lots on which such Private Utility Line is located, and provided that the Owner's use of the easement granted hereunder does not damage or materially interfere with the use of the Lots or Dwellings. Requests for entry into Lots subject to the easement granted herein must be made to the Owner of such Lot in advance. The consent of the Lot Owner will not be unreasonably withheld; however, the Lot Owner may require that access to its Lot be limited to Monday through Friday, between the hours of 8 a.m. until 6 p.m., and then only in conjunction with actual maintenance, repair or replacement activities. If an Owner damages a Dwelling or Lot in exercising the easement granted hereunder, the Owner will be required to restore the Dwelling or Lot to the condition which existed prior to any such damage, at such Owner's expense, within a reasonable period of time not to exceed 30 days after the date the Owner is notified in writing of the damage by the Owner of the damaged Dwelling or Lot.

ARTICLE 9
DEVELOPMENT

9.1 Notice of Applicability. Upon Recording, this Development Area Declaration serves to provide notice that at any time, and from time to time, Declarant, and Declarant only, may subject all or any portion of the Property to the terms, covenants, conditions, restrictions and obligations of this Development Area Declaration. This Development Area Declaration will apply to and burden a portion or portions of the Property upon the filing of a Notice of Applicability in accordance with Section 9.5 of the Covenant describing such Property by a legally sufficient description and expressly providing that such Property will be subject to the terms, covenants, conditions, restrictions and obligations of this Development Area Declaration. To add land to the Development Area, Declarant will be required only to Record a Notice of Applicability filed pursuant to Section 9.5 of the Covenant containing the following provisions:

(i) A reference to this Development Area Declaration, which will include the recordation information thereof;

(ii) A statement that such land will be considered a part of the Development Area for purposes of this Development Area Declaration, and that all of the terms, covenants, conditions, restrictions and obligations of this Development Area Declaration will apply to the added land; and

(iii) A legal description of the added land.

9.2 Withdrawal of Land. Declarant may, at any time and from time to time, reduce or withdraw land from the Development Area and remove and exclude from the burden of this Development Area Declaration any portion of the Development Area. Upon any such

withdrawal this Development Area Declaration and the covenants, conditions, restrictions and obligations set forth herein will no longer apply to the portion of the Development Area withdrawn. To withdraw lands from the Development Area hereunder, Declarant will be required only to Record a notice of withdrawal of land containing the following provisions:

(i) A reference to this Development Area Declaration, which will include the recordation information thereof;

(ii) A statement that the provisions of this Development Area Declaration will no longer apply to the withdrawn land; and

(iii) A legal description of the withdrawn land.

9.3 Assignment of Declarant's Rights. Notwithstanding any provision in this Development Area Declaration to the contrary, Declarant may, by written instrument, assign, in whole or in part, any of its privileges, exemptions, rights, and duties under this Development Area Declaration to any person or entity and may permit the participation, in whole, in part, exclusively, or non-exclusively, by any other person or entity in any of its privileges, exemptions, rights, and duties hereunder.

ARTICLE 10
GENERAL PROVISIONS

10.1 Term. The terms, covenants, conditions, restrictions, easements, charges, and liens set out in this Development Area Declaration will run with and bind the portion of the Property described, in a Notice of Applicability Recorded pursuant to Section 9.5 of the Covenant or in any Recorded notice, and will inure to the benefit of and be enforceable by the Townhome Association, the Master Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Development Area Declaration is Recorded, and continuing through and including January 1, 2089, after which time this Development Area Declaration will be automatically extended for successive periods of ten (10) years unless a change (the word "change" meaning a termination, or change of term or renewal term) is approved by Townhome Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Townhome Association, voting in person or by proxy at a meeting duly called for such purpose, written notice of which will be given to all Townhome Members at least thirty (30) days in advance and will set forth the purpose of such meeting; provided, however, that such change will be effective only upon the Recording of a certified copy of such resolution. The foregoing sentence will in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Townhome Bylaws. Notwithstanding any provision in this Section to the contrary, if any provision of this Development Area Declaration would be unlawful, void, or voidable by reason of any Applicable Law restricting the period of time that covenants on land may be enforced, such provision will expire twenty-one (21) years after the death of the last

survivor of the now living as of the date of the Recording of this document descendants of Elizabeth II, Queen of England.

10.2 Amendment. This Development Area Declaration may be amended or terminated by the Recording of an instrument setting forth the amendment executed and acknowledged by (i) the Declarant, acting alone; or (ii) by the president and secretary of the Townhome Association setting forth the amendment and certifying that such amendment has been approved by Declarant (until expiration or termination of the Development Period), Townhome Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Townhome Association and the Master Board (after expiration or termination of the Development Period). The foregoing sentence will in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Townhome Bylaws. No amendment will be effective without the written consent of Declarant during the Development Period.

10.3 Enforcement and Nonwaiver. Except as otherwise provided herein, any Owner of Lot, at such Owner's own expense, Declarant, Master Association and the Townhome Association will have the right to enforce all of the provisions of this Development Area Declaration. The Master Association, Townhome Association and/or Declarant may initiate, defend or intervene in any action brought to enforce any provision of this Development Area Declaration. Such right of enforcement will include both damages for and injunctive relief against the breach of any provision hereof. Every act or omission whereby any provision of the Townhome Documents is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated by any Owner of a Lot (at such Owner's own expense), Declarant, the Master Association or the Townhome Association. Any violation of any Applicable Law pertaining to the ownership, occupancy, or use of any portion of the Development Area is hereby declared to be a violation of this Development Area Declaration and subject to all of the enforcement procedures set forth herein. The failure to enforce any provision of the Townhome Documents at any time will not constitute a waiver of the right thereafter to enforce any such provision or any other provision of the Townhome Documents.

10.4 Construction. The provisions of this Development Area Declaration will be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion hereof will not affect the validity or enforceability of any other provision. Unless the context requires a contrary construction, the singular will include the plural and the plural the singular. All captions and titles used in this Development Area Declaration are intended solely for convenience of reference and will not enlarge, limit, or otherwise affect that which is set forth in any of the paragraphs, sections, or articles hereof.

10.5 Higher Authority. The terms and provisions of this Development Area Declaration are subordinate to Applicable Law. Generally, the terms and provisions of this Development Area Declaration are enforceable to the extent they do not violate or conflict with Applicable Law.

10.6 Conflicts. If there is any conflict between the provisions of the Covenant, this Development Area Declaration, or any Townhome Rules adopted pursuant to the terms of such documents, the provisions of the Covenant, then the Development Area Declaration, then the Townhome Rules, in that order, will govern.

10.7 Gender. Whenever the context so requires, all words herein in the male gender will be deemed to include the female or neuter gender, all singular words will include the plural, and all plural words will include the singular.

10.8 Interpretation. The provisions of this Development Area Declaration will be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the Development Area, provided, however, that the provisions of this Development Area Declaration will not be held to impose any restriction, condition or covenant whatsoever on any land owned by Declarant other than the Development Area. This Development Area Declaration will be construed and governed under the laws of the State of Texas.

10.9 Acceptance by Owners. Each Owner of a Lot or other real property interest in the Development Area, by the acceptance of a deed of conveyance, and each subsequent purchaser, accepts the same subject to all terms, restrictions, conditions, covenants, reservations, easements, liens and charges, and the jurisdiction rights and powers created or reserved by this Development Area Declaration or to whom this Development Area Declaration is subject, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared. Furthermore, each Owner agrees that no assignee or successor to Declarant hereunder will have any liability for any act or omission of Declarant which occurred prior to the effective date of any such succession or assignment. All impositions and obligations hereby imposed will constitute covenants running with the land within the Development Area, and will bind any person having at any time any interest or estate in the Development Area, and will inure to the benefit of each Owner in like manner as though the provisions of this Development Area Declaration were recited and stipulated at length in each and every deed of conveyance.

ARTICLE 11
DISPUTE RESOLUTION

This Article 11 is intended to encourage the resolution of disputes involving the Property. A dispute regarding the Lots, Dwellings, Structures and/or Improvements can create significant financial exposure for the Townhome Association and the Townhome Members, interfere with the resale and refinancing of Lots and Dwellings, and increase strife and tension among the Owners, the Townhome Board and the Townhome Association's management. Since disputes may have a direct effect on each Owner's use and enjoyment of their Lot or Dwelling, this Article 11 requires Owner transparency and participation in certain circumstances. Transparency means that the Owners are informed in advance about a dispute, the proposed arrangement between the Townhome Association and a law firm or attorney who

will represent the Townhome Association in the dispute, and that each Owner will have an opportunity to participate in the decision-making process prior to initiating the dispute resolution process.

11.1 Introduction and Definitions. The Townhome Association, the Owners, Declarant, all persons subject to this Development Area Declaration, and any person not otherwise subject to this Development Area Declaration who agrees to submit to this Article by written instrument delivered to the Claimant, which may include, but is not limited to, a Homebuilder, a general contractor, sub-contractor, design professional, or other person who participated in the design or construction of Lots, Dwellings, Structures or any Improvement within, serving or forming a part of the Property (individually, a "**Party**" and collectively, the "**Parties**") agree to encourage the amicable resolution of disputes involving the Development Area and to avoid the emotional and financial costs of litigation and arbitration if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all Claims as hereafter defined. This *Article 11* may only be amended with the prior written approval of the Declarant, the Townhome Association (acting through a Majority of the Townhome Board), and Owners holding 100% of the votes in the Townhome Association. As used in this Article only, the following words, when capitalized, have the following specified meanings:

(i) "**Claim**" means:

(A) Claims relating to the rights and/or duties of Declarant, the Townhome Association, Master Association, The Station Residential District Reviewer, or the ACC under the Townhome Documents.

(B) Claims relating to the acts or omissions of the Declarant, the Townhome Association or a Townhome Board member or officer of the Townhome Association during Declarant's control and administration of the Townhome Association, and any claim asserted against The Station Residential District Reviewer.

(C) Claims relating to the design or construction of any Lot, Structure, Dwelling or Improvements located on the Development Area.

(D) Claims relating to the Area of Common Responsibility.

(ii) "**Claimant**" means any Party having a Claim against any other Party.

(iii) "**Respondent**" means any Party against which a Claim has been asserted by a Claimant.

11.2 Mandatory Procedures. Claimant may not initiate any proceeding before any judge, jury, arbitrator or any judicial or administrative tribunal seeking redress of resolution of its Claim until Claimant has complied with the procedures of this Article. As provided in *Section 11.7* below, a Claim will be resolved by binding arbitration.

11.3 Claim by Lot Owners – Improvements on Lots. Notwithstanding anything contained herein to the contrary, in the event a warranty is provided to a Lot Owner by the Declarant or a Homebuilder relating to the design or construction of any Improvements located on a Lot, then this *Article 11* will only apply to the extent that this *Article 11* is more restrictive than such Lot Owner's warranty, as determined in the Declarant's sole discretion. If a warranty has not been provided to a Lot Owner relating to the design or construction of any Improvements located on a Lot, then this *Article 11* will apply. Class action proceedings are prohibited, and no Lot Owner shall be entitled to prosecute, participate, initiate, or join any litigation, arbitration or other proceedings as a class member or class representative in any such proceedings under this Declaration. If a Lot Owner brings a Claim, as defined in *Section 11.1*, relating to the design or construction of any Improvements located on a Lot (whether one or more), as a precondition to providing the Notice defined in *Section 11.4*, initiating the mandatory dispute resolution procedures set forth in this *Article 11*, or taking any other action to prosecute a Claim, the Lot Owner must:

11.3.1 Provide Notice of the Inspection. As provided in *Section 11.3.2* below, an Owner Improvement Report is required which is a written inspection report issued by the Inspection Company. Before conducting an inspection that is required to be memorialized by the Owner Improvement Report, the Owner must have provided at least ten (10) days prior written notice of the date on which the inspection will occur to each Respondent which notice shall identify the Inspection Company preparing the Owner Improvement Report, the Improvements and areas of the Improvements to be inspected, and the date and time the inspection will occur. Each Respondent may attend the inspection, personally or through an agent.

11.3.2 Obtain an Owner Improvement Report. The requirements related to the Owner Improvement Report set forth in this *Section 11.3.2* are intended to provide assurance to the Claimant and Respondent that the substance and conclusions of the Owner Improvement Report and recommendations are not affected by influences that may compromise the professional judgement of the party preparing the Owner Improvement Report, and to avoid circumstances which would create the appearance that the professional judgment of the party preparing the Owner Improvement Report is compromised.

Obtain a written independent third-party report for the Improvements (the "**Owner Improvement Report**") from an Inspection Company. The Owner Improvement Report must

include: (i) a description with photographs of the Improvements subject to the Claim; (ii) a description of the present physical condition of the Improvements; (iii) a detailed description of any modifications, maintenance, or repairs to the Improvements performed by the Owner or a third-party, including any Respondent; (iv) specific and detailed recommendations regarding remediation and/or repair of the Improvements. For the purpose of subsection (iv) of the previous sentence, the specific and detailed recommendations must also include the specific process, procedure, materials, and/or improvements necessary and required to remediate and/or repair the deficient or defective condition identified in the Owner Improvement Report and the estimated costs necessary to effect such remediation and/or repairs. The estimate of costs required by the previous sentence shall be obtained from third-party contractors with an office located in Dallas County, Texas, and each such contractor providing the estimate must hold all necessary or required licenses from the Texas Department of Licensing and Regulation or otherwise required by Applicable Law for the work to which the cost estimate relates.

The Owner Improvement Report must be obtained by the Owner. The Owner Improvement Report will not satisfy the requirements of this Section and is not an "independent" report if: (a) the Inspection Company has an arrangement or other agreement to provide consulting and/or engineering services with the law firm or attorney that presently represents the Owner or proposes to represent the Owner; (b) the costs and expenses for preparation of the Owner Improvement Report are not directly paid by the Owner to the Inspection Company no later than the date the Owner Improvement Report is finalized and delivered to the Owner; or (c) the law firm or attorney that presently represents the Owner or proposes to represent the Owner has agreed to reimburse (whether unconditional or conditional and based on the satisfaction of requirements set forth in the Owner's agreement with the law firm or attorney) the Owner for the costs and expenses for preparation of the Owner Improvement Report. For avoidance of doubt, an "independent" report means that the Owner has independently contracted with the Inspection Company on an arms-length basis based on customary terms for the preparation of engineering reports and that the Owner will directly pay for the report no later than the date the Owner Improvement Report is finalized and delivered to the Owner.

11.3.3 Provide a Copy of Owner Improvement Report to all Respondents. Upon completion of the Owner Improvement Report, and in any event no later than three (3) days after the Owner has been provided a copy of the Owner Improvement Report, the Owner will provide a full and complete copy of the Owner Improvement Report to each Respondent. The Owner shall maintain a written record of each Respondent who was provided a copy of the Owner Improvement Report which will include the date the report was provided. The Owner Improvement Report shall be delivered to each Respondent by hand-delivery and to each Owner by mail.

11.3.4 Right to Cure Defects and/or Deficiencies Noted on Owner Improvement Report. Commencing on the date the Owner Improvement Report has been completed and continuing for a period of ninety (90) days thereafter, each Respondent shall have the right to:

(i) inspect any condition identified in the Owner Improvement Report; (ii) contact the Inspection Company for additional information necessary and required to clarify any information in the Owner Improvement Report; and (iii) correct any condition identified in the Owner Improvement Report. As provided in *Section 8.2* above, the Declarant has an easement throughout the Property for itself, and its successors, assigns, architects, engineers, other design professionals, each Homebuilder, other builders, and general contractors that may be utilized during such ninety (90) day period and any additional period needed thereafter to correct a condition identified in the Owner Improvement Report.

11.4 Notice. Claimant must notify Respondent in writing of the Claim (the "**Notice**"), stating plainly and concisely: (i) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (ii) the basis of the Claim (i.e., the provision of the Restrictions or other authority out of which the Claim arises); (iii) what Claimant wants Respondent to do or not do to resolve the Claim; and (iv) that the Notice is given pursuant to this Section. For Claims governed by Chapter 27 of the Texas Property Code, the time period for negotiation in *Section 11.5* below, is equivalent to the sixty (60) day period under Section 27.004 of the Texas Property Code. If a Claim is subject to Chapter 27 of the Texas Property Code, the Claimant and Respondent are advised, in addition to compliance with *Section 11.5* to comply with the terms and provisions of Section 27.004 during such sixty (60) day period. *Section 11.5* does not modify or extend the time period set forth in Section 27.004 of the Texas Property Code. Failure to comply with the time periods or actions specified in Section 27.004 could affect a Claim if the Claim is subject to Chapter 27 of the Texas Property Code. The one hundred and twenty (120) day period for mediation set forth in *Section 11.6* below, is intended to provide the Claimant and Respondent with sufficient time to resolve the Claim in the event resolution is not accomplished during negotiation. If the Claim is not resolved during negotiation, mediation pursuant to *Section 11.6* is required without regard to the monetary amount of the Claim. If the Claim pertains to Improvements on a Lot, the Notice will also include a true and correct copy of the Owner Improvement Report.

11.5 Negotiation. Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within sixty (60) days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually acceptable place and time to discuss the Claim. If the Claim involves all or any portion of the Development Area, then at such meeting or at some other mutually-agreeable time, Respondent and Respondent's representatives will have full access to the Development Area that is subject to the Claim for the purposes of inspecting the Development Area. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent's representatives and agents with full access to the Development Area to take and complete corrective action.

11.6 Mediation. If the parties negotiate, but do not resolve the Claim through negotiation within one-hundred twenty (120) days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have thirty (30) additional days within which to submit the Claim to mediation under the auspices of a mediation center or

individual mediator on which the parties mutually agree. The mediator must have at least five (5) years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the 30-day period, Respondent may submit the Claim to mediation in accordance with this *Section 11.6*. If the Parties do not settle the Claim within thirty (30) days after submission to mediation, Respondent or Claimant may initiate arbitration proceedings in accordance with *Section 11.7*.

11.7 Binding Arbitration-Claims. All Claims must be settled by binding arbitration. Claimant or Respondent may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Claim not referred to arbitration as required by this *Section 11.7*.

11.7.1 Governing Rules. If a Claim has not been resolved after mediation in accordance with *Section 11.6*, the Claim will be resolved by binding arbitration in accordance with the terms of this *Section 11.7* and the American Arbitration Association (the "**AAA**") Construction Industry Arbitration Rules and Mediation Procedures and, if applicable, the rules contained in the AAA Supplementary Procedures for Consumer Related Disputes, as each are supplemented or modified by the AAA (collectively, the Construction Industry Arbitration Rules and Mediation Procedures and AAA Supplementary Procedures for Consumer Related Disputes are referred to herein as the "**AAA Rules**"). In the event of any inconsistency between the AAA Rules and this *Section 11.7*, this *Section 11.7* will control. Judgment upon the award rendered by the arbitrator shall be binding and not subject to appeal, but may be reduced to judgment or enforced in any court having jurisdiction. Notwithstanding any provision to the contrary or any applicable rules for arbitration, any arbitration with respect to Claims arising hereunder shall be conducted by a panel of three (3) arbitrators, to be chosen as follows:

(i) One arbitrator shall be selected by Respondent, in its sole and absolute discretion;

(ii) One arbitrator shall be selected by the Claimant, in its sole and absolute discretion; and

(iii) One arbitrator shall be selected by mutual agreement of the arbitrators having been selected by Respondent and the Claimant, in their sole and absolute discretion.

11.7.2 Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this *Section 11.7* will limit the right of Claimant or Respondent, and Claimant and the Respondent will have the right during any Claim, to seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting upon any property, real or personal, that is involved in a Claim, including, without limitation, rights and remedies relating to: (i) exercising self-help remedies

(including set-off rights); or (ii) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any party to submit the Claim to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

11.7.3 Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this *Section 11.7*.

11.7.4 Scope of Award; Modification or Vacation of Award. The arbitrator shall resolve all Claims in accordance with Applicable Law. The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope of this *Section 11.7* and subject to *Section 11.8* below; provided, however, attorney's fees and costs may not be awarded by the arbitrator to either Claimant or Respondent. In addition, for a Claim, or any portion of a Claim governed by Chapter 27 of the Texas Property Code, or any successor statute, in no event shall the arbitrator award damages which exceed the damages a Claimant would be entitled to under Chapter 27 of the Texas Property Code, except that the arbitrator may not award attorney's fees and/or costs to their Claimant or Respondent. In all arbitration proceedings the arbitrator shall make specific, written findings of fact and conclusions of law. In all arbitration proceedings the parties shall have the right to seek vacation or modification of any award that is based in whole, or in part, on (i) factual findings that have no legally or factually sufficient evidence, as those terms are defined in Texas law; (ii) conclusions of law that are erroneous; (iii) an error of Applicable Law; or (iv) a cause of action or remedy not expressly provided under Applicable Law. In no event may an arbitrator award speculative, special, exemplary, treble, or punitive damages for any Claim.

11.7.5 Other Matters. To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within one hundred and eighty (180) days of the filing of the Claim for arbitration. Arbitration proceedings hereunder shall be conducted in Dallas County, Texas. Unless otherwise provided by this *Section 11.7*, the arbitrator shall be empowered to impose sanctions and to take such other actions as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure and Applicable Law. Claimant and Respondent agree to keep all Claims and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the parties or by Applicable Law. In no event shall Claimant or Respondent discuss with the news media or grant any interviews with the news media regarding a Claim or issue any press release regarding any Claim without the written consent of the other parties to the Claim.

11.8 Allocation of Costs. Notwithstanding any provision in this Declaration to the contrary, each Party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation, Mediation, and Arbitration sections above, including its

attorney's fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator and arbitrator.

11.9 General Provisions. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim.

11.10 Period of Limitation.

11.10.1 For Actions by an Owner or Occupant. The exclusive period of limitation for any of the Parties to bring any Claim, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Owner or Occupant discovered or reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design, four (4) years and one (1) day from the date that the Owner or Occupant discovered or reasonably should have discovered evidence of the Claim; or (iii) the applicable statute of limitations for such Claim. In no event shall this *Section 11.10.1* be interpreted to extend any period of limitations.

11.10.2 For Actions by the Townhome Association. The exclusive period of limitation for the Townhome Association to bring any Claim, including, but not limited to, a Claim of construction defect or defective design of the Common Areas, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Townhome Association or its manager, board members, officers or agents discovered or reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design of the Common Areas, four (4) years and one (1) day from the date that the Townhome Association or its manager, board members, officers or agents discovered or reasonably should have discovered evidence of the Claim; or (iii) for all Claims, the applicable statute of limitations for such Claim. In no event shall this *Section 11.10.2* be interpreted to extend any period of limitations.

11.11 Approval & Settlement. The Townhome Association must levy a Special Townhome Assessment to fund the estimated costs of arbitration, including estimated attorney's fees, conducted pursuant to this *Article 11* or any judicial action initiated by the Townhome Association. The Townhome Association may not use its annual operating income or reserve funds or savings to fund arbitration or litigation, unless the Townhome Association's annual budget or a savings account was established and funded from its inception as an arbitration and litigation reserve fund.

ARTICLE 12
DISCLOSURES

This Article discloses selective features of the Structures and Dwellings that may not be obvious to potential Owners and Occupants. Because features may change over time, no disclosure in this Article should be relied upon without independent confirmation.

12.1 Adjacent Thoroughfares. The Property is located adjacent to thoroughfares that may be affected by traffic and noise from time to time and may be improved and/or widened in the future.

12.2 Fire Sprinkler Disclosure. The Dwellings may be constructed with a fire sprinkler system. If sprinklers are present, water lines and sprinkler heads may be in the ceilings above rooms in the Dwelling. This disclosure is given because damage to, or a malfunction of, a water line or sprinkler head may harm or destroy real and personal property. Each Owner is solely responsible for all of the following:

(i) determining the location and proper care of the sprinkler equipment, water lines and sprinkler heads in the Dwelling;

(ii) preserving the integrity and functionality of the portion of the fire sprinkler system in their Dwelling;

(iii) instructing each Occupants, invitees and contractors about the care and protection of the sprinkler system, including any applicable rules adopted by the Board;

(iv) any damage to their Dwelling, an adjoining Dwelling, Common Area, and/or any personal property (such as furnishings and clothing) caused by the functioning or malfunctioning of any component of the sprinkler system in or serving their Dwelling; and

(v) complying with any municipal or other regulatory inspection requirements, at such Owner's expense.

Components of a fire sprinkler system may be located in the attic portion of the Dwelling. If the attic is also the location of air conditioning equipment or other equipment that requires periodic servicing or repair, to ensure protection of the water lines and sprinkler heads, the Owner is advised to closely supervise all persons using the attic.

The Association does not inspect or fix water lines and sprinkler heads, if any, in your Dwelling.

12.3 Adjacent Use. No representations are made regarding the use of adjacent property.

12.4 Outside Conditions. Since in every neighborhood there are conditions that different people may find objectionable, it is acknowledged that there may be conditions outside of the Property that an Owner or Occupant may find objectionable, and it shall be the sole responsibility of an Owner or Occupant to become acquainted with neighborhood conditions that could affect the Property.

12.5 Concrete.

12.5.1 Cracks. Minor cracks in poured concrete, including foundations, garage floors, sidewalks, driveways and patios, are inevitable as a result of the natural movement of soil (expansion and contraction), shrinkage during the curing of the concrete, and settling of a Dwelling and Structure.

12.5.2 Exposed Floors. This Section applies to Dwellings or Structures with exposed concrete floors. This notice is given because Owners may be inexperienced with concrete and expect it to be as forgiving as wood or sheetrock. In deciding whether, when, and how to fill cracks in exposed concrete floors, an Owner is hereby made aware that the color and texture of the fill material may not match the rest of the concrete floor. On some exposed concrete floors, fill materials make minor cracks more noticeable than if the cracks had been left in their natural state. In addition, each Owner is hereby made aware that any specification for polished concrete means that the concrete will be polished, but this does not mean an Owner will be able to actually see their reflection in the floor.

12.6 Construction Activities. Declarant, Homebuilders, and their licensees will be constructing portions of the Property and engaging in other construction activities related to the construction of Structures, Dwellings, and Common Area. Such construction activities may, from time to time, produce certain conditions on the Property, including, without limitation: (i) noise or sound that is objectionable because of its volume, duration, frequency or shrillness; (ii) smoke; (iii) noxious, toxic or corrosive fumes or gases; (iv) obnoxious odors; (v) dust, dirt or flying ash; (vi) unusual fire or explosion hazards; (vii) temporary interruption of utilities; and/or (viii) other conditions that may threaten the security or safety of persons within the Property or the Common Area. Notwithstanding the foregoing, all Owners and Occupants agree that such conditions on the Property or the Common Area resulting from construction activities shall not be deemed a nuisance and shall not cause Declarant, Homebuilder or their agents to be deemed in violation of any provision of the Declaration.

12.7 Moisture. Improvements within a Dwelling and/or Structure may trap humidity created by general use and occupancy. As a result, condensation may appear on the interior portion of windows and glass surfaces and fogging of windows and glass surfaces may occur due to temperature disparities between the interior and exterior portions of the windows and glass. If left unattended and not properly maintained by Owners and Occupants, the condensation may increase resulting in staining, damage to surrounding seals, caulk, paint, wood work and sheetrock, and potentially, mildew and/or mold.

12.8 Mold and/or Mildew. Mold and/or mildew can grow in any portion of a Structure and/or Dwelling that is exposed to elevated levels of moisture including, but not limited to, those portions of a Structure and/or Dwelling in which HVAC condenser units are located. Each Owner is advised to regularly inspect the Owner's Dwelling for the existence of mold, mildew and/or water intrusion (except when the water intrusion is part of the normal functioning of Improvements and appliances such as showers, sinks, dishwashers and other similar appliances and Improvements) and/or damage.

12.9 Encroachments. Improvements may have been constructed on adjoining lands that encroach onto the Property. Declarant or Homebuilder gives no representations or warranties as to property rights, if any, created by any such encroachments.

12.10 Budgets. Any budgets of the Townhome Association provided by the Declarant or a Homebuilder are based on estimated expenses only without consideration for the effects of inflation and may increase or decrease significantly when the actual expenses become known.

12.11 Light and Views. The natural light available to and views from a Dwelling or Lot can change over time due to among other things, additional development and the removal or addition of landscaping. **NATURAL LIGHT AND VIEWS ARE NOT PROTECTED.**

12.12 Schools. No representations are being made regarding which schools may now or in the future serve the Property.

12.13 Suburban Environment. The Property is located in a suburban environment. Sound and vibrations may be audible and felt from such things as sirens, whistles, horns, the playing of music, people speaking loudly, trash being picked up, deliveries being made, equipment being operated, dogs barking, construction activity, building and grounds maintenance being performed, automobiles, buses, trucks, ambulances, airplanes, and other generators of sound and vibrations typically found in an suburban area. In addition to sound and vibration, there may be odors and light in suburban areas.

12.14 Water Runoff. The Property may still be subject to erosion and/or flooding during unusually intense or prolonged periods of rain. In addition, water may pond on various portions of the Property or the Common Area having impervious surfaces, such as rooftop terraces, patios, and balconies, as applicable.

12.15 Photography of the Property. Declarant, Homebuilders, and their licensees retain the right to obtain and use photography of the Property for publication and advertising purposes.

12.16 Changes to Street Names and Addresses. Declarant retains the right to change, in its sole discretion, the Property name and the street names and addresses in or within the Property including the street address of the Dwellings and/or Lots before or after conveyance to any third-party.

12.17 Plans. Any advertising materials, brochures, renderings, drawings, and the like, furnished by Declarant or a Homebuilder to Owner which purport to depict the Improvements to be constructed on any Lot are merely approximations and do not necessarily reflect the actual as-built conditions of the same.

12.18 Location of Utilities. Neither Declarant nor any Homebuilder makes any representation as to the location of mailboxes, utility boxes, street lights, fire hydrants or storm drain inlets or basins.

12.19 Wood. Natural wood has considerable variation due to its organic nature. There may be shades of white, red, black or even green in areas. In addition, mineral streaks may also be visible. Grain pattern or texture will vary from consistent to completely irregular; wood from different areas of the same tree can also have variations in pattern or texture. It is these variations in wood that add to its aesthetic appeal. These variations in grain will in turn accept stain in varying amounts, which will show throughout the wood products from one door to the next, one panel to the next or one piece of wood to the next. Also, cabinet finishes (including gloss and/or matte finishes) will not be entirely consistent and some minor irregularities will be apparent. Additionally, wood and wood products may be subject to warping, splitting, swelling and/or delamination, and surfaces may weather differently due to the type of wood, its location in or on a Dwelling, and other factors. Wood floors may require more maintenance than some man-made materials. Owners of Dwellings with wood floors should educate themselves about wood floor care.

12.20 Stone. Veins and colors of any marble, slate or other stone if any, within a Dwelling, may vary drastically from one piece of stone to another. Each piece is different. Marble, granite, slate and other stone can also have chips and shattering veins, which look like scratches. The thickness of the joints between marble, granite, slate and other stone and/or other materials against which they have been laid will vary and there will be irregularities in surface smoothness. Marble and other stone finishes may be dangerously slippery and Declarant and each Homebuilder assume no responsibility for injuries sustained as a result of exposure to or use of such materials. Periodic use of professionally approved and applied sealant is needed to ensure proper maintenance of the marble, granite, slate and other stone and it is the Owner's responsibility to properly maintain these materials. Marble, granite and other stone surfaces may scratch, chip or stain easily. Such substances, as part of their desirable noise attenuating properties, may flex or move slightly in order to absorb impacts. Such movement may in turn cause grout to crack or loosen or cause some cracking in the stone flooring which may need to be repaired as part of normal home maintenance.

12.21 Chemicals. Each Structure and Dwelling will contain products that have water, powders, solids and industrial chemicals, which will be used in construction. The water, powders, solids and industrial chemicals will and do contain mold, mildew, fungus, spores and chemicals that may cause allergic or other bodily reactions in certain individuals. Leaks, wet flooring and moisture will contribute to the growth of molds, mildew, fungus or spores.

Neither Declarant nor any Homebuilder is responsible for any illness or allergic reactions that a person may experience as a result of mold, mildew, fungus or spores. It is the responsibility of the Owner to keep their Dwelling clean, dry, well ventilated and free of contamination.

12.22 Marketing. Declarant's or a Homebuilder's use of a sales center and/or model homes or reference to other construction by Declarant or a Homebuilder is intended only to demonstrate the quality of finish detail, the basic floor plans and styles of the Dwellings available for purchase. A Structure and/or Dwelling may not conform to any model in any respect, or contain some or all of the amenities featured, such as furnishings and appliances. Likewise, any model of a Structure and/or Dwelling is intended only to demonstrate approximate size and basic architectural features. The Structures and/or Dwellings, as completed, may not conform to the models displayed by Declarant or a Homebuilder. Declarant or a Homebuilder may also have shown prospective purchasers model homes, floor plans, sketches, drawings, and scale models of Structures and/or Dwellings ("**Promotional Aids**"). Owner understands and agrees that the Promotional Aids are conceptual, subject to change, for display purposes only, and may not be incorporated into the Structures and/or Dwellings.

[*SIGNATURE PAGE TO FOLLOW*]

EXECUTED to be effective the 27th day of May, 2020.

DECLARANT:

PMB STATION DEVELOPER LLC,
a Texas limited liability company

By: PMB STATION LAND LP,
a Texas limited partnership,
its manager

By: PMB Station Land GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: K. Taylor Baird
Title: Manager

THE STATE OF TEXAS §
§
COUNTY OF Dallas §

This instrument was acknowledged before me this 27th day of May, 2020 by K. Taylor Baird, Manager of PMB STATION LAND GP, LLC, a Texas limited liability company, in its capacity as general partner of PMB STATION LAND LP, a Texas limited partnership, in its capacity as manager of PMB STATION DEVELOPER LLC, a Texas limited liability company, on behalf of said entities.

_____
Notary Public Signature

(SEAL)

TERESA LYNNE KEETON
Notary Public, State of Texas
Comm. Expires 04-20-2024
Notary ID 128963763

CONSENT OF MORTGAGEE

The undersigned, being the sole owner and holder of the lien created by a Deed of Trust recorded as Document No. 201900251529 of the Official Public Records of Dallas County, Texas (the "**Lien**"), securing a note of even date therewith, executes this Covenant solely for the purposes of (i) evidencing its consent to this Covenant, and (ii) subordinating the Lien to this Covenant, both on the condition that the Lien shall remain superior to the Assessment Lien in all events.

VANTAGE BANK TEXAS, a Texas state bank

By: Brent White
Printed Name: Brent White
Title: SVP

THE STATE OF TEXAS §
§
COUNTY OF Tarrant §

This instrument was acknowledged before me on this 3 day of June, 2020 by Brent White, SVP of Vantage Bank Texas, a Texas state bank, on behalf of said bank.

Nuvis Lopez
Notary Public, State of Texas

(seal)

NUVIS LOPEZ
Notary Public, State of Texas
Comm. Expires 02-02-2023
Notary ID 125974374

EXHIBIT "A"

DESIGNATION OF AREA OF COMMON RESPONSIBILITY AND MAINTENANCE CHART

MAINTENANCE RESPONSIBILITY CHART

"All aspects" includes maintenance, repair, and replacement, as needed.

COMPONENT OF DWELLING	TOWNHOME ASSOCIATION RESPONSIBILITY	OWNER RESPONSIBILITY (SUBJECT TO APPROVAL BY THE STATION RESIDENTIAL DISTRICT REVIEWER)
Roofs.	Replacement of the roof when the Townhome Board determines, in its sole and absolute discretion, that the roof needs to be replaced in its entirety. The Townhome Association will have no obligation to replace shingles, flashing, or other roof components unless associated with roof replacement as determined by the Townhome Board in its sole and absolute discretion.	All other aspects. Any maintenance or replacement of the roof by an Owner must be approved in advance by the Townhome Board.
Roof mounted attachments.	None.	All aspects.
Dwelling Foundation.	None.	All aspects.
Exterior painting.	Exterior painting as determined necessary or required by the Townhome Board. Such exterior painting may be limited to re-painting on single occurrences when the Townhome Board determines the exterior paint needs to be replaced due to the useful life of the painted surfaces, as determined by the Townhome Board in its sole and absolute discretion.	Periodic touch-ups and maintenance of the exterior paint. Touch-ups or maintenance of exterior painting performed by the Owner must be approved in advance by the Townhome Board.

COMPONENT OF DWELLING	TOWNHOME ASSOCIATION RESPONSIBILITY	OWNER RESPONSIBILITY (SUBJECT TO APPROVAL BY THE STATION RESIDENTIAL DISTRICT REVIEWER)
Exterior Dwelling components, including glass and appurtenant hardware.	None.	All aspects.
Windows, doors, garage doors.	Exterior painting of entry doors and garage doors only as determined necessary or required by the Townhome Board. Such exterior painting of entry doors and garage doors may be limited to re-painting on single occurrences when the Townhome Board determines the exterior paint needs to be replaced due to the useful life of the painted surfaces, as determined by the Townhome Board in its sole and absolute discretion.	All other aspects. Periodic touch-ups and maintenance of the exterior paint of entry doors and garage doors. Touch-ups or maintenance of exterior painting of entry doors and garage doors performed by the Owner must be approved in advance by the Townhome Board.
Concrete driveways.	All structural aspects.	Routine cleaning and repair of minor cracks that result from the natural expansion & contraction of soil, shrinkage during the curing of the concrete and settling of the Dwelling.
Any sidewalk not maintained by the city.	All structural aspects.	Routine cleaning and repair of minor cracks that result from the natural expansion & contraction of soil, shrinkage during the curing of the concrete and settling of the Dwelling.
Retaining walls.	None, except retaining walls on Common Areas.	All aspects.
Yard Areas (as defined in *Section 6.6*)	All aspects.	None.
Skylights.	None.	All aspects.
Attics.	None.	All aspects.

COMPONENT OF DWELLING	TOWNHOME ASSOCIATION RESPONSIBILITY	OWNER RESPONSIBILITY (SUBJECT TO APPROVAL BY THE STATION RESIDENTIAL DISTRICT REVIEWER)
Chimneys and Fireplaces	None.	All aspects.
Insulation & weatherstripping.	None.	All aspects.
Dwelling interiors, including improvements, fixtures, partition walls & floors within Dwelling.	None.	All aspects.
Sheetrock in Dwellings (walls and ceilings) & treatments on walls.	None.	All aspects.
Patios, balconies, porches, and decks	None.	All aspects.
Heating and cooling systems & water heaters.	None.	All aspects.
Intrusion alarms on doors/windows, smoke/heat detectors, monitoring equipment.	None.	All aspects.
Cluster mailboxes and pad sites.	All aspects.	None, except that the cost and/or expense incurred by the Townhome Association for the maintenance, repair and/or replacement of cluster mailboxes or pad sites on which such cluster mailboxes are situated, shall be charged as an Individual Townhome Assessment to the Owners that have mailbox units in such cluster mailbox or pad site being maintained, repaired and/or replaced.
Any other component of a Dwelling and/or Lot not specifically listed in this Exhibit "A".	None.	All aspects.

NOTE 1: The components listed in the first column are applicable only if they exist, and may not be construed to create a requirement to have such a component.

NOTE 2: If an Owner fails or refuses to perform necessary maintenance, repair, or replacement, the Townhome Association may perform the work after giving required notices to the Owner.

Filed and Recorded
Official Public Records
John F. Warren, County Clerk
Dallas County, TEXAS
06/16/2020 04:13:10 PM
$306.00
202000153093

ELECTRONICALLY RECORDED 202000153094
06/16/2020 04:13:11 PM MISC 1/42

AFTER RECORDING RETURN TO:
Robert D. Burton, Esq.
Winstead PC
401Congress Ave., Suite 2100
Austin, Texas 78701
Email: rburton@winstead.com

THE STATION RESIDENTIAL DISTRICT TOWNHOME COMMUNITY MANUAL

PMB STATION DEVELOPER LLC, a Texas limited liability company, as the Declarant under The Station Residential District Development Area Declaration [*Townhomes*] recorded under Document No. 202000143250, Official Public Records of Dallas County, Texas, and the initial and sole member of The Station Residential District Townhome Association, Inc., a Texas non-profit corporation (the "**Townhome Association**"), certifies that the foregoing Townhome Community Manual was adopted as part of the initial project documentation for the Lots subject to The Station Residential District Development Area Declaration [Townhomes] (the "**Development Area Declaration**"). This Townhome Community Manual becomes effective when Recorded.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned has executed this Townhome Community Manual on the 27th day of May, 2020.

DECLARANT:

PMB STATION DEVELOPER LLC,
a Texas limited liability company

By: PMB STATION LAND LP,
a Texas limited partnership,
its manager

By: PMB Station Land GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: K. Taylor Baird
Title: Manager

THE STATE OF TEXAS §
§
COUNTY OF Dallas §

This instrument was acknowledged before me this 27th day of May, 2020 by K. Taylor Baird, Manager of PMB STATION LAND GP, LLC, a Texas limited liability company, in its capacity as general partner of PMB STATION LAND LP, a Texas limited partnership, in its capacity as manager of PMB STATION DEVELOPER LLC, a Texas limited liability company, on behalf of said entities.

_____
Notary Public Signature

(SEAL)

TERESA LYNNE KEETON
Notary Public, State of Texas
Comm. Expires 04-20-2024
Notary ID 128963763

Cross-reference to The Station Residential District Development Area Declaration *[Townhomes]* recorded under Document No. 202000143250, Official Public Records of Dallas County, Texas, as the same may be amended from time to time.

THE STATION RESIDENTIAL DISTRICT TOWNHOME ASSOCIATION, INC.

TOWNHOME COMMUNITY MANUAL

TABLE OF CONTENTS

ATTACHMENT 1

TOWNHOME CERTIFICATE OF FORMATION

[SEE ATTACHED]

Filing#:803629179 Document#:972033420002 Filed On 5/22/2020 received by Upload

CERTIFICATE OF FORMATION
OF
THE STATION RESIDENTIAL DISTRICT TOWNHOME ASSOCIATION, INC.

The undersigned natural person, being of the age of eighteen (18) years or more, a citizen of the State of Texas, acting as incorporator of a nonprofit corporation under the Texas Business Organizations Code, does hereby adopt the following Certificate of Formation for such corporation:

ARTICLE I

NAME

The name of the corporation is The Station Residential District Townhome Association, Inc. (hereinafter called the "**Townhome Association**").

ARTICLE II

NONPROFIT CORPORATION

The Townhome Association is a nonprofit corporation.

ARTICLE III

DURATION

The Townhome Association shall exist perpetually.

ARTICLE IV

PURPOSE AND POWERS OF THE TOWNHOME ASSOCIATION

The Townhome Association is organized in accordance with, and shall operate for nonprofit purposes, pursuant to the Texas Business Organizations Code, and does not contemplate pecuniary gain or profit to its members. In furtherance of its purposes, the Townhome Association shall have the following powers which, unless indicated otherwise by this Certificate of Formation, that certain The Station Residential District Development Area Declaration [*Townhomes*], recorded in the Official Public Records of Dallas County, Texas, as the same may be amended from time to time (the "**Development Area Declaration**"), the Townhome Bylaws, or Applicable Law, may be exercised by the Townhome Board:

(a) all rights and powers conferred upon nonprofit corporations by Applicable Law;

(b) all rights and powers conferred upon property associations by Applicable Law, in effect from time to time, provided, however, that the Townhome Association shall not have the power to institute, defend, intervene in, settle or compromise proceedings (i) in the name of any Townhome Member or Owner (whether one or more); (ii) pertaining to a Claim, as defined in *Section 11.1* of the Development Area Declaration relating to the design or construction of Improvements on a Lot (whether one or more); or (iii) pertaining to a Claim, as defined in *Section 11.1* of the Development Area Declaration relating to the Area of Common Responsibility.

(c) all powers necessary, appropriate, or advisable to perform any purpose or duty of the Townhome Association as set out in this Certificate of Formation, the Townhome Bylaws, the Development Area Declaration, or Applicable Law.

Notwithstanding any provision in *Article XIV* to the contrary, any proposed amendment to the provisions of this *Article IV* shall be adopted only upon an affirmative vote of Townhome Members holding one-hundred percent (100%) of the total number of votes of the Townhome Association and the Declarant.

Terms used but not defined in this Certificate of Formation, shall have the meaning subscribed to such terms in the Development Area Declaration.

ARTICLE V

REGISTERED OFFICE; REGISTERED AGENT

The street address of the initial registered office of the Townhome Association is 401 Congress Avenue, Suite 2100, Austin, Texas 78701. The name of its initial registered agent at such address is Robert D. Burton.

ARTICLE VI

MEMBERSHIP

Membership in the Townhome Association shall be dependent upon ownership of a qualifying property interest as defined and set forth in the Development Area Declaration. Any person or entity acquiring such a qualifying property interest shall automatically become a member of the Townhome Association, and such membership shall be appurtenant to, and shall run with, the property interest. The foregoing shall not be deemed or construed to include persons or entities holding an interest merely as security for performance of an obligation. Membership may not be severed from or in any way transferred, pledged, mortgaged, or alienated except together with the title to the qualifying property interest, and then only to the transferee of title to said property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage, or alienation shall be void.

ARTICLE VII

VOTING RIGHTS

Voting rights of the members of the Townhome Association shall be determined as set forth in the Development Area Declaration.

ARTICLE VIII

INCORPORATOR

The name and street address of the incorporator is:

NAME	ADDRESS
Robert D. Burton	401 Congress Avenue, Suite 2100 Austin, Texas 78701

ARTICLE IX

TOWNHOME ASSOCIATION BOARD OF DIRECTORS

The affairs of the Townhome Association shall be managed by an initial Board of Directors consisting of three (3) individuals, who need not be members of the Townhome Association. The Townhome Board shall fulfill all of the functions of, and possess all powers granted to, Boards of Directors of nonprofit corporations pursuant to the Texas Business Organizations Code. The number of Directors of the Townhome Association may be changed by amendment of the Townhome Bylaws. The names and addresses of the persons who are to act in the capacity of initial Directors until the selection of their successors are:

NAME	ADDRESS
Taylor Baird	4001 Maple Avenue, Suite 600 Dallas, Texas 75219
Matt Mildren	4001 Maple Avenue, Suite 600 Dallas, Texas 75219
Peter Pincoffs	4001 Maple Avenue, Suite 600 Dallas, Texas 75219

All of the powers and prerogatives of the Townhome Association shall be exercised by the Board of Directors named above until their successors are elected or appointed in accordance with the Development Area Declaration.

ARTICLE X

LIMITATION OF DIRECTOR LIABILITY

A member of the Board of Directors of the Townhome Association shall not be personally liable to the Townhome Association for monetary damages for any act or omission in his capacity as a board member, except to the extent otherwise expressly provided by Applicable Law. Any repeal or modification of this *Article X* shall be prospective only, and shall not adversely affect any limitation of the personal liability of a member of the Board of Directors existing at the time of the repeal or modification.

ARTICLE XI

INDEMNIFICATION

Each person who acts as a member of the Board of Directors, officer or committee member of the Townhome Association shall be indemnified by the Townhome Association against any costs, expenses and liabilities which may be imposed upon or reasonably incurred by him in connection with any civil or criminal action, suit or proceeding in which he may be named as a party defendant or in which he may be a witness by reason of his or her being or having been a member of the Board of Directors, officer, or committee member of the Townhome Association, or by reason of any action alleged to have been taken or omitted by him or her in either such capacity. Such indemnification shall be provided in the manner and under the terms, conditions and limitations set forth in *Section 3.7* of the Development Area Declaration.

ARTICLE XII

DISSOLUTION

The Townhome Association may be dissolved with the written and signed assent of not less than ninety percent (90%) of the total number of votes of the Townhome Association, as determined under the Development Area Declaration. Upon dissolution of the Townhome Association, other than incident to a merger or consolidation, the assets of the Townhome Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Townhome Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE XIII

ACTION WITHOUT MEETING

Any action required or permitted by Applicable Law to be taken at a meeting of the Townhome Members may be taken without a meeting, without prior notice, and without a vote if written consent specifically authorizing the proposed action is signed by the Townhome Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all the Townhome Members entitled to vote thereon were present. If the action is proposed by the Townhome Association, the Board of Directors shall provide each member of the Townhome Association written notice at least ten (10) days in advance of the date the Board of Directors proposes to initiate securing consent as contemplated by this Article XIII. Consents obtained pursuant to this Article XIII shall be dated and signed within sixty (60) days after receipt of the earliest dated consent and delivered to the Townhome Association at its principal place of business in Texas. Such consents shall be filed with the minutes of the Townhome Association and shall have the same force and effect as a vote of the Townhome Members at a meeting. Within ten (10) days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Townhome Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

ARTICLE XIV

AMENDMENT

Except as otherwise provided by the terms and provisions of *Article IV* of this Certificate of Formation, this Certificate of Formation may be amended by the Declarant during the Development Period or by a Majority of the Townhome Board; provided, however, that any amendment to this Certificate of Formation by a Majority of the Townhome Board must be approved in advance and in writing by the Declarant during the Development Period.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand, this 22nd day of May, 2020.

Robert D. Burton, Incorporator

ATTACHMENT 2

BYLAWS
OF
THE STATION RESIDENTIAL DISTRICT TOWNHOME ASSOCIATION, INC.

ARTICLE I
INTRODUCTION

The name of the corporation is The Station Residential District Townhome Association, Inc., a Texas non-profit corporation, hereinafter referred to as the "**Townhome Association**". The principal office of the Townhome Association shall initially be located in Dallas County, Texas, but meetings of Townhome Members and Directors may be held at such places within the State of Texas, County of Dallas, as may be designated by the Townhome Board as provided in these Townhome Bylaws.

The Townhome Association is organized to be a nonprofit corporation.

Notwithstanding anything to the contrary in these Townhome Bylaws, a number of provisions are modified by the Declarant's reservations in that certain The Station Residential District Development Area Declaration [*Townhomes*], recorded in the Official Public Records of Dallas County, Texas (the "Development Area Declaration"), including the number, qualification, appointment, removal, and replacement of Directors.

ARTICLE II
DEFINITIONS

Capitalized terms used but not defined in these Townhome Bylaws shall have the meaning subscribed to such terms in the Development Area Declaration.

ARTICLE III
MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

Section 3.1. Membership. Each Owner of a Lot is a mandatory member of the Townhome Association, as more fully set forth in the Development Area Declaration.

Section 3.2. Place of Meetings. Meetings of the Townhome Association shall be held where designated by the Townhome Board, either within the Development Area or as convenient as possible and practical.

Section 3.3. Annual Meetings. There shall be an annual meeting of the Townhome Members of the Townhome Association for the purposes of Townhome Association-wide elections or votes and for such other Townhome Association business at such reasonable place, date and time as set by the Townhome Board.

Section 3.4. Special Meetings. Special meetings of Townhome Members may be called in accordance with Section 22.155 of the Texas Business Organizations Code or any successor statute.

Section 3.5. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Townhome Members shall be delivered, either personally or by mail, to each Townhome Member entitled to vote at such meeting or by publication in a newspaper of general circulation, not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President, the Secretary, or the officers or persons calling the meeting. In the case of a special meeting or when otherwise required by statute or these Townhome Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Townhome Member at his address as it appears on the records of the Townhome Association, with postage prepaid. If an election or vote of the Townhome Members will occur outside of a meeting of the Townhome Members (*i.e.*, absentee or electronic ballot), then the Townhome Association shall provide notice to each Townhome Member no later than the 20th day before the latest date on which a ballot may be submitted to be counted.

Section 3.6. Waiver of Notice. Waiver of notice of a meeting of the Townhome Members shall be deemed the equivalent of proper notice. Any Townhome Member may, in writing, waive notice of any meeting of the Townhome Members, either before or after such meeting. Attendance at a meeting by a Townhome Member shall be deemed a waiver by such Townhome Member of notice of the time, date, and place thereof, unless such Townhome Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting by a Townhome Member shall be deemed a waiver of notice of all business transacted at such meeting unless an objection by a Townhome Member on the basis of lack of proper notice is raised before the business is put to a vote.

Section 3.7. Quorum. Except as provided in these Townhome Bylaws or in the Development Area Declaration, the presence of the Townhome Members representing ten percent (10%) of the total votes in the Townhome Association shall constitute a quorum at all Townhome Association meetings. The Townhome Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the departure of enough Townhome Members to leave less than a quorum, provided that Townhome Members representing at least five percent (5%) of the total votes in the Townhome Association remain in attendance, and provided that any action taken is approved by at least a Majority of the votes present at such adjourned meeting, unless otherwise provided in the Development Area Declaration.

Section 3.8. Conduct of Meetings. The President or any other person appointed by the Townhome Board shall preside over all Townhome Association meetings, and the Secretary, or the Secretary's designee, shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 3.9. Voting. The voting rights of the Townhome Members shall be as set forth in the Development Area Declaration, and such voting rights provisions are specifically incorporated by reference. Except as otherwise provided in the Development Area Declaration, action may be taken at any legally convened meeting of the Townhome Members upon the affirmative vote of the Townhome Members having a Majority of the total votes present at such meeting in person or proxy or by absentee ballot or electronic ballot, if such votes are considered present at the meeting as further set forth herein. Cumulative voting shall not be allowed. The person holding legal title to a Lot shall be entitled to cast the vote allocated to such Lot and not the person merely holding beneficial title to the same unless such right is expressly delegated to the beneficial Owner thereof in writing. **Any provision in the Townhome**

Association's governing documents that would disqualify an Owner from voting in a Townhome Association election of members of the Townhome Board or on any matter concerning the rights or responsibilities of the Owner is void.

Section 3.10. Methods of Voting: In Person; Proxies; Absentee Ballots; Electronically. On any matter as to which a Townhome Member is entitled individually to cast the vote for his Lot such vote may be cast or given: (a) in person or by proxy at a meeting of the Townhome Association; (b) by absentee ballot; (c) by electronic ballot; or (d) by such other means as may be permitted by law and as adopted by the Townhome Board. Any vote cast in an election or vote by a Townhome Member of the Townhome Association must be in writing and signed by the Townhome Member. Electronic votes constitute written and signed ballots. In a Townhome Association election, written and signed ballots are not required for uncontested races. Votes shall be cast as provided in this Section:

(A) Proxies. Any Townhome Member may give a revocable written proxy in the form as prescribed by the Townhome Board from time to time to any person authorizing such person to cast the Townhome Member's vote on any matter. A Townhome Member's vote by proxy is subject to any limitations of Texas law relating to the use of general proxies and subject to any specific provision to the contrary in the Development Area Declaration or these Townhome Bylaws. No proxy shall be valid unless signed by the Townhome Member for which it is given or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Townhome Association prior to the meeting for which it is to be effective. Proxies shall be valid only for the specific meeting for which given and for lawful adjournments of such meeting. In no event shall a proxy be valid more than eleven (11) months after the effective date of the proxy. Every proxy shall be revocable and shall automatically cease upon conveyance of the Lot for which it was given.

(B) Absentee and Electronic Ballots. An absentee or electronic ballot: (i) may be counted as a Townhome Member present and voting for the purpose of establishing a quorum only for items appearing on the ballot; (ii) may not be counted, even if properly delivered, if the Townhome Member attends any meeting to vote in person, so that any vote cast at a meeting by a Townhome Member supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal; and (iii) may not be counted on the final vote of a proposal if the proposal was amended at the meeting to be different from the exact language on the absentee or electronic ballot. For the purposes of this Section, a nomination taken from the floor in a Townhome Board member election is not considered an amendment to the proposal for the election.

(1) *Absentee Ballots.* No absentee ballot shall be valid unless it is in writing, signed by the Townhome Member for which it is given or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Townhome Association prior to the meeting for which it is to be effective. Absentee ballots shall be valid only for the specific meeting for which given and for lawful adjournments of such meeting. In no event shall an absentee ballot be valid after the specific meeting or lawful adjournment of such meeting at which such ballot is counted or upon conveyance of the Lot for which it was given. Any solicitation for votes by absentee ballot must include:

(i) an absentee ballot that contains each proposed action and provides an opportunity to vote for or against each proposed action;

(ii) instructions for delivery of the completed absentee ballot, including the delivery location; and

(iii) the following language: *"By casting your vote via absentee ballot you will forgo the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail."*

(2) *Electronic Ballots.* "Electronic ballot" means a ballot: (a) given by email, facsimile or posting on a website; (b) for which the identity of the Townhome Member submitting the ballot can be confirmed; and (c) for which the Townhome Member may receive a receipt of the electronic transmission and receipt of the Townhome Member's ballot. If an electronic ballot is posted on a website, a notice of the posting shall be sent to each Townhome Member that contains instructions on obtaining access to the posting on the website.

Section 3.11. Tabulation of and Access to Ballots. A person who is a candidate in a Townhome Association election or who is otherwise the subject of a Townhome Association vote, or a person related to that person within the third degree by consanguinity or affinity may not tabulate or otherwise be given access to the ballots cast in that election or vote except such person may be given access to the ballots cast in the election or vote as part of a recount process. A person tabulating votes in a Townhome Association election or vote or who performs a recount pursuant to *Section 3.12* may not disclose to any other person how an individual voted. Notwithstanding any provision of these Townhome Bylaws to the contrary, only a person who tabulates votes pursuant to this Section or performs a recount pursuant to *Section 3.12* shall be given access to any Townhome Association ballots.

Section 3.12. Recount of Votes. Any Townhome Member (the "**Recount Requesting Member**") may, not later than the fifteenth (15th) day after the later of the date of any meeting of Townhome Members at which an election or vote was held, or the date of the announcement of the results of the election or vote, require a recount of the votes (the "**Recount Request**"). A Recount Request must be submitted in writing either: (i) by any method of mailing for which evidence of mailing is provided by the United States Postal Service or a common carrier, with signature confirmation service to the Townhome Association's mailing address as reflected on the latest management certificate; or (ii) in person to the Townhome Association's managing agent as reflected on the latest management certificate or to the address to which absentee and proxy ballots are mailed. The Recount Requesting Member shall be required to pay, in advance, expenses associated with the recount as estimated by the Townhome Association, pursuant to subsection (a) below.

(a) Cost of Recount. The Townhome Association shall estimate the costs for performing the recount by a person qualified to tabulate votes under subsection (b), and no later than the 20th day after the date the Townhome Association receives the Recount Request, shall send an invoice for the estimated costs (the "**Initial Recount Invoice**") to the Recount Requesting Member at the Recount Requesting Member's last known address according to the Townhome Association's records. The Recount Requesting Member must pay the Initial Recount Invoice in full to the Townhome Association on or before the 30th

day after the date the Initial Recount Invoice was delivered to the Recount Requesting Member (the "**Deadline**"). If the Initial Recount Invoice is not paid by the Recount Requesting Member by the Deadline, the Recount Requesting Member's Recount Request shall be considered withdrawn and the Townhome Association shall not be required to perform a recount. If the Initial Recount Invoice is paid by the Recount Requesting Member by the Deadline, then on or before the 30th day after the date of receipt of payment of the Invoice, the recount must be completed and the Townhome Association must provide each Recount Requesting Member with notice of the results of the recount. If the recount changes the results of the election, the Townhome Association shall reimburse the Recount Requesting Member for the cost of the recount not later than the 30th day after the date the results of the recount are provided. If the recount does not change the results of the election, and the estimated costs included on the Initial Recount Invoice are either lesser or greater than the actual costs of the recount, the Townhome Association shall send a final invoice (the "**Final Recount Invoice**") to the Recount Requesting Member on or before the 30th business day after the date the results of the recount are provided. If the Final Recount Invoice reflects that additional amounts are owed by the Recount Requesting Member, the Recount Requesting Member shall remit such additional amounts to the Townhome Association immediately. Any additional amounts not paid to the Townhome Association by the Recount Requesting Member before the 30th business day after the date the Final Recount Invoice is sent may be charged as an Individual Townhome Assessment against the Recount Requesting Member. If the costs estimated in the Initial Recount Invoice costs exceed the amount reflected in the Final Recount Invoice, then the Recount Requesting Member shall be entitled to a refund, which such refund shall be paid at the time the Final Recount Invoice is delivered pursuant to this Section.

(b) Vote Tabulator. Following receipt of payment of the Initial Recount Invoice, the Townhome Association shall retain for the purpose of performing the recount, the services of a person qualified to tabulate votes. The Townhome Association shall enter into a contract for the services of a person who: (i) is not a Townhome Member or related to a member of the Townhome Board within the third degree by consanguinity or affinity; and (ii) is either a person agreed on by the Townhome Association and each person requesting a recount or is a current or former county judge, county elections administrator, justice of the peace or county voter registrar.

(c) Townhome Board Action. Any action taken by the Townhome Board in the period between the initial election vote tally and the completion of the recount is not affected by any recount.

Section 3.13. Action without a Meeting. Any action required or permitted by law to be taken at a meeting of the Townhome Members may be taken without a meeting, without prior notice, and without a vote if written consent specifically authorizing the proposed action is signed by Townhome Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Townhome Members entitled to vote thereon were present. Such consents shall be signed within sixty (60) days after receipt of the earliest dated consent, dated, and delivered to the Townhome Association at its principal place of business in Texas. Such consents shall be filed with the minutes of the Townhome Association and shall have the same force and effect as a vote of the Townhome Members at a meeting. Within ten (10) days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Townhome Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

ARTICLE IV
TOWNHOME BOARD OF DIRECTORS

Section 4.1. Authority; Number of Directors.

(a) The affairs of the Townhome Association shall be governed by the Townhome Board of Directors. The number of Directors shall be fixed by the Townhome Board from time to time. The initial Directors shall be three (3) in number and shall be those Directors named in the Townhome Certificate. The initial Directors shall serve until their successors are appointed or elected and qualified.

(b) In accordance with *Section 3.3* of the Development Area Declaration, no later than the 10th anniversary of the date the Development Area Declaration is recorded in the Official Public Records of Dallas County, Texas, or sooner as determined by Declarant, the Townhome Board must have held a meeting of the Townhome Members (the "**Initial Member Election Meeting**") where the Townhome Members will elect one (1) Director, for a one (1) year term ("**Initial Member Elected Director**"). Declarant will continue to appoint and remove two-thirds (⅔) of the Townhome Board after the Initial Member Election Meeting until expiration or termination of the Development Period. Notwithstanding the foregoing, the Initial Member Elected Director's term will expire as of the date of the Member Election Meeting.

(c) At the expiration or termination of the Development Period, the Declarant will thereupon call a meeting of the Townhome Members where the Declarant appointed Directors will resign and the Townhome Members will elect three (3) new directors (to replace all Declarant appointed Directors and the Initial Member Elected Director) (the "**Member Election Meeting**"), one (1) Director for a three (3) year term, one (1) Director for a two (2) year term, and one (1) Director for a one (1) year term (with the individual receiving the highest number of votes to serve the three (3) year term, the individual receiving the next highest number of votes to serve the two (2) year term, and the individual receiving the third highest number of votes to serve a one (1) year term). Upon expiration of the term of a Director elected by the Townhome Members pursuant to this *Section 4.1(c),* his or her successor will be elected for a term of three (3) years.

(d) A Director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed.

(e) Each Director, other than Directors appointed by Declarant, shall be a Townhome Member. In the case of corporate, partnership, or other entity ownership of a Lot, the Director must be a duly authorized agent or representative of the corporation, the partnership, or other entity which owns the Lot. Other than as set forth in this subparagraph (e), the Townhome Association may not restrict an Owner's right to run for a position on the Townhome Board.

Section 4.2. Compensation. The Directors shall serve without compensation for such service.

Section 4.3. Nominations to Townhome Board of Directors. Townhome Members may be nominated for election to the Townhome Board in either of the following ways:

(a) A Townhome Member who is not a Director and who desires to run for election to that position shall be deemed to have been nominated for election upon his filing with the Townhome Board a written petition of nomination; or

(b) A Director who is eligible to be re-elected shall be deemed to have been nominated for re-election to the position he holds by signifying his intention to seek reelection in a writing addressed to the Townhome Board.

Section 4.4. Vacancies on Townhome Board. Except with respect to Directors appointed by the Declarant, if the office of any elected Director shall become vacant by reason of death, resignation, or disability, the remaining Directors, at a special meeting duly called for this purpose, shall choose a successor who shall fill the unexpired term of the directorship being vacated. If there is a deadlock in the voting for a successor by the remaining Directors, the one Director with the longest continuous term on the Townhome Board shall select the successor. At the expiration of the term of his position on the Townhome Board of Directors, the successor Director shall be re-elected or his successor shall be elected in accordance with these Townhome Bylaws. Except with respect to Directors appointed by the Declarant, any Townhome Board member whose term has expired or who has been removed from the Townhome Board must be elected by the Townhome Members.

Section 4.5. Removal of Directors. Subject to the right of Declarant to nominate and appoint Directors as set forth in *Section 4.1* of these Townhome Bylaws, an elected Director may be removed, with or without cause, by the Majority of the Townhome Members which elected such Director.

Section 4.6. Solicitation of Candidate for Election to the Townhome Board. At least thirty (30) days before the date a Townhome Association disseminates absentee ballots or other ballots to Townhome Members for the purpose of voting in a Townhome Board election, the Townhome Association shall provide notice (the "**Solicitation Notice**") of the election to the Townhome Members. The Solicitation Notice shall: (a) solicit candidates that are eligible under *Section 4.1(e)* and interested in running for a position on the Townhome Board; (b) state that an eligible candidate has fifteen (15) days to respond to the Solicitation Notice and request to be placed on the ballot; and (c) must be: (1) mailed to each Townhome Member; (2) e-mailed to each Townhome Member that has registered their e-mail address with the Townhome Association; or (3) posted in a conspicuous manner reasonably designed to provide notice to Townhome Members, such as: (i) within common area or, with the Townhome Member's consent, on other conspicuously located privately owned property within the subdivision; or (ii) on any website maintained by the Townhome Association or other internet media.

ARTICLE V
MEETINGS OF DIRECTORS

Section 5.1. Development Period. The provisions of this *Article V* do not apply to Townhome Board meetings during the Development Period (as defined in the Development Area Declaration) during which period the Townhome Board may take action by unanimous written consent in lieu of a meeting pursuant to *Section 5.10*, except with respect to a meeting conducted for the purpose of: (a) adopting or amending the Townhome Documents (*i.e.*, declarations, bylaws, rules, and regulations); (b) increasing the amount of Regular Townhome Assessments of the Townhome Association or adopting or increasing a Special Townhome Assessment; (c) electing non-Declarant Townhome Board members or

establishing a process by which those members are elected; or (d) changing the voting rights of Townhome Members.

Section 5.2. Definition of Townhome Board Meetings. A meeting of the Townhome Board means a deliberation between a quorum of the Townhome Board, or between a quorum of the Townhome Board and another person, during which Townhome Association business is considered and the Townhome Board takes formal action.

Section 5.3. Regular Meetings. Regular meetings of the Townhome Board shall be held annually or such other frequency as determined by the Townhome Board, at such place and hour as may be fixed from time to time by resolution of the Townhome Board.

Section 5.4. Special Meetings. Special meetings of the Townhome Board shall be held when called by the President of the Townhome Association, or by any two Directors, after not less than three (3) days' notice to each Director.

Section 5.5. Quorum. A Majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a Majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Townhome Board.

Section 5.6. Open Townhome Board Meetings. All regular and special Townhome Board meetings must be open to Owners. However, the Townhome Board has the right to adjourn a meeting and reconvene in closed executive session to consider actions involving: (a) personnel; (b) pending or threatened litigation; (c) contract negotiations; (d) enforcement actions; (e) confidential communications with the Townhome Association's attorney; (f) matters involving the invasion of privacy of individual Owners, or matters that are to remain confidential by request of the affected parties and agreement of the Townhome Board. Following an executive session, any decision made by the Townhome Board in executive session must be summarized orally in general terms and placed in the minutes. The oral summary must include a general explanation of expenditures approved in executive session.

Section 5.7. Location. Except if otherwise held by electronic or telephonic means, a Townhome Board meeting must be held in the county in which the Development Area is located or in a county adjacent to that county, as determined in the discretion of the Townhome Board.

Section 5.8. Record; Minutes. The Townhome Board shall keep a record of each regular or special Townhome Board meeting in the form of written minutes of the meeting. The Townhome Board shall make meeting records, including approved minutes, available to a Townhome Member for inspection and copying on the Townhome Member's written request to the Townhome Association's managing agent at the address appearing on the most recently filed management certificate or, if there is not a managing agent, to the Townhome Board.

Section 5.9. Notices. Townhome Members shall be given notice of the date, hour, place, and general subject of a regular or special board meeting, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be: (a) mailed to each Townhome Member not later than the tenth (10th) day or earlier than the sixtieth (60th) day before the date of the meeting; **or** (b) provided at least seventy-two (72) hours before the start of the meeting by: (i) posting the notice in a conspicuous manner reasonably designed to provide notice to Townhome Members in a place located on common area or on any website maintained by the Townhome Association; and (ii) sending

the notice by e-mail to each Townhome Member who has registered an e-mail address with the Townhome Association. It is the Townhome Member's duty to keep an updated e-mail address registered with the Townhome Association. The Townhome Board may establish a procedure for registration of email addresses, which procedure may be required for the purpose of receiving notice of Townhome Board meetings. If the Townhome Board recesses a regular or special Townhome Board meeting to continue the following regular business day, the Townhome Board is not required to post notice of the continued meeting if the recess is taken in good faith and not to circumvent this Section. If a regular or special Townhome Board meeting is continued to the following regular business day, and on that following day the Townhome Board continues the meeting to another day, the Townhome Board shall give notice of the continuation in at least one manner as set forth above within two (2) hours after adjourning the meeting being continued.

Section 5.10. Unanimous Consent. During the Development Period, Directors may vote by unanimous written consent. Unanimous written consent occurs if all Directors individually or collectively consent in writing to a Townhome Board action. The written consent must be filed with the minutes of Townhome Board meetings. Action by written consent shall be in lieu of a meeting and has the same force and effect as a unanimous vote of the Directors. As set forth in *Section 5.1*, Directors may not vote by unanimous consent if the Directors are considering any of the following actions: (a) adopting or amending the Townhome Documents (*i.e.*, declarations, bylaws, rules, and regulations); (b) increasing the amount of Regular Townhome Assessments of the Townhome Association or adopting or increasing a Special Townhome Assessment; (c) electing non-Declarant Townhome Board members or establishing a process by which those members are elected; or (d) changing the voting rights of Townhome Members.

Section 5.11. Meeting Without Prior Notice. The Townhome Board may take action outside a meeting, including voting by electronic or telephonic means, without prior notice to the Townhome Members if each Townhome Board member is given a reasonable opportunity (i) to express his or her opinions to all other Townhome Board members and (ii) to vote. Any action taken without notice to Townhome Members must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special Townhome Board meeting. The Townhome Board may not, unless done in an open meeting for which prior notice was given to the Townhome Members pursuant to Section 5.9 above, consider or vote on: (a) fines; (b) damage assessments; (c) the initiation of foreclosure actions; (d) the initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety; (e) increases in Townhome Assessments; (f) levying of Special Townhome Assessments; (g) appeals from a denial of architectural control approval; (h) a suspension of a right of a particular Townhome Member before the Townhome Member has an opportunity to attend a Townhome Board meeting to present the Townhome Member's position, including any defense, on the issue; (i) the lending or borrowing of money; (j) the adoption of any amendment of a dedicatory instrument; (k) the approval of an annual budget or the approval of an amendment of an annual budget that increases the budget by more than 10 percent (10%); (l) the sale or purchase of real property; (m) the filling of a vacancy on the Townhome Board; (n) the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or (o) the election of an officer.

Section 5.12. Telephone and Electronic Meetings. Any action permitted to be taken by the Townhome Board may be taken by telephone or electronic methods provided that: (1) each Townhome Board member may hear and be heard by every other Townhome Board member; (2) except for any portion of the meeting conducted in executive session: (i) all Members in attendance at the meeting may

hear all Townhome Board members; and (ii) any Townhome Members are allowed to listen using any electronic or telephonic communication method used or expected to be used by a participating Townhome Board member at the same meeting; and (3) the notice of the Townhome Board meeting provides instructions to the Townhome Members on how to access the electronic or telephonic communication method used in the meeting. Participation in such a meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE VI
POWERS AND DUTIES OF THE TOWNHOME BOARD

Section 6.1. Powers. The Townhome Board shall have power and duty to undertake any of the following actions, in addition to those actions to which the Townhome Association is authorized to take in accordance with the Development Area Declaration:

(a) adopt, amend, revoke, record, and publish the Townhome Rules;

(b) exercise for the Townhome Association all powers, duties and authority vested in or related to the Townhome Association and not reserved to the membership by other provisions of the Townhome Documents;

(c) to enter into any contract or agreement with a municipal agency or utility company to provide electric utility service to all or any portion of the Development Area;

(d) declare the office of a member of the Townhome Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Townhome Board;

(e) employ such employees as they deem necessary, and to prescribe their duties;

(f) as more fully provided in the Development Area Declaration, to:

(1) fix the amount of the Townhome Assessments against each Lot in advance of each annual assessment period and any other assessments provided by the Development Area Declaration; and

(2) foreclose the lien against any property for which Townhome Assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(g) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Townhome Assessment has been paid and to levy a reasonable charge for the issuance of these certificates (it being understood that if a certificate states that an Townhome Assessment has been paid, such certificate shall be conclusive evidence of such payment);

(h) procure and maintain adequate liability and hazard insurance on property owned by the Townhome Association;

(i) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(j) exercise such other and further powers or duties as provided in the Development Area Declaration or by law.

ARTICLE VII
OFFICERS AND THEIR DUTIES

Section 7.1. Enumeration of Offices. The officers of the Townhome Association shall be a President and a Vice-President, who shall at all times be members of the Townhome Board, a Secretary and a Treasurer, and such other officers as the Townhome Board may from time to time create by resolution.

Section 7.2. Election of Officers. The election of officers shall take place at the first meeting of the Townhome Board following each annual meeting of the Townhome Members.

Section 7.3. Term. The officers of the Townhome Association shall be elected annually by the Townhome Board and each shall hold office for one (1) year unless he resigns sooner, or shall be removed or otherwise disqualified to serve.

Section 7.4. Special Appointments. The Townhome Board may elect such other officers as the affairs of the Townhome Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Townhome Board may, from time to time, determine.

Section 7.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Townhome Board. Any officer may resign at any time by giving written notice to the Townhome Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.6. Vacancies. A vacancy in any office may be filled through appointment by the Townhome Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7.7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to *Section 7.4*.

Section 7.8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Townhome Board; shall see that orders and resolutions of the Townhome Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice President. The Vice President, if any, shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President or the Townhome Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Townhome Board and of the Townhome Members; serve notice of meetings of the Townhome Board and of the Townhome Members; keep appropriate current records showing the Townhome Members together with their addresses; and shall perform such other duties as required by the Townhome Board.

(d) Assistant Secretaries. Each Assistant Secretary shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him or her by the Secretary, the President, the Townhome Board or any committee established by the Townhome Board.

(e) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Townhome Association and shall disburse such funds as directed by resolution of the Townhome Board; shall sign all checks and promissory notes of the Townhome Association; keep proper books of account in appropriate form such that they could be audited by a public accountant whenever ordered by the Townhome Board or the membership; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the Townhome Members.

Section 7.9. Execution of Instruments. Except when the Townhome Documents require execution of certain instruments by certain individuals, the Townhome Board may authorize any person to execute instruments on behalf of the Townhome Association, including without limitation checks from the Townhome Association's bank account. In the absence of Townhome Board designation, and unless otherwise provided herein, the President and the Secretary are the only persons authorized to execute instruments on behalf of the Townhome Association.

ARTICLE VIII
OTHER COMMITTEES OF THE TOWNHOME BOARD

The Townhome Board may, by resolution adopted by affirmative vote of a Majority of the number of Directors fixed by these Townhome Bylaws, designate two or more Directors (with such alternates, if any, as may be deemed desirable) to constitute another committee or committees for any purpose; provided, that any such other committee or committees shall have and may exercise only the power of recommending action to the Townhome Board and of carrying out and implementing any instructions or any policies, plans, programs and rules theretofore approved, authorized and adopted by the Townhome Board.

ARTICLE IX
BOOKS AND RECORDS

The books, records and papers of the Townhome Association shall at all times, during reasonable business hours, be subject to inspection by any Townhome Member. The Townhome Documents shall be available for inspection by any Townhome Member at the principal office of the Townhome Association, where copies may be purchased at reasonable cost.

ARTICLE X
TOWNHOME ASSESSMENTS

As more fully provided in the Development Area Declaration, each Townhome Member is obligated to pay to the Townhome Association Townhome Assessments which are secured by a continuing lien upon the property against which the Townhome Assessments are made. Townhome Assessments shall be due and payable in accordance with the Development Area Declaration.

ARTICLE XI
CORPORATE SEAL

The Townhome Association may, but shall have no obligation to, have a seal in a form adopted by the Townhome Board.

ARTICLE XII
AMENDMENTS

These Townhome Bylaws may be amended by: (i) the Declarant until expiration or termination of the Development Period; or (ii) a Majority vote of the Townhome Board with the advance written consent of the Declarant until expiration or termination of the Development Period.

ARTICLE XIII
INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Townhome Association shall indemnify every Director, Officer or Committee Member against, and reimburse and advance to every Director, Officer or Committee Member for, all liabilities, costs and expenses' incurred in connection with such directorship or office and any actions taken or omitted in such capacity to the greatest extent permitted under the Texas Business Organizations Code and all other applicable laws at the time of such indemnification, reimbursement or advance payment; provided, however, no Director, Officer or Committee Member shall be indemnified for: (a) a breach of duty of loyalty to the Townhome Association or its Members; (b) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (c) a transaction from which such Director, Officer or Committee Member received an improper benefit, whether or not the benefit resulted from an action taken within the scope of directorship or office; or (d) an act or omission for which the liability of such Director, Officer or Committee Member is expressly provided for by statute.

ARTICLE XIV
MISCELLANEOUS

Section 14.1. Fiscal Year. The fiscal year of the Townhome Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 14.2. Review of Statutes and Court Rulings. Users of these Townhome Bylaws should also review statutes and court rulings that may modify or nullify provisions of this document or its enforcement, or may create rights or duties not anticipated by these Townhome Bylaws.

Section 14.3. Conflict. In the case of any conflict between the Townhome Certificate and these Townhome Bylaws, the Townhome Certificate shall control; and in the case of any conflict between the Development Area Declaration and these Townhome Bylaws, the Development Area Declaration shall

control. In the case of any conflict between these Townhome Bylaws and any provision of the applicable laws of the State of Texas, the conflicting aspect of the Townhome Bylaws provision is null and void, but all other provisions of these Townhome Bylaws remain in full force and effect.

Section 14.4. Interpretation. The effect of a general statement is not limited by the enumerations of specific matters similar to the general. The captions or articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. The singular is construed to mean the plural, when applicable, and the use of masculine or neuter pronouns includes the feminine.

Section 14.5. No Waiver. No restriction, condition, obligation, or covenant contained in these Townhome Bylaws may be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ATTACHMENT 3

THE STATION RESIDENTIAL DISTRICT TOWNHOME ASSOCIATION, INC.
FINE AND ENFORCEMENT POLICY

1. Background. Certain Lots within The Station Residential District are subject to that certain The Station Residential District Development Area Declaration [*Townhomes*] recorded in the Official Public Records of Dallas County, Texas, as the same may be amended from time to time ("**Development Area Declaration**"). In accordance with the Development Area Declaration, The Station Residential District Townhome Association, Inc., a Texas non-profit corporation (the "**Townhome Association**") was created to administer the terms and provisions of the Development Area Declaration. Unless the Development Area Declaration or Applicable Law expressly provides otherwise, the Townhome Association acts through a majority of its board of directors (the "**Townhome Board**"). The Townhome Association is empowered to enforce the covenants, conditions and restrictions of the Development Area Declaration, Townhome Certificate, Townhome Bylaws, Townhome Community Manual, and any rules and regulations promulgated by the Townhome Association pursuant to the Development Area Declaration, as each may be adopted and amended from time to time (collectively, the "**Townhome Documents**"), including the obligation of Owners to pay assessments pursuant to the terms and provisions of the Development Area Declaration and the obligations of the Owners to compensate the Townhome Association for costs incurred by the Townhome Association for enforcing violations of the Townhome Documents.

   The Townhome Board hereby adopts this Fine and Enforcement Policy to establish equitable policies and procedures for the levy of fines within the Townhome Association in compliance with the Chapter 209 of the Texas Property Code, titled the "Texas Residential Property Owners Protection Act," as it may be amended (the "**Act**"). To the extent any provision within this policy is in conflict with the Act or any other applicable law, such provision shall be modified to comply with the applicable law.

   Terms used in this policy, but not defined, shall have the meaning subscribed to such term in the Townhome Documents.

2. Policy. The Townhome Association uses fines to discourage violations of the Townhome Documents, and to encourage compliance when a violation occurs – not to punish violators or generate revenue for the Townhome Association. Although a fine may be an effective and efficient remedy for certain types of violations or violators, it is only one of several methods available to the Townhome Association for enforcing the Townhome Documents. The Townhome Association's use of fines does not interfere with its exercise of other rights and remedies for the same violation.

3. Owner's Liability. An Owner is liable for fines levied by the Townhome Association for violations of the Townhome Documents by the Owner and the relatives, guests, employees, and agents of the Owner and residents. Regardless of who commits the violation, the Townhome Association may direct all communications regarding the violation to the Owner.

4. Amount. The Townhome Association may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The Townhome Association may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation, and should be uniform for similar violations of the same provision of the Townhome Documents. If the Townhome Association allows fines to accumulate, the Townhome Association may establish a maximum amount for a particular fine, at which point the total fine will be capped.

5. Violation Notice. Except as set forth in *Section 5(C)* below, before levying a fine, the Townhome Association will give (i) a written violation notice via certified mail to the Owner (at the Owner's last known address as shown in the Townhome Association records) (the "**Violation Notice**") and (ii) an opportunity to be heard, if requested by the Owner. The Townhome Association's Violation Notice will contain the following items: (1) the date the Violation Notice is prepared or mailed; (2) a description of the violation or property damage that is the basis for the Individual Townhome Assessment, suspension action, or other charge; (3) a reference to the rule or provision that is being violated; (4) a description of the action required to cure the violation and a reasonable timeframe in which the violation is required to be cured to avoid the fine or suspension; (5) the amount of the possible fine; (6) a statement that no later than the thirtieth (30th) day after the date the notice was mailed, the Owner may request a hearing pursuant to Section 209.007 of the Texas Property Code, and further, if the hearing held pursuant to Section 209.007 of the Texas Property Code is to be held by a committee appointed by the Townhome Board, a statement notifying the Owner that he or she has the right to appeal the committee's decision to the Townhome Board by written notice to the Townhome Board; and (7) a statement that the Owner may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. section *et seq.*), if the Owner is serving on active military duty. The Violation Notice sent out pursuant to this paragraph is further subject to the following:

   A. First Violation. If the Owner has not been given notice and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months, the Violation Notice will state those items set out in (1) – (7) above, along with a reasonable timeframe by which the violation must be cured to avoid the fine. The Violation Notice must state that any future violation of the same rule may result in the levy of a fine. A fine pursuant to the *Schedule of Fines* may be levied if an Owner does not cure the violation within the timeframe set forth in the notice.

   B. Uncurable Violation/Violation of Public Health or Safety. If the violation is of an uncurable nature or poses a threat to public health or safety (as exemplified in Section 209.006 of the Texas Property Code), then the Violation Notice shall state those items set out in (1), (2), (3), (5), (6), and (7) above, and the Townhome Association shall have the right to exercise any enforcement remedy afforded to it under the Townhome Documents, including but not limited to the right to levy a fine pursuant to the *Schedule of Fines*.

   C. Repeat Violation without Attempt to Cure. If the Owner has been given a Violation Notice and a reasonable opportunity to cure the same or similar

violation within the preceding six (6) months but commits the violation again, then the Owner shall not be entitled to an additional Violation Notice or a hearing pursuant to Section 209.007 of the Texas Property Code, and the Townhome Association shall have the right to exercise any enforcement remedy afforded to it under the Townhome Documents, including but not limited to the right to levy a fine pursuant to the *Schedule of Fines*. After an Owner has been provided a Violation Notice as set forth herein and assessed fines in the amounts set forth in the *Schedule of Fines*, if the Owner has never cured the violation in response to any Violation Notices sent or any fines levied, then the Townhome Board, in its sole discretion, may determine that such a circumstance is a continuous violation which warrants a levy of a fine based upon a daily, monthly, or quarterly amount as determined by the Townhome Board.

6. Violation Hearing. If the Owner is entitled to an opportunity to cure the violation, then the Owner has the right to submit a written request to the Townhome Association for a hearing before the Townhome Board or a committee appointed by the Townhome Board to discuss and verify the facts and resolve the matter. To request a hearing, the Owner must submit a written request (the "**Request**") to the Townhome Association's manager (or the Townhome Board if there is no manager) within thirty (30) days after receiving the Violation Notice. The Townhome Association must then hold the hearing requested no later than thirty (30) days after the Townhome Board receives the Request. The Townhome Board must notify the Owner of the date, time, and place of the hearing at least ten (10) days before the date of the hearing. The hearing will be scheduled to provide a reasonable opportunity for both the Townhome Board and the Owner to attend. The Townhome Board or the Owner may request a postponement, and if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. Notwithstanding the foregoing, the Townhome Association may exercise its other rights and remedies as set forth in Section 209.007(d) and (e) of the Texas Property Code. Any hearing before the Townhome Board will be held in a closed or executive session of the Townhome Board. At the hearing, the Townhome Board will consider the facts and circumstances surrounding the violation. The Owner shall attend the hearing in person, but may be represented by another person (i.e., attorney) during the hearing, upon advance written notice to the Townhome Board. If an Owner intends to make an audio recording of the hearing, such Owner's request for hearing shall include a statement noticing the Owner's intent to make an audio recording of the hearing, otherwise, no audio or video recording of the hearing may be made, unless otherwise approved by the Townhome Board. The minutes of the hearing must contain a statement of the results of the hearing and the fine, if any, imposed. A copy of the Violation Notice and Request should be placed in the minutes of the hearing. If the Owner appears at the meeting, the notice requirements will be deemed satisfied. Unless otherwise agreed by the Townhome Board, each hearing shall be conducted in accordance with the agenda attached hereto as Exhibit A.

7. Due Date. Fine and/or damage charges are due immediately if the violation is uncurable or poses a threat to public health or safety. If the violation is curable, the fine and/or damage charges are due immediately after the later of: (1) the date that the cure period set out in the first Violation Notice ends and the Owner does not attempt to cure the violation or the attempted cure is unacceptable to Townhome Association, or (2) if a hearing is requested by the Owner, such fines

or damage charges will be due immediately after the Townhome Board's final decision on the matter, assuming that a fine or damage charge of some amount is confirmed by the Townhome Board at such hearing.

8. Lien Created. The payment of each fine and/or damage charge levied by the Townhome Board against the Owner of a Lot is, together with interest as provided in *Section 5.10* of the Development Area Declaration and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Townhome Association pursuant to *Section 5.2.2* of the Development Area Declaration. The fine and/or damage charge will be considered a Townhome Assessment for the purpose of this Article and will be enforced in accordance with the terms and provisions governing the enforcement of assessments pursuant to *Article 5* of the Development Area Declaration.

9. Levy of Fine. Any fine levied shall be reflected on the Owner's periodic statements of account or delinquency notices.

10. Foreclosure. The Townhome Association may not foreclose its assessment lien on a debt consisting solely of fines.

11. Amendment of Policy. This policy may be revoked or amended from time to time by the Townhome Board. This policy will remain effective until the Townhome Association records an amendment to this policy in the county's official public records.

Schedule of Fines

The Townhome Board has adopted the following general schedule of fines. The number of notices set forth below does not mean that the Townhome Board is required to provide each notice prior to exercising additional remedies as set forth in the Townhome Documents. The Townhome Board may elect to pursue such additional remedies at any time in accordance with applicable law. The Townhome Board also reserves the right to set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effect of the violation:

FINES‡:

New Violation: **Notice of Violation**	**Fine Amount:** **$25.00 (if a curable violation, may be avoided if Owner cures the violation by the time specified in the notice)**
Repeat Violation (No Right to Cure or Uncurable Violation):	**Fine Amount:** **1st Notice $50.00** **2nd Notice $75.00** **3rd Notice $100.00** **4th Notice $125.00**
Continuous Violation: **Continuous Violation Notice**	**Amount TBD**

‡ The Townhome Board reserves the right to adjust these fine amounts based on the severity and/or frequency of the violation.

EXHIBIT A

HEARING BEFORE THE TOWNHOME BOARD

Note: An individual will act as the presiding hearing officer. The hearing officer will provide introductory remarks and administer the hearing agenda.

I. Introduction:

Hearing Officer. The Townhome Board has convened for the purpose of providing [Owner] an opportunity to be heard regarding a notice of violation of the Townhome Documents sent by the Townhome Association.

The hearing is being conducted as required by Section 209.007(a) of the Texas Property Code, and is an opportunity for [Owner] to discuss, verify facts, and attempt to resolve the matter at issue. The Townhome Board may be able to resolve the dispute at the hearing or the Townhome Board may elect to take the matter under advisement and conclude the hearing. If the matter is taken under advisement, a final decision will be communicated in writing within fifteen (15) days.

II. Presentation of Facts:

Hearing Officer. This portion of the hearing is to permit a representative of the Townhome Association the opportunity to describe the violation and to present photographs or other material relevant to the violation, fines or penalties. After the Townhome Association's representative has finished his presentation, the Owner or its representative will be given the opportunity to present photographs or other material relevant to the violation, fines or penalties. The Townhome Board may ask questions during either party's presentation. It is requested that questions by [Owner] be held until completion of the presentation by the Townhome Association's representative.

[Presentations]

III. Discussion:

Hearing Officer. This portion of the hearing is to permit the Townhome Board and [Owner] to discuss factual disputes relevant to the violation. Discussion regarding any fine or penalty is also appropriate. Discussion should be productive and designed to seek, if possible, a mutually agreed upon resolution of the dispute. The Hearing Officer retains the right to conclude this portion of the hearing at any time.

IV. Resolution:

Hearing Officer. This portion of the hearing is to permit discussion between the Townhome Board and [Owner] regarding the final terms of a mutually agreed upon resolution, if such resolution was agreed upon during the discussion phase of the hearing. If no mutually agreed upon resolution was reached, the Hearing Officer may: (i) request that the Townhome Board enter into executive session to discuss the matter; (ii) request that the Townhome Board take the matter under advisement and adjourn the hearing; or (iii) adjourn the hearing.

ATTACHMENT 4

THE STATION RESIDENTIAL DISTRICT TOWNHOME ASSOCIATION, INC.
TOWNHOME ASSESSMENT COLLECTION POLICY

The townhomes located within The Station Residential District is a community (the "**Community**") created by and subject to The Station Residential District Development Area Declaration [*Townhomes*] recorded in the Official Public Records of Dallas County, Texas, and any amendments or supplements thereto ("**Development Area Declaration**"). The operation of the Community is vested in The Station Residential District Townhome Association, Inc. (the "**Townhome Association**"), acting through its board of directors (the "**Townhome Board**"). The Townhome Association is empowered to enforce the covenants, conditions and restrictions of the Development Area Declaration, Townhome Certificate, Townhome Bylaws, Townhome Community Manual, and any rules and regulations promulgated by the Townhome Association pursuant to the Development Area Declaration, as adopted and amended from time to time (collectively, the **"Townhome Documents"**), including the obligation of Owners to pay Townhome Assessments pursuant to the terms and provisions of the Townhome Documents.

The Townhome Board hereby adopts this Townhome Assessment Collection Policy to establish equitable policies and procedures for the collection of Townhome Assessments levied pursuant to the Townhome Documents. Terms used in this policy, but not defined, shall have the meaning subscribed to such term in the Townhome Documents.

Section 1. DELINQUENCIES, LATE CHARGES & INTEREST

1-A. Due Date. An Owner will timely and fully pay Townhome Assessments. Regular Townhome Assessments are assessed annually and are due and payable on the first calendar day of the month at the beginning of the fiscal year, or in such other manner as the Townhome Board may designate in its sole and absolute discretion.

1-B. Delinquent. Any Townhome Assessment that is not fully paid when due is delinquent. When the account of an Owner becomes delinquent, it remains delinquent until paid in full — including collection costs, interest and late fees.

1-C. Late Fees & Interest. If the Townhome Association does not receive full payment of a Townhome Assessment by 5:00 p.m. on the due date established by the Townhome Board, the Townhome Association may levy a late fee of $25 per month and/or interest at the highest rate allowed by applicable usury laws then in effect on the amount of the Townhome Assessment from the due date thereof (or if there is no such highest rate, then at the rate of 1 and 1/2% per month) until paid in full.

1-D. Liability for Collection Costs. The defaulting Owner is liable to the Townhome Association for the cost of title reports, credit reports, certified mail, long distance calls, court costs, filing fees, and other reasonable costs and attorney's fees incurred by the Townhome Association in collecting the delinquency.

1-E. Insufficient Funds. The Townhome Association may levy a charge of $25 for any check returned to the Townhome Association marked "not sufficient funds" or the equivalent.

1-F. Waiver. Properly levied collection costs, late fees, and interest may only be waived by a Majority of the Townhome Board.

Section 2. INSTALLMENTS & ACCELERATION

If a Townhome Assessment, other than a Regular Townhome Assessment, is payable in installments, and if an Owner defaults in the payment of any installment, the Townhome Association may declare the entire Townhome Assessment in default and accelerate the due date on all remaining installments of the Townhome Assessment. A Townhome Assessment, other than a Regular Townhome Assessment, payable in installments may be accelerated only after the Townhome Association gives the Owner at least fifteen (15) days prior notice of the default and the Townhome Association's intent to accelerate the unpaid balance if the default is not timely cured. Following acceleration of the indebtedness, the Townhome Association has no duty to reinstate the installment program upon partial payment by the Owner.

Section 3. PAYMENTS

3-A. Application of Payments. After the Townhome Association notifies the Owner of a delinquency and the Owner's liability for late fees or interest, and collection costs, any payment received by the Townhome Association shall be applied in the following order, starting with the oldest charge in each category, until that category is fully paid, regardless of the amount of payment, notations on checks, and the date the obligations arose:

(1) Delinquent assessments

(2) Current assessments

(3) Attorney fees and costs associated with delinquent assessments

(4) Other attorney's fees

(5) Fines

(6) Any other amount

3-B. Payment Plans. The Townhome Association shall offer a payment plan to a delinquent Owner with a minimum term of at least three (3) months from the date the payment plan is requested for which the Owner may be charged reasonable administrative costs and interest. The Townhome Association will determine the actual term of each payment plan offered to an Owner in its sole and absolute discretion. An Owner is not entitled to a payment plan if the Owner has defaulted on a previous payment plan in the last two (2) years. The Townhome Association is not required to make a payment plan available to a Townhome Member after the Delinquency Cure Period allowed under Paragraph 5-B expires. If an Owner is in default at the time the Owner submits a payment, the Townhome Association is not required to follow the application of payments schedule set forth in Paragraph 3-A.

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

3-D. Partial and Conditioned Payment. The Townhome Association may refuse to accept partial payment (i.e., less than the full amount due and payable) and payments to which the payer attaches conditions or directions contrary to the Townhome Board's policy for applying

payments. The Townhome Association's endorsement and deposit of a payment does not constitute acceptance. Instead, acceptance by the Townhome Association occurs when the Townhome Association posts the payment to the Owner's account. If the Townhome Association does not accept the payment at that time, it will promptly refund the payment to the payer. A payment that is not refunded to the payer within thirty (30) days after being deposited by the Townhome Association may be deemed accepted as to payment, but not as to words of limitation or instruction accompanying the payment. The acceptance by the Townhome Association of partial payment of delinquent Townhome Assessments does not waive the Townhome Association's right to pursue or to continue pursuing its remedies for payment in full of all outstanding obligations.

3-E. Notice of Payment. If the Townhome Association receives full payment of the delinquency after Recording a notice of lien, the Townhome Association will cause a release of notice of lien to be publicly Recorded, a copy of which will be sent to the Owner. The Townhome Association may require the Owner to prepay the cost of preparing and Recording the release.

3-F. Correction of Credit Report. If the Townhome Association receives full payment of the delinquency after reporting the defaulting Owner to a credit reporting service, the Townhome Association will report receipt of payment to the credit reporting service.

Section 4. LIABILITY FOR COLLECTION COSTS

4-A. Collection Costs. The defaulting Owner may be liable to the Townhome Association for the cost of title reports, credit reports, certified mail, long distance calls, filing fees, and other reasonable costs and attorney's fees incurred in the collection of the delinquency.

Section 5. COLLECTION PROCEDURES

5-A. Delegation of Collection Procedures. From time to time, the Townhome Association may delegate some or all of the collection procedures, as the Townhome Board in its sole discretion deems appropriate, to the Townhome Association's Manager, an attorney, or a debt collector.

5-B. Delinquency Notices. If the Townhome Association has not received full payment of a Townhome Assessment by the due date, the Townhome Association may send written notice of nonpayment to the defaulting Owner, by certified mail, stating: (a) the amount delinquent and the total amount of the payment required to make the account current, (b) the options the Owner has to avoid having the account turned over to a collection agent, as such term is defined in Texas Property Code Section 209.0064, including information regarding availability of a payment plan through the Townhome Association, and (c) that the Owner has thirty (30) days for the Owner to cure the delinquency before further collection action is taken (the "**Delinquency Cure Period**"). The Townhome Association's delinquency-related correspondence may state that if full payment is not timely received, the Townhome Association may pursue any or all of the Townhome Association's remedies, at the sole cost and expense of the defaulting Owner.

5-C. Verification of Owner Information. The Townhome Association may obtain a title report to determine the names of the Owners and the identity of other lien-holders, including the mortgage company.

5-D. Collection Agency. The Townhome Board may employ or assign the debt to one or more collection agencies.

5-E. Notification of Mortgage Lender. The Townhome Association may notify the Mortgage lender of the default obligations.

5-F. Notification of Credit Bureau. The Townhome Association may report the defaulting Owner to one or more credit reporting services.

5-G. Collection by Attorney. If the Owner's account remains delinquent for a period of ninety (90) days, the Manager of the Townhome Association or the Townhome Board shall refer the delinquent account to the Townhome Association's attorney for collection. In the event an account is referred to the Townhome Association's attorney, the Owner will be liable to the Townhome Association for its legal fees and expenses. Upon referral of a delinquent account to the Townhome Association's attorney, the Townhome Association's attorney will provide the following notices and take the following actions unless otherwise directed by the Townhome Board:

(1) Initial Notice: Preparation of the Initial Notice of Demand for Payment Letter. If the account is not paid in full within 30 days (unless such notice has previously been provided by the Townhome Association), then

(2) Lien Notice: Preparation of the Lien Notice and Demand for Payment Letter and Recordation of a Notice of Unpaid Townhome Assessment Lien. If the account is not paid in full within 30 days, then

(3) Final Notice: Preparation of the Final Notice of Demand for Payment Letter and Intent to Foreclose and Notice of Intent to Foreclose to Lender. If the account is not paid in full within 30 days, then

(4) Foreclosure of Lien: Only upon specific approval by a majority of the Townhome Board.

5-H. Notice of Lien. The Townhome Association's attorney may cause a notice of the Townhome Association's Townhome Assessment lien against the Owner's home to be publicly Recorded. In that event, a copy of the notice will be sent to the defaulting Owner and may also be sent to the Owner's Mortgagee.

5-I. Cancellation of Debt. If the Townhome Board deems the debt to be uncollectible, the Townhome Board may elect to cancel the debt on the books of the Townhome Association, in which case the Townhome Association may report the full amount of the forgiven indebtedness to the Internal Revenue Service as income to the defaulting Owner.

Section 6. GENERAL PROVISIONS

6-A. Independent Judgment. Notwithstanding the contents of this detailed policy, the officers, directors, Manager, and attorney of the Townhome Association may exercise their independent, collective, and respective judgment in applying this policy.

6-B. Other Rights. This policy is in addition to and does not detract from the rights of the Townhome Association to collect Townhome Assessments under the Townhome Documents and the laws of the State of Texas.

6-C. Limitations of Interest. The Townhome Association, and its officers, directors, Managers, and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Townhome Documents or any other document or agreement executed or made in connection with this policy, the Townhome Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by applicable law. If from any circumstances whatsoever, the Townhome Association ever receives, collects, or applies as interest a sum in excess of the maximum rate permitted by law, the excess amount will be applied to the reduction of unpaid Townhome Assessments, or reimbursed to the Owner if those Townhome Assessments are paid in full.

6-D. Notices. Unless the Townhome Documents, applicable law, or this policy provide otherwise, any notice or other written communication given to an Owner pursuant to this policy will be deemed delivered to the Owner upon depositing same with the U.S. Postal Service, addressed to the Owner at the most recent address shown on the Townhome Association's records, or on personal delivery to the Owner. If the Townhome Association's records show that an Owner's property is owned by two (2) or more persons, notice to one co-Owner is deemed notice to all co-Owners. Similarly, notice to one Occupant is deemed notice to all Occupants. Written communications to the Townhome Association, pursuant to this policy, will be deemed given on actual receipt by the Townhome Association's president, secretary, managing agent, or attorney.

6-E. Amendment of Policy. This policy may be amended from time to time by the Townhome Board.

ATTACHMENT 5
THE STATION RESIDENTIAL DISTRICT TOWNHOME ASSOCIATION, INC.
RECORDS INSPECTION, COPYING AND RETENTION POLICY

Terms used but not defined in this policy will have the meaning subscribed to such terms in that certain The Station Residential District Development Area Declaration [*Townhomes*] recorded in the Official Public Records of Dallas County, Texas, as the same may be amended from time to time (the "Development Area Declaration").

Note: Texas statutes presently render null and void any restriction in the Development Area Declaration which restricts or prohibits the inspection, copying and/or retention of association records and files in violation of the controlling provisions of the Texas Property Code or any other applicable state law. The Townhome Board has adopted this policy in lieu of any express prohibition or any provision regulating such matters which conflict with Texas law, as set forth in the Development Area Declaration.

1. *Written Form*. The Townhome Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

2. *Request in Writing; Pay Estimated Costs In Advance*. An Owner (or an individual identified as an Owner's agent, attorney or certified public accountant, provided the designation is in writing and delivered to the Townhome Association) may submit a written request via certified mail to the Townhome Association's mailing address or authorized representative listed in the management certificate to access the Townhome Association's records. The written request must include sufficient detail describing the books and records requested and whether the Owner desires to inspect or copy the records. Upon receipt of a written request, the Townhome Association may estimate the costs associated with responding to each request, which costs may not exceed the costs allowed pursuant to Texas Administrative Code Section 70.3, as may be amended from time to time (a current copy of which is attached hereto). Before providing the requested records, the Townhome Association will require that the Owner remit such estimated amount to the Townhome Association. The Townhome Association will provide a final invoice to the Owner on or before the 30th business day after the records are provided by the Townhome Association. If the final invoice includes additional amounts due from the requesting party, the additional amounts, if not reimbursed to the Townhome Association before the 30th business day after the date the invoice is sent to the Owner, may be added to the Owner's account as a Townhome Assessment. If the estimated costs exceeded the final invoice amount, the Owner is entitled to a refund, and the refund shall be issued to the Owner not later than the 30th business day after the date the final invoice is sent to the Owner.

3. *Period of Inspection*. Within ten (10) business days from receipt of the written request, the Townhome Association must either: (1) provide the copies to the Owner; (2) provide available inspection dates; or (3) provide written notice that the Townhome Association cannot produce the documents within the ten (10) business days along with either: (i) another date within an additional fifteen (15) business days on which the records may either be inspected or by which the copies will be sent to the Owner; or (ii) a notice that after a diligent search, the requested records are missing and cannot be located.

4. *Records Retention*. The Townhome Association shall keep the following records for at least the time periods stated below:

a. **PERMANENT**: The Townhome Certificate of Formation, the Townhome Bylaws and the Development Area Declaration, any and all other governing documents, guidelines, rules, regulations and policies and all amendments thereto Recorded in the property records to be effective against any Owner and/or member of the Townhome Association.

b. **FOUR (4) YEARS**: Contracts with a term of more than one (1) year between the Townhome Association and a third party. The four (4) year retention term begins upon expiration of the contract term.

c. **FIVE (5) YEARS**: Account records of each Owner. Account records include debit and credit entries associated with amounts due and payable by the Owner to the Townhome Association, and written or electronic records related to the Owner and produced by the Townhome Association in the ordinary course of business.

d. **SEVEN (7) YEARS**: Minutes of all meetings of the Townhome Board and the Owners.

e. **SEVEN (7) YEARS**: Financial books and records produced in the ordinary course of business, tax returns and audits of the Townhome Association.

f. **GENERAL RETENTION INSTRUCTIONS**: "Permanent" means records which are not to be destroyed. Except for contracts with a term of one (1) year or more (See item 4.b. above), a retention period starts on the last day of the year in which the record is created and ends on the last day of the year of the retention period. For example, if a record is created on June 14, 2020, and the retention period is five (5) years, the retention period begins on December 31, 2020 and ends on December 31, 2025. If the retention period for a record has elapsed and the record will be destroyed, the record should be shredded or otherwise safely and completely destroyed. Electronic files should be destroyed to ensure that data cannot be reconstructed from the storage mechanism on which the record resides.

5. *Confidential Records*. As determined in the discretion of the Townhome Board, certain Townhome Association records may be kept confidential such as personnel files, Owner account or other personal information (except addresses) unless the Owner requesting the records provides a court order or written authorization from the person whose records are sought.

6. *Attorney Files*. Attorney's files and records relating to the Townhome Association (excluding invoices requested by an Owner pursuant to Texas Property Code Section 209.008(d)), are not records of the Townhome Association and are not: (a) subject to inspection by the Owner; or (b) subject to production in a legal proceeding. If a document in an attorney's files and records relating to the Townhome Association would be responsive to a legally authorized request to inspect or copy

Townhome Association documents, the document shall be produced by using the copy from the attorney's files and records if the Townhome Association has not maintained a separate copy of the document. The Townhome Association is not required under any circumstance to produce a document for inspection or copying that constitutes attorney work product or that is privileged as an attorney-client communication.

7. *Presence of Townhome Board Member or Manager; No Removal.* At the discretion of the Townhome Board or the Townhome Association's Manager, certain records may only be inspected in the presence of a Townhome Board member or employee of the Townhome Association's Manager. No original records may be removed from the office without the express written consent of the Townhome Board.

TEXAS ADMINISTRATIVE CODE
TITLE 1, PART 3, CHAPTER 70
RULE §70.3 - CHARGES FOR PROVIDING COPIES OF PUBLIC INFORMATION

(a) The charges in this section to recover costs associated with providing copies of public information are based on estimated average costs to governmental bodies across the state. When actual costs are 25% higher than those used in these rules, governmental bodies other than agencies of the state, may request an exemption in accordance with §70.4 of this title (relating to Requesting an Exemption).

(b) Copy charge.

(1) Standard paper copy. The charge for standard paper copies reproduced by means of an office machine copier or a computer printer is $.10 per page or part of a page. Each side that has recorded information is considered a page.

(2) Nonstandard copy. The charges in this subsection are to cover the materials onto which information is copied and do not reflect any additional charges, including labor, that may be associated with a particular request. The charges for nonstandard copies are:

(A) Diskette--$1.00;

(B) Magnetic tape--actual cost;

(C) Data cartridge--actual cost;

(D) Tape cartridge--actual cost;

(E) Rewritable CD (CD-RW)--$1.00;

(F) Non-rewritable CD (CD-R)--$1.00;

(G) Digital video disc (DVD)--$3.00;

(H) JAZ drive--actual cost;

(I) Other electronic media--actual cost;

(J) VHS video cassette--$2.50;

(K) Audio cassette--$1.00;

(L) Oversize paper copy (e.g.: 11 inches by 17 inches, greenbar, bluebar, not including maps and photographs using specialty paper--See also §70.9 of this title)--$.50;

(M) Specialty paper (e.g.: Mylar, blueprint, blueline, map, photographic--actual cost.

(c) Labor charge for programming. If a particular request requires the services of a programmer in order to execute an existing program or to create a new program so that requested information may be accessed and copied, the governmental body may charge for the programmer's time.

(1) The hourly charge for a programmer is $28.50 an hour. Only programming services shall be charged at this hourly rate.

(2) Governmental bodies that do not have in-house programming capabilities shall comply with requests in accordance with §552.231 of the Texas Government Code.

(3) If the charge for providing a copy of public information includes costs of labor, a governmental body shall comply with the requirements of §552.261(b) of the Texas Government Code.

(d) Labor charge for locating, compiling, manipulating data, and reproducing public information.

(1) The charge for labor costs incurred in processing a request for public information is $15 an hour. The labor charge includes the actual time to locate, compile, manipulate data, and reproduce the requested information.

(2) A labor charge shall not be billed in connection with complying with requests that are for 50 or fewer pages of paper records, unless the documents to be copied are located in:

(A) Two or more separate buildings that are not physically connected with each other; or

(B) A remote storage facility.

(3) A labor charge shall not be recovered for any time spent by an attorney, legal assistant, or any other person who reviews the requested information:

(A) To determine whether the governmental body will raise any exceptions to disclosure of the requested information under the Texas Government Code, Subchapter C, Chapter 552; or

(B) To research or prepare a request for a ruling by the attorney general's office pursuant to §552.301 of the Texas Government Code.

(4) When confidential information pursuant to a mandatory exception of the Act is mixed with public information in the same page, a labor charge may be recovered for time spent to redact, blackout, or otherwise obscure confidential information in order to release the public information. A labor charge shall not be made for redacting confidential information for requests of 50 or fewer pages, unless the request also qualifies for a labor charge pursuant to Texas Government Code, §552.261(a)(1) or (2).

(5) If the charge for providing a copy of public information includes costs of labor, a governmental body shall comply with the requirements of Texas Government Code, Chapter 552, §552.261(b).

(6) For purposes of paragraph (2)(A) of this subsection, two buildings connected by a covered or open sidewalk, an elevated or underground passageway, or a similar facility, are not considered to be separate buildings.

(e) Overhead charge.

(1) Whenever any labor charge is applicable to a request, a governmental body may include in the charges direct and indirect costs, in addition to the specific labor charge. This overhead charge would cover such costs as depreciation of capital assets, rent, maintenance and repair, utilities, and administrative overhead. If a governmental body chooses to recover such costs, a charge shall be made in accordance with the methodology described in paragraph (3) of this subsection. Although an exact calculation of costs will vary, the use of a standard charge will avoid complication in calculating such costs and will provide uniformity for charges made statewide.

(2) An overhead charge shall not be made for requests for copies of 50 or fewer pages of standard paper records unless the request also qualifies for a labor charge pursuant to Texas Government Code, §552.261(a)(1) or (2).

(3) The overhead charge shall be computed at 20% of the charge made to cover any labor costs associated with a particular request. Example: if one hour of labor is used for a particular request, the formula would be as follows: Labor charge for locating, compiling, and reproducing, $15.00 x .20 = $3.00; or Programming labor charge, $28.50 x .20 = $5.70. If a request requires one hour of labor charge for locating, compiling, and reproducing information ($15.00 per hour); and one hour of programming labor charge ($28.50 per hour), the combined overhead would be: $15.00 + $28.50 = $43.50 x .20 = $8.70.

(f) Microfiche and microfilm charge.

(1) If a governmental body already has information that exists on microfiche or microfilm and has copies available for sale or distribution, the charge for a copy must not exceed the cost of its reproduction. If no copies of the requested microfiche or microfilm are available and the information on the microfiche or microfilm can be released in its entirety, the governmental body should make a copy of the microfiche or microfilm. The charge for a copy shall not exceed the cost of its reproduction. The Texas State Library and Archives Commission has the capacity to reproduce microfiche and microfilm for governmental bodies. Governmental bodies that do not have in-house capability to reproduce microfiche or microfilm are encouraged to contact the Texas State Library before having the reproduction made commercially.

(2) If only a master copy of information in microfilm is maintained, the charge is $.10 per page for standard size paper copies, plus any applicable labor and overhead charge for more than 50 copies.

(g) Remote document retrieval charge.

(1) Due to limited on-site capacity of storage documents, it is frequently necessary to store information that is not in current use in remote storage locations. Every effort should be made by governmental bodies to store current records on-site. State agencies are encouraged to store inactive or non-current records with the Texas State Library and Archives Commission. To the extent that the retrieval of documents results in a charge to comply with a request, it is permissible to recover costs of such services for requests that qualify for labor charges under current law.

(2) If a governmental body has a contract with a commercial records storage company, whereby the private company charges a fee to locate, retrieve, deliver, and return to storage the needed record(s), no additional labor charge shall be factored in for time spent locating documents at the storage location by the private company's personnel. If after delivery to the governmental body, the boxes must still be searched for records that are responsive to the request, a labor charge is allowed according to subsection (d)(1) of this section.

(h) Computer resource charge.

(1) The computer resource charge is a utilization charge for computers based on the amortized cost of acquisition, lease, operation, and maintenance of computer resources, which might include, but is not limited to, some or all of the following: central processing units (CPUs), servers, disk drives, local area networks (LANs), printers, tape drives, other peripheral devices, communications devices, software, and system utilities.

(2) These computer resource charges are not intended to substitute for cost recovery methodologies or charges made for purposes other than responding to public information requests.

(3) The charges in this subsection are averages based on a survey of governmental bodies with a broad range of computer capabilities. Each governmental body using this cost recovery charge shall determine which category(ies) of computer system(s) used to fulfill the public information request most closely fits its existing system(s), and set its charge accordingly. Type of System--Rate: mainframe--$10 per CPU minute; Midsize--$1.50 per CPU minute; Client/Server--$2.20 per clock hour; PC or LAN--$1.00 per clock hour.

(4) The charge made to recover the computer utilization cost is the actual time the computer takes to execute a particular program times the applicable rate. The CPU charge is not meant to apply to programming or printing time; rather it is solely to recover costs associated with the actual time required by the computer to execute a program. This time, called CPU time, can be read directly from the CPU

clock, and most frequently will be a matter of seconds. If programming is required to comply with a particular request, the appropriate charge that may be recovered for programming time is set forth in subsection (d) of this section. No charge should be made for computer print-out time. Example: If a mainframe computer is used, and the processing time is 20 seconds, the charges would be as follows: $10 / 3 = $3.33; or $10 / 60 x 20 = $3.33.

(5) A governmental body that does not have in-house computer capabilities shall comply with requests in accordance with the §552.231 of the Texas Government Code.

(i) Miscellaneous supplies. The actual cost of miscellaneous supplies, such as labels, boxes, and other supplies used to produce the requested information, may be added to the total charge for public information.

(j) Postal and shipping charges. Governmental bodies may add any related postal or shipping expenses which are necessary to transmit the reproduced information to the requesting party.

(k) Sales tax. Pursuant to Office of the Comptroller of Public Accounts' rules sales tax shall not be added on charges for public information (34 TAC, Part 1, Chapter 3, Subchapter O, §3.341 and §3.342).

(l) Miscellaneous charges: A governmental body that accepts payment by credit card for copies of public information and that is charged a "transaction fee" by the credit card company may recover that fee.

(m) These charges are subject to periodic reevaluation and update.

Source Note: The provisions of this §70.3 adopted to be effective September 18, 1996, 21 TexReg 8587; amended to be effective February 20, 1997, 22 TexReg 1625; amended to be effective December 3, 1997, 22 TexReg 11651; amended to be effective December 21, 1999, 24 TexReg 11255; amended to be effective January 16, 2003, 28 TexReg 439; amended to be effective February 11, 2004, 29 TexReg 1189; transferred effective September 1, 2005, as published in the Texas Register September 29, 2006, 31 TexReg 8251; amended to be effective February 22, 2007, 32 TexReg 614.

ATTACHMENT 6

THE STATION RESIDENTIAL DISTRICT TOWNHOME ASSOCIATION, INC.
STATUTORY NOTICE OF POSTING AND RECORDATION OF
TOWNHOME ASSOCIATION GOVERNING DOCUMENTS

Terms used but not defined in this policy will have the meaning subscribed to such terms in that certain The Station Residential District Development Area Declaration [*Townhomes*] recorded in the Official Public Records of Dallas County, Texas, as the same may be amended from time to time (the "Development Area Declaration").

1. *Dedicatory Instruments*. As set forth in Texas Property Code Section 202.001, "dedicatory instrument" means each document governing the establishment, maintenance or operation of a residential subdivision, planned unit development, condominium or townhouse regime, or any similar planned development. The term includes the Development Area Declaration, or any similar instrument subjecting real property to: (a) restrictive covenants, bylaws, or similar instruments governing the administration or operation of a property owners' association; (b) properly adopted rules and regulations of the property owners' association; or (c) all lawful amendments to the covenants, bylaws, instruments, rules, or regulations. The term "dedicatory instrument" is referred to in this notice and the Development Area Declaration as the "Townhome Documents."

2. *Recordation of All Townhome Documents*. The Townhome Association shall file all of the Townhome Documents in the real property records of each county in which the property to which the Townhome Documents relate is located. Any dedicatory instrument comprising one of the Townhome Documents of the Townhome Association has no effect until the instrument is filed in accordance with this provision, as set forth in Texas Property Code Section 202.006.

3. *Online Posting of Townhome Documents*. The Townhome Association shall make all of the Recorded Townhome Documents relating to the Townhome Association or Development Area available on a website if the Townhome Association, or a management company on behalf of the Townhome Association, maintains a publicly accessible website.

ATTACHMENT 7

THE STATION RESIDENTIAL DISTRICT TOWNHOME ASSOCIATION, INC.

EMAIL REGISTRATION POLICY

Terms used but not defined in this policy will have the meaning subscribed to such terms in that certain The Station Residential District Development Area Declaration [*Townhomes*] recorded in the Official Public Records of Dallas County, Texas, as the same may be amended from time to time.

1. ***Purpose***. The purpose of this Email Registration Policy is to facilitate proper notice of annual and special meetings of members of the Townhome Association pursuant to Section 209.0051(e) of the Texas Property Code.

2. ***Email Registration***. Should the owner wish to receive any and all email notifications of annual and special meetings of members of the Townhome Association, it is the owner's sole responsibility to register his/her email address with the Townhome Association and to continue to keep the registered email address updated and current with the Townhome Association. In order to register an email address, the owner must provide their name, address, phone number and email address through the method provided on the Townhome Association's website, if any, and/or to the official contact information provided by the Townhome Association for the community manager.

3. ***Failure to Register***. An owner may not receive email notification or communication of annual or special meetings of members of the Townhome Association should the owner fail to register his/her email address with the Townhome Association and/or properly and timely maintain an accurate email address with the Townhome Association. Correspondence to the Townhome Association and/or Townhome Association manager from an email address or by any method other than the method described in Paragraph No. 2 above will not be considered sufficient to register such email address with the Townhome Association.

4. ***Amendment***. The Townhome Association may, from time to time, modify, amend, or supplement this Policy or any other rules regarding email registration.

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Filed and Recorded
Official Public Records
John F. Warren, County Clerk
Dallas County, TEXAS
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