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Parties: POSSUM KINGDOM PROPERTY OWNERS ASSOCIATION INC

to

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Palo Pinto County, Texas

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STATE OF TEXAS
COUNTY OF PALO PINTO
I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded under the Document Number stamped hereon of the Official Public Records of Palo Pinto County.

Janette K. Green, County Clerk

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SECOND AMENDED AND RESTATED RULES AND DESIGN GUIDELINES FOR

THE POSSUM KINGDOM COMMUNITIES
("DEVELOPMENT")

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EFFECTIVE UPON RECORDATION

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RECITALS

A. The Board of Directors (the **"Board"**) of Possum Kingdom Property Owners Association, Inc., a Texas nonprofit corporation (the **"Association"**) previously adopted and recorded that certain Amended and Restated Rules and Design Guidelines for The Possum Kingdom Communities, recorded as Document No. 2008-00004454, Official Public Records, Palo Pinto County, Texas (separately, the **"Prior Rules"** and the **"Prior Design Guidelines"**)(collectively the **"Prior Rules and Design Guidelines"**).

B. Pursuant to Part I(K)(5), the Prior Rules are subject to being revised, replaced, amended or supplemented by the Board.

C. The Board desires to amend and restate the Prior Rules as set forth hereinbelow.

D. Pursuant to Part III (A)(11), the Prior Design Guidelines may be amended by the ACC only with the written consent of Declarant (defined below) during the Development Period, as set forth in in the Declaration (as defined below).

E. It is currently within the Development Period and the ACC, with the consent of Declarant, desires to amend and restate the Prior Design Guidelines as set forth hereinbelow.

WHEREFORE, as evidenced by their signatures below, the Board hereby amends and restates the Prior Rules and the ACC, with the consent of Declarant, hereby amends and restates the Prior Design Guidelines, thus amending the Prior Rules and Design Guidelines in the entirety as these Second Amended and Restated Rules and Design Guidelines for The Possum Kingdom Communities (separately, the **"Rules"** and the **"Design Guidelines"**)(collectively the **"Rules and Design Guidelines"**), which shall be effective as of the date of recordation in the Official Public Records of Palo Pinto County, Texas.

PART I

GENERAL PROVISIONS

These Rules and Design Guidelines are in addition to the provisions of the Declaration, the Bylaws, and other adopted rules and policies of the Association. In the event of a conflict among the Governing Documents, the order of governing authority shall be as follows: the Plat, the Declaration, the Certificate of Formation, the Bylaws, the Design Guidelines, set forth in Part III of these Rules and Design Guidelines and then the Rules (lowest), set forth in Part I and Part II of these Rules and Design Guidelines (collectively referred to as the **"Governing Documents"**). The Board of Directors or the ACC, as applicable, are empowered to interpret, enforce, amend, and repeal the respective portions of these Rules and the Design Guidelines.

A. DEFINITIONS

Unless the context specifies or requires otherwise, capitalized terms used but not defined in these Rules and Design Guidelines are used and defined as they are used and defined in the Declaration. However, the following words and phrases when used in this Rules and the Design Guidelines shall have those meanings as specified below:

"ACC." The Architectural Control Committee, a committee which has the rights and duties as described Part III of these Rules.

"Accessory Building." A subordinate building located on a Lot, either attached to or detached from a Dwelling, including ancillary living quarters, such as a guest house.

"Amenities Center." A recreational facility owned or to be owned by the Association for the common use and enjoyment of the Owners, which contains a swimming pool and clubhouse and constitutes a portion of the Common Areas.

"Association." Possum Kingdom Property Owners Association, Inc., a Texas nonprofit corporation, organized under the TNCL and created for the purposes and possessing the rights, powers and authority set forth in the Governing Documents.

"Community-Wide Standard." The standard of conduct, maintenance, or other activity generally prevailing throughout the Development. Such standard shall initially be established by the ACC pursuant to the Design Guidelines.

"Declarant." Southern Lakes & Leisure, LLC b/b/a THE HILLS ABOVE POSSUM KINGDOM LAKE or any successor, successor-in-title, or assign of Declarant evidenced in a recorded instrument assigning the rights, powers, authority and obligations of Declarant hereunder.

"Declaration." The Declaration of Covenants, Conditions and Restrictions for the Possum Kingdom Communities, recorded under Document No. 00003021, Vol. 1431, Page 138 in the Official Public Records for Palo Pinto County, Texas, and all recorded amendments thereto.

"Design Guidelines." The design and construction guidelines and application and review procedures applicable to the Development as a whole or specific sections within the Development promulgated and administered by the ACC, as described in Part III of these Rules.

"Earth Tones." A color scheme that draws from a color palette of browns, tans, greys, greens and reds, which are muted and flat in an emulation of the natural colors found in dirt and rocks.

"Facilities." Any recreational facilities owned or to be owned by the Association that are located in the Development including the Amenities Center, the Pavilion, the boat launch, and all parks and outdoor trails.

"Garage/Carport." All parking garages and carports, constructed within a Lot for the purpose of parking automobiles.

"Front Line." Any boundary line of a Lot which is adjacent to a public or private road and which the front of proposed Improvements face.

"Manager" or "Management Office." The management staff in the Development's management office who are employees of the Association or its managing agent.

"Owner." One or more Persons owning fee title to any Lot, including Declarant but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

"Pavilion." An outdoor pavilion area owned or to be owned by the Association for the common use and enjoyment of the Owners, which constitutes a portion of the Common Areas.

"Plans." All site plans or drawings with respect to a Lot showing all existing or proposed Improvements, floor plans and elevations of all faces of proposed Improvements, descriptions of exterior

construction materials, proposed landscaping and a description of the nature, kind, shape, height, materials and location of the same, together with such other information as the ACC deems necessary.

"Posted Rules." Rules and signs posted by the Association at any time on the Property from time to time.

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

"Rules." These **Second** Amended and Restated Rules and Design Guidelines, and the Posted Rules and Temporary Rules.

"Temporary Rules." Notices communicated to the Owners by the Association from time to time or at any time which rules are seasonal or temporary in nature or notices of change affecting the use of the Development.

"Tenant." Any Person having the right to occupy a Lot pursuant to a lease or other occupancy agreement granted by an Owner, to the extent allowed by the Governing Documents.

B. COMPLIANCE

1. Compliance. Each Owner will comply with the provisions of the Governing Documents and any other policies or Rules adopted by the Board of Directors or the ACC to supplement the Governing Documents, as any of these may be revised from time to time. Additionally, each Owner shall be responsible for ensuring compliance with the Governing Documents by all Persons using or occupying such Owner's Lot, including its guests, visitors, agents, employees and invitees. If a Rule requires, prohibits or permits conduct by an "Owner" or "Tenant," each of those terms shall be deemed to include the other, and applies to all persons for whom an Owner or Tenant is responsible.

2. Additional Rules. Each Owner must comply with the Posted Rules and the Temporary Rules. The Posted Rules and the Temporary Rules are incorporated into these Rules by reference.

3. Waiver. Circumstances may warrant waiver or variance of Part I or Part II of these Rules. To obtain a waiver or variance, an Owner must make written application to the Board of Directors. The Board of Directors will consider such request and respond to the Owner in accordance with the Governing Documents. If the application is approved, the waiver or variance must be in writing, and may be conditioned or otherwise limited.

4. Right to Enforce. The Association has the right to enforce Part I and Part II of these Rules against any Person on within the Development.

C. OBLIGATIONS OF OWNERS

1. Safety. Each Owner is solely responsible for such Owner's own safety and for the safety, well-being and supervision of such Owner's guests and any person within Development to whom the Owner has a duty of due care, control, or custody.

2. Damage. Except as otherwise provided in the Governing Documents, an Owner is responsible for any loss or damage the Owner causes to its own Lot, other Lots, the Common Areas or the personal property of other Owners.

3. Insurance. An Owner assumes full risk and sole responsibility for placing such Owner's personal property in or on the Common Areas. Each Owner is solely responsible for insuring such Owner's Improvements and personal property on its Lot. The Association recommends that all Owners and Tenants purchase and maintain appropriate insurance coverage on their personal belongings, vehicles and Lots.

4. Risk Management. An Owner may not permit anything to be done or kept in its Lot, or the Common Areas that is illegal or that may result in the cancellation or increase in any insurance premiums paid by the Association or any other Owner in connection with the Development.

5. Reimbursement for Enforcement. Each Owner shall promptly reimburse the Association on demand for any expense incurred by the Association to enforce the Governing Documents against such Owner or its Lot.

6. Reimbursement for Damage. Except as otherwise provided in the Governing Documents, each Owner shall promptly reimburse the Association on demand for the cost of damage caused by the negligent or willful conduct or omission of such Owner.

D. LEASES

1. Term and Conditions of Lease. Except for those Lots owned and leased by Declarant, which are not subject to these restrictions on leasing, an entire Lot (but not less than an entire Lot) may be leased for private residential purposes only and may not be leased for a term of less than one year.

2. Written Leases. Each lease of a Lot must be in writing and must be fully executed by the Owner and the Tenant.

3. Subject to Documents. The mere execution of a lease for a Lot or occupancy (for any period of time) subjects a Tenant to all pertinent provisions of the Governing Documents to the same extent as if Tenant were an Owner; provided that, notwithstanding the foregoing or any provision of the lease between Owner and a Tenant, the Owner shall not be relieved of any obligation under the Governing Documents and shall remain primarily liable thereunder. The Owner is responsible for providing a Tenant with the Governing Documents and notifying the Tenant of any changes therein. The Association may send notices of violations by a Tenant to both the Tenant and to the Owner of the Lot Occupied by the Tenant. Whether or not it is so stated in the lease, a Tenant's violation of the Governing Documents is deemed to be a material default of the lease for which Owner has all available remedies at law or equity.

4. Landlord Owners. Owners of Tenant-occupied Lots are advised to stay informed of and to comply with federal and state laws and local ordinances regulating residential rental properties and relations between landlords and tenants. The Association has no duty to notify Owners about landlord/tenant laws and ordinances.

5. Tenant Communications. Owners shall instruct their Tenants to channel all communications (including non-emergency repair requests) through the Owner. Owners will further instruct their Tenants that the Association does not manage or repair the Lots, and that the Tenant should not contact the Association (except as may be required by the Governing Documents or to report emergencies that are within the Association's scope of responsibility pursuant to Governing Documents).

E. GENERAL USE AND MAINTENANCE OF LOT

1. Use. Except for those Lots owned by Declarant, each Lot must be used solely for private residential use, and may not be used for any commercial or business purposes. This restriction does not prohibit an Owner from using the Lot for personal, business, or professional purposes, provided that: (a) such use is incidental to the Lot's residential use; (b) such use conforms to all applicable Legal Requirements; (c) there is no external evidence of such use; and (d) such use does not entail excessive visits to the Lot by the public, employees, suppliers, or clients. The use of all Lots shall be in accordance with the Governing Documents.

2. Annoyance. An Owner may not use a Lot in a way that: (a) annoys other Owners; (b) reduces the desirability of the Development as a residential community; (c) endangers the health or safety of other Owners; or (d) violates any law or any provision of the Governing Documents

3. Structure and Landscape Maintenance. At all times, Owner shall perform maintenance upon all Improvements and landscaping on his Lot in accordance with the Community-Wide Standard. Owner shall be responsible for mowing up to a 100' radius of Owner's lawn measured from the exterior perimeter of the Dwelling on any Lot.

4. Right of Entry. The Association may enter a Lot in case of an emergency originating in or threatening the Lot, whether or not the Owner is present at the time. This right of entry may be exercised by directors, officers, agents, and employees, and by all police officers, firefighters, and other emergency personnel in the performance of their respective duties.

5. Combustibles. Except for those products sold for exclusive use as household cleaning products or used in the operation of lawnmowers or other equipment, an Owner may not store or maintain explosives or other combustible materials anywhere on the Property, including within its Lot.

6. Report Malfunctions. An Owner shall immediately upon discovery, report to the Association any leak, break, or malfunction in any portion of the Property which the Association has a duty to maintain. An Owner who fails to promptly report a problem may be deemed negligent and may be liable for any additional damage caused by the delay.

7. Compliance with Laws. EACH OWNER SHALL PROMPTLY AND FULLY COMPLY WITH ANY AND ALL LEGAL REQUIREMENTS WITH RESPECT TO THE OCCUPANCY AND USE OF ITS LOT.

F. GENERAL USE AND MAINTENANCE OF COMMON AREAS

1. Intended Use. Each area within the Development may be used only for its intended and obvious purpose. For example, walkways, paths, sidewalks and driveways are used exclusively for purposes of access and emergency egress.

2. Landscaping. No one shall harm, mutilate, alter, litter, uproot or remove any of the landscaping work on or within the Common Areas, or place or affix any planters, statues, fountains, ornamental objects or artificial plants upon any portion of the Common Areas without the prior written consent of the Association. Digging, planting, pruning, and climbing in any landscaped areas within the Common Areas are expressly prohibited.

3. Courtesy. Each Owner will endeavor to use the Common Areas in a manner calculated to respect the rights and privileges of other Owners and other users of the Property. Each Owner will refrain

from conduct that may reasonably be expected to inconvenience, embarrass, or offend the average Owner in the Development and other users of the Property.

4. Code of Conduct. Owners will conduct themselves in a civil manner when dealing with the Association's officers, directors, committee members, employees, contractors, agents, and other Owners. In return, the Owners are due the same courtesy and civility. The following actions are expressly prohibited: (a) verbal abuse; (b) insults and derogatory name-calling; (c) cursing; (d) aggressive or threatening behavior; (e) hostile touching or physical contact; (f) sexual harassment; (g) posting correspondence on the doors of directors and officers; and (h) phone calls that are designed, by their tone, time, or frequency, to harass or intimidate. No person has the right to abuse another, or the duty to tolerate abuse.

5. Association Employees. Owners may not instruct, direct, or supervise the Association's employees and agents, unless directed to do so by the Board of Directors. Owners may not interfere with the performance of duties by the Association's employees, and will refrain from monopolizing the time or attention of the Association's employees.

6. No Hiring of Employees. The employees and agents of the Association are not permitted or authorized to render personal services to Owners. The Owners will not request or encourage employees or agents to violate this provision.

7. Communications among Owners. The Association bears a duty to balance the right of members to communicate with each other against the desire of the Owners and Tenants to be free of uninvited solicitations and misleading communications. To achieve that balance, oral and written communications that are intended for delivery to more than one Owner are subject to this section.

(a) Without the Board of Directors' prior written permission, Owners may not communicate with others in a manner that may give the impression of having been approved or sanctioned by the Association. In communicating with other Owners, the issuer should identify himself and state that the communication has not been sanctioned by the Association.

(b) Without the Board of Directors' prior written permission, a person may not distribute handbills or hand-deliver written communications to mailboxes, Lot doors, or car windshields.

(c) Without the Board of Directors' prior written permission, a person may not solicit information, endorsements, or money from Tenants, except via the U.S. mail.

8. Annoyance. Owners will avoid doing or permitting anything to be done that will annoy, harass, embarrass, or inconvenience other Owners, their guests, or the Association's employees and agents.

9. Noise and Odors. Each Owner will exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb other Owners.

10. Reception Interference. Owners will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, or electronic reception on or about the Development.

11. Vehicles. Automobiles and non-commercial trucks and vans shall be parked only in Garage/Carports or in the driveways serving the Lots unless otherwise approved by the ACC; provided, however, Declarant and/or the Association may designate certain on-street parking areas for visitors or guests subject to reasonable rules. Such vehicle shall be considered a nuisance and may be removed from the Development. Recreational vehicles, such as motor homes, boats, jet skis or other watercraft, trailers, other towed vehicles, motorcycles, "all terrain" vehicles, minibikes, scooters, go-carts, golf carts, campers, commercial trucks and commercial vans may not be parked on a driveway or other area of a Lot that is visible from the street.

12. Firearms. The discharge of firearms is prohibited within the Development. The term "firearms" includes "B-B" guns, pellet guns, and firearms of all types. The Board of Directors may impose additional fines and exercise other enforcement remedies in the Governing Documents to enforce this restriction, but shall not be obligated to exercise self-help to prevent any such discharge.

13. Hunting. Hunting of any kind shall be prohibited within the Development. This includes the hunting of animals by firearms, bowhunting, traps, slingshots or other means of harming, targeting or entrapping wildlife or domesticated animals.

14. Dirt Bikes. Dirt bikes and similar two-wheeled motorized vehicles are forbidden on all roads and other Common Areas within the Development and may only be used on Lots.

15. Incidental Bodies of Water. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams within or adjacent to the Development. In addition, the Association shall not be responsible for maintaining, increasing or decreasing the water level within any lake or other water body or removing vegetation from any lake or other water body.

16. Resolution by Arbitration. All disagreements between an Owner and the Association as a representative of another Owner, with regard to whether or not noises, odors or particular conduct are loud, disturbing, objectionable or otherwise annoying as contemplated in Part I and Part II of these Rules shall be resolved in accordance with the terms of the Declaration.

G. USE OF FACILITIES

1. Access to Facilities. The Association may, in its sole and absolute discretion, designate the hours of access to the Facilities, as well as restrict the use thereof, by requiring pre-scheduling and limiting the amount of time available to each Owner to ensure fair access. The use of the Facilities is subject to compliance with these Rules. Persons using the Facilities must, at all times, respect the rights and privileges of others using the Facilities.

2. Amenities Center. The Amenities Center consists of a clubhouse, swimming pool and pavilion. The clubhouse is available to Owners by reservation as described below

3. Guests. Except for Tenants, a non-Owner may not use the Facilities unless accompanied at all times by an Owner. Each Owner agrees to assume all responsibility for the care, safety and well-being of such Owner's guest or invitee relating to the use of the Facilities. The right of an Owner to share the use of the Facilities with such Owner's guests or invitees is at all times subject to the immediate termination by the Board of Directors if the Governing Documents are violated, or if such termination is deemed by the Board of Directors to be in the Association's best interests.

4. Number of Guests. Owners of a Lot, collectively may not have more than four guests using the Amenities Center. By reservation through the Manager, functions involving a larger number of guests may be permitted in the Amenities Center, provided, however, that the number of guests in the Amenities Center shall at all times comply with the all Legal Requirements and the maximum occupancy standards set forth therein. Reserved functions must be confined to the clubhouse, and the host Owner must ensure that such Owner's guests do not use the other facilities.

5. Age Restrictions for Health and Safety. In addition to the general requirement that the use of the Amenities Center by minors or legal incompetents be with the knowledge and consent of their parent or guardian, no person under the age of 14 years may be permitted in or around the Amenities Center at any time unless accompanied by a parent or legal guardian.

6. Animals Prohibited. Other than assistance animals allowed by Legal Requirements, no animals or pets are permitted in the Amenities Center at any time.

7. Disturbances Prohibited. No loud sounds or boisterous conduct is permitted in the Amenities Center at any time. No use of a radio, television, CD player or similar device is permitted in the Amenities Center unless used with headphones so that others are not disturbed, except that such devices may be permitted to be used at a reserved function in the clubhouse or the pool area as long as other Owners are not disturbed.

8. Glass Containers Prohibited. Containers made of glass are not permitted at any time in the swimming pool area.

9. Suspension of Privileges. The Board of Directors may suspend use of the Facilities by any Owner or guest who violates these Rules and the Design Guidelines in relation to the Facilities more than two times within a 12-month period. The length of the suspension will be determined solely by the Board of Directors, taking into consideration the facility in question and the nature and frequency of the violations. Notice of such suspension will be delivered in writing and will entitle the suspended Facilities user to a hearing before the Board of Directors, pursuant to the terms and conditions for requesting and holding a hearing as set forth in Part II(G)(5) below.

10. Suspension for Nonpayment. The Board of Directors may suspend use of the Facilities by an Owner or by the occupants of that Owner's Lot for any period during which Assessments against that Lot are unpaid, as further set forth in Part II(E)(1).

11. Additional Rules for Swimming Pool. In addition to the Rules and Posted Rules at the swimming pool, the following rules will condition any use of the swimming pool: (a) customary swimming attire must be worn in the swimming pool; (b) street clothes, cutoffs, underwear and nude bathing are not allowed in the pool; (c) pool furniture may not be removed from the swimming pool area; (d) running, rough play, wrestling, excessive splashing and loud behavior are prohibited in the pool area; (e) no person under the age of 14 years may be permitted in or around the swimming pool except pursuant to paragraph 5 above; and (f) children who are not toilet trained are not permitted in the swimming pool.

12. Reservation of the Clubhouse. In addition to the above Rules, including age and guest limitations, the following rules will condition use of the clubhouse:

(a) Reservation. The clubhouse may be reserved through the Association for a specific date not more than 60 days prior to such date. Advance notice of at least one week should be given for any reservation. Owners are limited to a total of two reservations per month.

The Association may charge a fee for the reservation and use of the clubhouse in addition to the refundable deposit.

(b) Use or Function. In connection with a reservation, the Association may require the Owner to describe the purpose for which the clubhouse will be used. The right of Owners to reserve the clubhouse for private use is subject to the right of the Board of Directors to prohibit or condition certain uses or functions or to require additional security deposits.

(c) Cleaning. An Owner who has exclusive use of the clubhouse must restore the clubhouse to a neat and clean condition within two hours after the end of the period reserved or no later than 8:00 a.m. the next day following an evening use. The Association shall have the right to require a deposit in connection with an Owner's reservation of the clubhouse, and if the condition of such clubhouse is not satisfactory upon Manager's inspection, the cost of cleaning or repair will be deducted from such deposit. A minimum deduction by the Association for cleaning or repairs may be set by the Board of Directors.

13. Release. Although all Owners, guests and invitees may be required to sign releases of liability releasing and holding harmless the Association, Board of Directors and employees from any and all liability, claims, losses, and actions arising out of or in connection with the use of any of the Facilities, the mere use of such Facilities, in and of itself, by any person shall constitute a full and complete release and indemnification of the Association, Board of Directors, employees and Manager arising out of and in connection with any such activities. **THE ASSOCIATION EXPRESSLY DISCLAIMS AND DISAVOWS ANY AND ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF FITNESS OR SAFETY FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY OF THE FACILITIES OR ANY EQUIPMENT ASSOCIATED WITH THE FACILITIES.**

14. Risk. Each Owner uses the Facilities and other Common Areas at such Owner's own risk. The Facilities is unattended and unsupervised. Each Owner is solely responsible for such Owner's own safety and that of such Owner's guests. The Association disclaims any and all liability or responsibility for property damage, injury or death occurring from use of the Facilities.

H. HEALTH AND WELL-BEING

For the health, well-being and enjoyment of all Owners, the following limitations and restrictions will be observed, in addition to any Rules, Posted Rules and other warnings or notices that may be posted at the Facilities.

1. Supervision of Minors. For their own well-being and protection, persons who are legally incompetent or younger than 14 years must be under the general control and supervision of their parents or guardians at all times while on the Development. A person under 14 years may not be left unattended in the Development at any time.

EACH OWNER AND OCCUPANT OF A LOT AND THEIR RESPECTIVE LESSEES, INVITEES, LICENSEES, AND GUESTS SHALL BE RESPONSIBLE FOR THEIR OWN PERSONAL SAFETY AND SECURITY ON THEIR LOT AND WITHIN THE DEVELOPMENT. THE ASSOCIATION MAY, BUT SHALL NOT BE OBLIGATED TO, MAINTAIN OR SUPPORT CERTAIN ACTIVITIES WITHIN THE DEVELOPMENT DESIGNED TO MAKE THE DEVELOPMENT SAFER THAN IT OTHERWISE MIGHT BE. NEITHER THE ASSOCIATION, DECLARANT, THE BOARD OF DIRECTORS, THE MANAGER, NOR THE ACC SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE DEVELOPMENT, NOR SHALL ANY

OF THEM 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 SECURITY SYSTEM OR MEASURE, INCLUDING ANY MECHANISM OR SYSTEM FOR LIMITING ACCESS TO THE DEVELOPMENT, CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTANDS AND COVENANTS TO INFORM ITS TENANTS AND ALL OCCUPANTS OF ITS LOT THAT NEITHER THE ASSOCIATION, DECLARANT, THE BOARD OF DIRECTORS, THE MANAGER NOR THE ACC ARE INSURERS OR GUARANTORS OF SECURITY WITHIN THE DEVELOPMENT, AND THAT EACH PERSON USING THE DEVELOPMENT ASSUMES ALL RISKS OF PERSONAL INJURY AND LOSS OR DAMAGE TO PROPERTY, INCLUDING LOTS AND THE CONTENTS OF LOTS, RESULTING FROM ACTS OF THIRD PARTIES.

I. TRASH DISPOSAL

1. General Duty. Owners will endeavor to keep the Development clean and will dispose of all refuse in receptacles for that purpose and may not litter Common Areas.

2. Hazards. Trash may not be left anywhere on the Common Areas other than in the designated receptacles. Owners may not place lighted or smoldering items, including cigarettes, in such designated trash receptacles. Owners may not store trash inside or outside its Lot in a manner that may permit the spread of fire, odors, or seepage, or encouragement of vermin.

J. PETS AND ANIMALS

1. Subject to Legal Requirements. All pets must conform to any applicable animal control ordinances and Legal Requirements.

2. Permitted Pets. Permitted pets include domesticated dogs, cats, rabbits and caged birds. There shall be no more than four adult dogs per household. Dogs must be kept in a kennel, dog run, or fenced in area that confines such dogs to that area. Pets shall not be permitted to run loose within the Development. If required by any Legal Requirement, any such pet(s) must be appropriately vaccinated and licensed through the Governmental Authority.

3. Large Animals. Owners may maintain horses, mules and cows on Lots five acres or greater in size once residential dwelling is constructed. Such animals shall be limited in number to one animal per acre owned by an Owner but only if such Lots are fenced with fencing capable of containing such animals.

4. Prohibited Animals. No Owner may keep a dangerous or exotic animal, trained attack dog, or any other animal determined by the Board of Directors in its sole discretion to be a potential threat to the well-being of people or other animals.

5. Leashes. Pets must be leashed or carried while in Common Areas. No pet may be leashed to a stationary object on the Common Areas. No pet is allowed, at any time, in the Amenities Center.

6. Disturbance. Pets must be kept in a manner that does not disturb another Owner's rest or peaceful enjoyment of its Lot or the Common Areas. No pet may be permitted to bark, howl, whine, yap, yip, screech or make other loud noises for extended or repeated periods of time.

7. Damage. Owners are responsible for any property damage, injury, or disturbance such Owner's pet may cause or inflict on the Common Areas and must compensate any person injured or otherwise damaged by such Owner's pet. An Owner who keeps a pet on its Lot is deemed to indemnify and agrees to hold harmless Declarant, the Board of Directors, the Association, the ACC and other Owners and Tenants, from any loss, claim, or liability of any kind or character whatever resulting from any action of such Owner's pet or arising by reason of keeping or maintaining the pet on such Lot.

8. Dog Walk and Pooper Scooper. Owners are responsible for the removal of pet's wastes from the Common Areas. The Board of Directors may levy a fine against a Lot and its Owner each time feces or urine are discovered on the Common Areas and attributed to an animal in the custody of such Owner.

9. Removal. If an Owner or such Owner's pet violates these Rules, or if a pet creates a nuisance, unreasonable disturbance, or noise, the Owner or person having control of the animal may be given a written notice by the Board of Directors to correct the problem. After the first written warning, a fine in the amount of at least $50 shall be levied for all future violations. If violations occur repeatedly, the Owner, upon written notice from the Board of Directors, may be required to remove the pet. Each Owner agrees to permanently remove the violating animal of such Owner from the Development within ten days after receipt of such removal notice from the Board of Directors.

10. Complaints. Any complaints about pets or Owners violating these Rules shall be made in writing to the Manager or Association and identify the type of infraction, the date of infraction, and must be signed by the witness to the infraction.

11. Compliance. Pets with a physical handicap or, to the extent permitted by applicable Legal Requirements, Owners who have a physical handicap which would prevent them from complying with these Rules, must receive a variance by the Board of Directors or Manager.

K. MISCELLANEOUS

1. Mailing Address. An Owner who receives mail at an address other than the address of such Owner's Lot is responsible for maintaining with the Association such Owner's current mailing address. An Owner who changes such Owner's name or mailing address must notify the Association in writing within 15 days after the change. Notifications of change of name or change of address should be clearly marked as such. All notices required to be sent to Owners by the Governing Documents will be sent to an Owner's most recent address as shown on the records of the Association. If an Owner fails to provide a forwarding address, the address of that Owner's Lot is deemed effective for purposes of delivery.

2. No Waiver. The failure of the Association to enforce a provision of these Rules does not constitute a waiver of the right of the Association to enforce such provision in the future.

3. Severability. If any term or provision of these Rules is held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding will not affect any other term or provision of these Rules.

4. Amendment of Rules. Except for the Design Guidelines, these Rules are subject to being revised, replaced, amended or supplemented by the Board of Directors. Upon any such revision, a copy of the revisions will be delivered to each Owner. Owners are urged to contact the Association to verify the Rules currently in effect on any matter of interest. These Rules will remain effective until ten days after the Association delivers to an Owner of each Lot notice of amendment to or revocation of these Rules. The notice may be published and distributed in an Association newsletter or other community-wide publication.

5. Other Rights. These Rules are in addition to all rights of the Association under the other Governing Documents and all applicable Legal Requirements.

PART II

RULES GOVERNING COLLECTION AND FINING

A. COLLECTION RULES AND PROCEDURES

1. Due Date. An Owner will timely and fully pay Assessments. General Assessments are assessed annually and are due and payable: (a) on the first calendar day of the month at the beginning of the fiscal year; OR (b) in such other manner as the Board may designate in its sole and absolute discretion.

2. 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.

3. 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 1½% per month) until paid in full.

4. 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.

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

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

B. INSTALLMENTS & ACCELERATION

If an Assessment, other than a General 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 General 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.

C. PAYMENTS

1. Application of Payments. After the Association notifies the Owner of a delinquency and the Owner's liability for late fees or interest, and collection costs, any payment received by the Association 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

2. Payment Plans. The Association shall offer a payment plan to a delinquent Owner with a minimum term of at least three (3) months and a maximum term of eighteen (18) 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. 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. 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 C-1.

3. 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.

4. 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.

5. 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.

6. 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.

D. LIABILITY FOR 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.

E. COLLECTION PROCEDURES

1. 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.

2. 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) for the Owner to cure the delinquency before further collection action is taken. 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.

3. 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.

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

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

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

7. 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:

(a) 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

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

(c) 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

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

8. 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.

9. 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.

10. Suspension of Use of Certain Facilities or Services. The Board may suspend the use of the Common Areas, including the Facilities, by an Owner, or his resident or tenant, whose account with the Association is delinquent for at least thirty (30) days.

F. GENERAL PROVISIONS

1. 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.

2. 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.

3. 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.

4. 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

5. Lien Subordination. Section 7.9 of the Declaration provides that the Association shall have the power to subordinate the contractual lien arising from all Assessments levied under Article VII of the Declaration, including interest, late charges, costs and attorney's fees, and secured against any Lot covered by such Assessments and further encumbering the Lot and obligating the Owner of the Lot to the payment of any such unpaid amounts (**"Assessment Liens"**). The Association hereby does and shall subordinate all Assessment Liens in its favor to any and all valid first deeds of trust or first lien Mortgages, including but not limited to any and all first lien Mortgages extended under Texas Constitution Subsection (a) (6) of Section 50, Article XVI (the **"Superior Liens"**). The Association further agrees that the Assessment Liens shall remain subordinate to the Superior Liens regardless of frequency or manner of renewal, extension, change, or alteration of the Superior Lien or the Note Secured by any Superior Lien and that the Association is estopped from asserting the superiority of any Assessment Lien over a Superior Lien from the effective date of these Rules forward.

G. FINING RULES AND PROCEDURE

1. Policy. The Association uses fines to discourage violations of the Declaration, 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 Declaration. The Association's use of fines does not interfere with its exercise of other rights and remedies for the same violation.

2. Owner's Liability. An Owner is liable for fines levied by the Association for violations of the Declaration 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.

3. 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 Declaration. 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.

4. Violation Notice. Before levying a fine, the Association will give the Owner a written violation notice via certified mail, return receipt requested, and an opportunity to be heard, if requested by the Owner. This requirement may not be waived. The Association's written 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 suspension action, charge, or fine and state any amount due to the Association from the Owner; (3) a reference to the rule or provision that is being violated; (4) a description of the action required to cure the violation; (5) the timeframe in which the violation is required to be cured to avoid the fine or suspension; (6) the amount of the fine; (7) a statement that no later than the thirtieth (30th) day after receiving the notice, 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 (8) a statement informing the Owner that they 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 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 notice will state those items set out in (1) – (8) above, along with a specific timeframe by which the violation must be cured to avoid the fine. The notice must state that any future violation of the same rule may result in the levy of a fine.

(b) Repeat Violation – No Cure within 6 Months. If the Owner has been given notice and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months but commits the violation again, the notice will state those items set out in (1) - (3), (6) and (8) above, but will also state that because the Owner has been given notice and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months but has not cured the violation, then the Owner will be fined pursuant to the Schedule of Fines described below.

(c) Continuous Violation. After an Owner has been notified of a violation as set forth herein and assessed fines in the amounts set forth in the Schedule of Fines described below, if the Owner has never cured the violation in response to either the notices or the fines, in its sole discretion, the Board 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.

5. 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 (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 for hearing should be placed in the minutes of the hearing. If the Owner appears at the meeting, the notice requirements will be deemed satisfied..

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

7. Collection of Fines. The Association is not entitled to collect a fine from an Owner to whom it has not given notice and an opportunity to be heard, pursuant to Section 209.006 and Section 209.007 of the Texas Property Code. The Association may not foreclose its assessment lien on a debt consisting solely of fines.

8. 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 purse 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:

GENERAL FINES:

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

H. POSTING AND RECORDATION

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 declaration or 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 Governing Documents.

2. Recordation of All Governing Documents. The Association shall Record all of the Governing 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 Governing Documents of the Association has no effect until the instrument is Recorded in accordance with this provision, as set forth in Texas Property Code Section 202.006.

3. Online Posting of Governing Documents. The Association shall make all of the Governing Documents relating to the Association or subdivision and Recorded in the county deed records available on a website if the Association has, or a management company on behalf of the Association maintains, a publicly accessible website.

I. NOTICE OF ANNUAL MEETING, ELECTIONS AND VOTING RULES

Texas law presently renders null and void any restriction in the Declaration or Bylaws which restrict or prohibit the holding of annual meetings, certain election requirements and voting processes and other conduct related to annual meetings, elections and voting which are contrary to the controlling provisions of the Texas Property Code or any other applicable state law, and notwithstanding anything in the Governing Documents to the contrary, the following minimum requirements must be met:

1. Annual Meetings Mandatory. As set forth in Texas Property Code Section 209.014, the Association is required to call an annual meeting of the Members of the Association.

2. Notice of Election or Association Vote. Not later than the tenth (10^{th}) day or earlier than the sixtieth (60^{th}) day before the date of an election or vote, the Association must give written notice of the election or vote to: (a) each Owner in the Association for purposes of an Association-wide election or vote; or (b) each Owner in the Association entitled to vote to elect Board Members.

3. Election of Board Members. Any Board Member whose term has expired must be elected by Owners in the Association. A Board Member may be appointed by the Board only to fill a vacancy caused by a resignation, death, or disability. A Board Member appointed to fill a vacant position shall serve the unexpired term of the predecessor board member.

4. Eligibility for Board Membership. The Association may not restrict an Owner's right to run for a position on the Board. If the Board is presented with written and documented evidence from a database or other record maintained by a governmental law enforcement authority that a Board Member has been convicted of a felony or crime involving moral turpitude, the Board Member is then immediately ineligible to serve on the Board, automatically considered removed from the Board, and prohibited from future service on the Board.

5. Right to Vote. 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.

6. Voting; Quorum. The voting rights of an Owner 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 any method of representative or delegated voting provided by the Association's governing documents.

7. Written Ballots. 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-wide election, written and signed ballots are not required for uncontested races.

8. Absentee or Electronic Ballots.

(a) Requirements. An absentee or electronic ballot: (i) may be counted as an Owner 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 Owner attends any meeting to vote in person, so that any vote cast at a meeting by an Owner 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.

(b) Meaning of Electronic Ballot. Notwithstanding any contrary provision in the governing document of the Association, "electronic ballot" means a ballot: (i) given by email, facsimile or posting on a website; (ii) for which the identity of Owner submitting the ballot can be confirmed; and (iii) for which the Owner may receive a receipt of the electronic transmission and receipt of the Owner's ballot. If an electronic ballot is posted on a website, a notice of the posting shall be sent to each Owner that contains instructions on obtaining access to the posting on the website.

(c) Solicitation of Votes by Absentee Ballot. 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."

9. 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. A person tabulating votes in an Association election or vote may not disclose to any other person how an individual voted.

10. Recount of Votes.

(a) Requirements. Any Owner may, not later than the fifteenth (15^{th}) day after the date of the meeting at which the election was held, require a recount of the votes. A demand for a recount must be submitted in writing either: (i) by certified mail, return receipt requested, or by delivery by the U.S. Postal Service 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 Owner requesting the recount will be required to pay, in advance, expenses associated with the recount as estimated by the Association. Any recount must be performed on or before the thirtieth (30^{th}) day after the date of receipt of a request and payment for a recount is submitted to the Association for a vote tabulator as set forth below.

(b) Vote Tabulator. At the expense of the Owner requesting the recount, 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 Associations and any person requesting a recount or is a current or former county judge, county elections administrator, justice of the peace or county voter registrar.

(c) Reimbursement for Recount Expenses. If the recount changes the results of the election, the Association shall reimburse the requesting Owner for the cost of the recount to the extent such costs were previously paid by the Owner to the Association. The Association shall provide the results of the recount to each Owner who requested the recount.

(d) 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.

PART III

ARCHITECTURAL CONTROL AND DESIGN GUIDELINES

Each Owner, by accepting a deed to its Lot acknowledges that Declarant has a substantial interest in ensuring that all structures and Improvements within the Development enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market, sell or lease any portion of the Development or other real property owned by Declarant. Therefore,

the Declarant has established the ACC to be responsible for administration of the Design Guidelines and review of all applications for construction and modifications permitted hereunder. The ACC may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred by the ACC in having any application reviewed by architects, engineers or other professionals.

A. ADMINISTRATION AND PROCEDURES

1. The ACC. During the Development Period, the ACC shall consist of Declarant, Declarant's designees or agents, who shall serve at Declarant's discretion. During such time, Declarant shall have full authority to designate and appoint a successor in the event of the death, resignation or removal by Declarant of any member of the ACC. Upon the expiration of the Development Period, or the earlier termination thereof, the Board of Directs shall appoint the members of the ACC, who may consist of one or more members of the Board of Directors. At all times, the ACC shall consist of at least three members.

2. Standards. The ACC shall have the responsibility to develop a Community-Wide Standard for the Development and shall have sole discretion with respect to taste, design standards and other guidelines and restrictions to ensure compliance with the Community-Wide Standard. One objective of the ACC is to prevent unusual, radical, curious, odd, bizarre, peculiar or irregular structures from being built within the Development. The ACC may from time to time adopt such procedural and substantive rules, to the extent not in conflict with the Governing Documents, as it may deem necessary or proper for the performance of its duties, including any additional Design Guidelines and publish and promulgate bulletins regarding such additional Design Guidelines, which shall be fair, reasonable and uniformly applied and shall carry forward the spirit and intention of the Community-Wide Standard and the Governing Documents. The ACC shall have the authority to adopt Design Guidelines which may be applicable to only specific sections within the Development.

3. Submission of Plans to ACC. No Dwelling or other Improvements, including Accessory Buildings, landscaping, building, fences, signs, walls, decks, patios or other structures may be placed, erected, installed or made upon any Lot, nor shall any exterior addition to or change or alteration be made until the Plans, with a $200 fee (the **"Application Fee"**), are submitted to and approved by the a majority of the members of the ACC. Plans shall be submitted to the ACC at least 30 days prior to the commencement of any construction or modification. The ACC is authorized to request the submission of samples of proposed construction materials and to hire professional consultants to assist in the reviewing an Owner's Plans. The ACC shall have the power and authority to make any such subjective judgments and to interpret the intent and provisions of the Design Guidelines and the Governing Documents, as the ACC may deem appropriate in its sole discretion.

4. Approval of Plans. The ACC shall review the Plans and shall notify an Owner in writing of its approval or disapproval. If the ACC fails to approve or disapprove such Plans within 30 days after the same has been submitted to it, such Plans will be deemed to have been approved by the ACC. Any disapproval shall set forth the elements disapproved and the reason or reasons. The judgment of the ACC in this respect in the exercise of its sole and absolute discretion and shall be final and conclusive, and the Owner may revise the Plans (if disapproved) and resubmit them for approval. No construction, alteration, change or modification shall commence on an Owner's Lot until approval of the ACC is obtained.

5. Appeal of Final Decision. Any Owner may appeal the final decision of the ACC by submission of a written request therefor to the Board of Directors within 10 business days the Owner's

receipt of such decision. Such written notice must include the set of Plans and all other information submitted to the ACC by the Owner in connection with the review process, along with a written statement by the Owner justifying approval of its Plans. The Board of Directors shall schedule a special meeting within 30 days of receipt of such written notice from the appealing Owner, which may, but need not be, attended by the Owner or the ACC, where it will consider the position advanced by the Owner and the final decision of the ACC. Within 10 business days after such hearing, the Board of Directors must vote to uphold the final decision of the ACC or approve the Plans as submitted by the Owner to the ACC; the Board of Directors shall have no discretion to recommend or approve modifications to the Plans. A vote of not less than 2/3% of the directors of the Board of Directors shall be necessary to reverse the final decision of the ACC. Such vote of the Board of Directors shall be final and binding on the Owner and the ACC as of the date it is rendered and shall not be subject to the arbitration provisions of the Declaration.Each Owner shall be responsible for paying the costs incurred by the Board of Directors for its review of the Plans regardless of whether such Plans are approved, including any costs incurred by the Board of Directors in employing professional consultants to assist in the reviewing such Owner's Plans.

6. Unauthorized Changes. If an Owner makes unauthorized changes to its Lot or Improvements in a manner unsatisfactory to the ACC, the ACC shall have the right, through its agents and employees, to: (i) enter upon said Lot and to repair, maintain and restore the Lot and the exterior of the Dwelling and any other Improvements erected thereon or remove any prohibited items from such Lot, or (ii) seek enforcement of the Owner's obligations under the Governing Documents in a court of competent jurisdiction located in the County. The ACC, its agents and employees shall have the right to remove any Improvement not complying with these Design Guidelines and in so doing, shall not be liable and are expressly relieved from any liability for trespass of other tort in connection therewith or rising from such removal. The cost of such exterior maintenance and the costs and attorney's fees incurred by the ACC in the enforcement of the rights under these provisions shall be added to and become a part of the Assessments to which such Lot is subject, to the extent permitted by the Act. In addition to the foregoing, the ACC shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of the Design Guidelines.

7. ACC Liability. Neither the Declarant, the Association, the Board of Directors, the ACC nor any employees, officers, directors or members thereof shall be liable for damages or otherwise to anyone submitting plans and specifications for approval or to any Owner affected by the Design Guidelines by reason of mistake of judgment, negligence or nonfeasance arising out or in connection with the approval or disapproval or failure to approve or disapprove any plans or specifications. Any errors in or omissions from the plans and specifications submitted to the ACC shall be the responsibility of the Owner of the Lot to which the Improvements relate, and the ACC shall have no obligation to check for errors in or omissions from any such plans, or to check for such plans' compliance with the general provisions of these Design Guidelines, any Legal Requirements or the common law, whether the same relate to lot lines, building lines, easements or any other issue. Similarly, no approval by the ACC of any plans and specifications shall be deemed or construed as a representation or warranty by the ACC that such plans and specifications comply with any applicable city codes, state statutes or other applicable laws, codes or ordinances. **THE OWNER, MAKING OR CAUSING TO BE MADE SUCH ADDITIONS, ALTERATIONS OR IMPROVEMENTS, AGREES, AND SHALL BE DEEMED TO HAVE AGREED, FOR SUCH OWNER, TO HOLD THE ACC, THE ASSOCIATION, DECLARANT AND ALL OTHER OWNERS HARMLESS FROM AND TO INDEMNIFY THEM FOR ANY LIABILITY OR DAMAGE TO THE PROPERTY RESULTING FROM SUCH ADDITIONS, ALTERATIONS OR IMPROVEMENTS. ANY OTHER OWNER SUBMITTING PLANS HEREUNDER, BY DISSEMINATION OF THE SAME, AND ANY OWNER, BY ACQUIRING TITLE TO THE SAME, AGREES NOT TO SEEK DAMAGES FROM THE ACC, ARISING OUT OF THE ACC'S REVIEW OF ANY PLANS HEREUNDER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE ACC SHALL NOT BE**

RESPONSIBLE FOR REVIEWING, NOR SHALL ITS REVIEW OF ANY PLANS BE DEEMED APPROVAL OF, ANY PLANS FROM THE STANDPOINT OF THE STRUCTURAL SAFETY, SOUNDNESS, WORKMANSHIP, MATERIALS, USEFULNESS, CONFORMITY WITH BUILDING OR OTHER CODES OR INDUSTRY STANDARDS OR COMPLIANCE WITH THE GOVERNING DOCUMENTS AND ALL LEGAL REQUIREMENTS. FURTHER, EACH OWNER AGREES TO INDEMNIFY AND HOLD THE ACC AND ITS RESPECTIVE OFFICERS AND EMPLOYEES HARMLESS FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, DAMAGES, EXPENSES OR LIABILITIES WHATSOEVER, ARISING AS A RESULT OF THE REVIEW OF ANY PLANS HEREUNDER.

8. Certificate. Upon written request of an Owner, the ACC shall furnish a certificate concerning or certifying (if true) the approval of such Owner's plans and specifications, and if applicable, the grant of any deviation hereunder.

9. Variance. Circumstances may warrant waiver or variance of the Design Guidelines. To obtain a waiver or variance, an Owner must make written application to the ACC and the ACC will consider such request and respond to the Owner within 30 days. If the application is approved, the waiver or variance must be in writing, and may be conditioned or otherwise limited. If the ACC fails to approve or disapprove of an Owner's written application for a waiver within 30 days after the date of submission, such waiver shall be deemed approved.

10. No Waiver of Future Approvals. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

11. Amendment. The Design Guidelines may not be amended without the Declarant's written consent during the Development Period. Any amendments to the Design Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced.

12. Single Family Residential Construction. No building shall be erected, altered, placed or permitted to remain on any Lot other than one Dwelling per each Lot to be used for single family residential purposes and one Garage/Carport. All Dwellings, Accessory Buildings and Garage/Carports must be approved in writing by the ACC prior to being erected, altered or placed on the Lot. The term "Dwelling" does not include single or double wide or other manufactured homes, and said manufactured homes are not permitted within the Development.

13. Minimum Size/Height Restrictions. The total air-conditioned habitable area of a Dwelling, as measured to the outside of exterior walls but excluding open porches, breezeways, patios and detached Accessory Buildings, shall be not less than (i) 2,000 square feet in size for one story Dwellings; or (ii) 2,400 square feet in size for two story Dwellings, provided that the first story of such Dwelling is at least 1,600 square feet in size. Any Accessory Building serving as a guest house must have a minimum of 1,000 square feet of total air-conditioned habitable area. No Dwelling, Accessory Building or Garage/Carport may exceed 35 feet in height, which height shall be measured from where the highest point on natural grade of the Lot abuts the Dwelling, Accessory Building or Garage/Carport, except where the slab must be elevated above the natural grade to achieve minimum slab elevation as required by the ACC, in which case the height shall be measured from the minimum slab elevation established by the ACC.

14. Landscape Plans. Landscape and irrigation plans are required to be prepared and submitted to the the ACC. These plans shall show the size, type, locations, and spot elevations of all existing trees to be preserved or to be removed (as the case may be) and all proposed landscape elements. Those Lots for which an irrigation system is required or proposed shall be designed such that there is no overspray onto adjacent yards, streets or Common Areas. Landscaping installed without the review and approval of the ACC is subject to removal if determined to be out of character with the natural settings that exist throughout the Development.

15. Utility Easements. As described in the Declaration, each Lot shall be subject to one or more Utility Easements. In general, there will be a 20 foot easement along the Front Line of each Lot, and a 5 foot easement along the side line and rear line of each Lot. No improvements, including fences, may be constructed within such easement areas.

16. Fences. All walls and fences constructed on a Lot must be approved by the ACC prior to construction and must not exceed six feet in height; provided that fencing constructed within the interior of a Lot that is behind a perimeter wall or fence shall not require the prior approval of the ACC. All fencing must be in Earth Tones and must blend with the natural environment. Fences constructed of white plastic or galvanized chain link are prohibited, as are fences that obstruct natural views within the Development. Lots two acres or less are permitted to fence along the Front Line, however all fencing shall be located behind the Utility Easement and must be made of wrought iron or masonry that matches or compliments the Dwelling on the Lot. All fences on lakefront Lots must have see-through fencing.

17. Roof. Acceptable roof materials shall include slate, clay tile, metal and composition materials where the type, weight, quality, and color have been approved by the ACC. Other materials must be specifically approved by the ACC. All roofs and roofing materials shall be in Earth Tones which complient the exterior color of the Dwelling.

18. Satellite Dishes and Antenna. The ACC shall not prohibit the installation, maintenance or use of antennae used to receive video programming as described in the Over-the-Air Reception Devices Rule adopted by the Federal Communications Commission. An Owner shall be permitted to install or maintain video antenna, including direct-to-home satellite dishes less than one meter in diameter, TV antenna and wireless cable antenna on its Lot, subject to reasonable safety rules established by the ACC from time to time.

19. Exterior Lighting. Landscape uplights are effective for accentuating plant material and other features. Except for holiday season lights (which are appropriate from Thanksgiving through the first week of January). Light fixtures and standards should be chosen to blend into and enhance the Lot it is illuminating. Spillage of light or glare from one property to another should be avoided. Light shields and timer/sensor systems should be used in areas where spill-over is a potential problem. No high or low pressure sodium light shall be permitted.

20. Masonry. At least 80% of the exterior of a Dwelling must be covered with glass, natural wood, brick, stucco, natural stone or other as may be permitted by the ACC. All masonry used is subject to specific ACC approval concerning color, style, and texture. Exposed plain concrete surfaces, excluding flatwork and pavement, aluminum, asbestos siding, vinyl siding, plywood siding, or masonite siding are prohibited; provided, however that Owners shall be permitted to install hardiplank siding on a Dwelling.

21. Exterior Dwelling Materials. Dwellings shall not be adorned with stylistic ornamentation or details that are out of character with the image of the Development. All painted Improvements and other painted structures (where the paint color and texture were originally approved by the ACC) on each

Lot shall be repainted by the Owner(s) thereof at their own expense as often as is reasonably necessary to ensure the attractiveness and aesthetic quality of such Improvement. The subsequent approval of the ACC for such repainting shall not be required so long as neither the color scheme nor the arrangement of the colors of any Improvements, nor the color of any paint thereon is materially altered. The ACC shall have the right to review and approve exterior screen doors, storm doors and security gates and bars as exterior residential materials.

22. Mechanical Equipment. All utility meters, propane tanks, equipment, garbage receptacles, air conditioning compressors, transformers, swimming pool pumps and filters, etc. must be visually screened (so as not to be visible from any Lot, street or other Common Area). All electrical wiring services must be located underground.

23. Garbage. All garbage cans shall be located or screened so as to be concealed from view of streets and adjacent Lots. All rubbish, trash and garbage shall be placed in appropriate containers at a designated location as directed by the ACC from time to time and regularly removed and shall not be allowed to accumulate. There shall be no dumping of grass clippings, leaves or other debris, rubbish, trash or garbage, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake within the Development, except that fertilizers may be applied to landscaping on Lots provided care is taken to minimize runoff. Each Owner must maintain a dumpster on its Lot during construction of a Dwelling, Accessory Building or Garage/Carport for the disposal of all construction debris. No insulation wrappers may be discarded or left on a Lot unless within a dumpster. If an Owner fails to keep its Lot free of construction debris during construction of a Dwelling or Improvements thereon, the ACC may elect to clean such Owner's Lot and use the Application Fee to offset the fees and expenses incurred with respect to such maintenance.

24. Accessory Buildings. An Accessory Building may not be built until construction of the appurtenant Dwelling has commenced. With respect to Lots of two acres or less, the exterior of all Accessory Buildings, excluding barns, must match color of the exterior of the appurtenant Dwelling. Barns may only be constructed on Lots five acres or greater in size and must be located at least 150 feet from the Front Line of the Lot and construction must be behind residential dwelling. The exterior of all barns must have V-groove boards with a baked-on paint finish in Earth Tones that complient the exterior color of the Dwelling.

25. Garage/Carports. A Garage/Carport may not be built until construction of the appurtenant Dwelling has commenced. No more than one Garage/Carport may be constructed on a Lot and must be of a size to accommodate at least two but not more than four vehicles. All Garage/Carports must be attached to the appurtenant Dwelling and the exterior of each Garage/Carport must match the exterior of the appurtenant Dwelling. Any garage that is fully enclosed may be used for storage purposes, provided that carports may be used only for the parking of vehicles. All Garage/Carports must provide for the side entry of vehicles so that the entry of each Garage/Carport does not face the street or the lake and all Garage/Carports constructed on corner Lots must face the side street and shall be located no closer to the side lot line than the minimum side lot building setback line as shown on the Plat.

26. Driveways. All driveways leading from a street within the Development into a Lot must be at least 20 feet in length. The initial 20 feet of a driveway extending from a street into a Lot must be paved in concrete or asphalt; provided that such driveway may be constructed of any material after the initial 20 foot area.The end of each driveway must slope into the street. Driveway culverts must be installed and will be of sufficient size to afford proper drainage of ditches. A driveway culvert must not be less than twelve inches in diameter. The driveway above the culvert should be constructed such that the driveway is at least six inches below the outside edge of the main roadway. Drainage culvert installation is subject to the inspection and approval of the applicable Governmental Authorities and must

be installed prior to any construction on the Lot.All natural drain patterns must remain opened and must not be blocked by ponds or dams.

27. Ponds. Ponds may be constructed on Lots at least four acres in size with the prior written approval of the ACC.

28. Mailboxes. The ACC shall have the right to designate the exclusive design, motif and materials for mailboxes (including the individual or gang "housing" for the mailboxes) within each section of the Development.

29. Signs and Billboards. No signs, including for-sale signs, billboards, posters, or advertising devices of any character shall be erected, permitted or maintained on any Lot or on the Common Areas without the express prior written consent of the ACC. All signs, billboards, posters and other advertising devices shall conform to the ACC's pre-determined signage policy.

30. Additional Approval Rights. The ACC reserves the right to review, approve, and prescribe limitations on the following: (a) pavement surfaces (e.g., the use of stone, gravel, concrete, washed aggregate, wood, brick, asphalt); (b) mulch; (c) driveway reflectors; (d) woodpiles; (e) awnings; (f) decking; (g) outdoor carpeting; (h) screened-in patio and yard areas; (i) rock gardens; (j) grading; and (k) retaining walls.

B. SOLAR ENERGY DEVICES AND ENERGY EFFICIENT ROOFING

Note: Texas statutes presently render null and void any restriction in the Declaration which prohibits the installation of Solar Energy Devices or Energy Efficient Roofing on a Lot as further set forth herein. The ACC has adopted the following policies in lieu of any express prohibition against Solar Energy Devices or Energy Efficient Roofing or any provision regulating such matters which conflict with Texas law.

1. Definitions.

(a) Solar Energy Device Defined. A "**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.

(b) Energy Efficiency Roofing Defined. As used in this Policy, "**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 (c) provide solar generation capabilities.

2. Architectural Review Approval Required. Approval by the ACC is required prior to installing a Solar Energy Device or Energy Efficient Roofing. The ACC is not responsible for: (a) errors in or omissions in the application submitted to the ACC for approval; (b) supervising the installation or construction to confirm compliance with an approved application; or (c) the compliance of an approved application with governmental codes and ordinances, state and federal laws.

3. Approval Application. To obtain ACC approval of a Solar Energy Device, the Owner shall provide the ACC with the following information: (a) the proposed installation location of the Solar Energy Device; and (b) 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 unless the Owner's tenant provides written confirmation at the time of submission that the Owner consents to the Solar Application.

4. Approval Process. The decision of the ACC will be made within a reasonable time, or within the time period otherwise required by the principal deed restrictions which govern the review and approval of improvements. The ACC will approve a Solar Energy Device if the Solar Application complies with Part III(B)(5) below **UNLESS** the ACC makes a written determination that placement of the Solar Energy Device, despite compliance with Part III(B)(5) will create a condition that substantially interferes with the use and enjoyment of the property within the community by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities. The ACC's right to make a written determination in accordance with the foregoing sentence is negated if all Owners of property immediately adjacent to the Owner/applicant provide written approval of the proposed placement. Notwithstanding the foregoing provision, a Solar Application submitted to install a Solar Energy Device on property owned or maintained by the Association or property owned in common by members of the Association will not be approved despite compliance with this Part III(B)(5). Any proposal to install a Solar Energy Device on property owned or maintained 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 this policy when considering any such request.

Each Owner is advised that if the Solar Application is approved by the ACC, installation of the Solar Energy Device must: (a) strictly comply with the Solar Application; (b) commence within thirty (30) days of approval; and (c) be diligently prosecuted to completion. If the Owner fails to cause the Solar Energy Device to be installed in accordance with the approved Solar Application, the ACC may require the Owner to: (y) modify the Solar Application to accurately reflect the Solar Energy Device installed on the property; or (z) remove the Solar Energy Device and reinstall the device in accordance with the approved Solar Application. Failure to install a Solar Energy Device in accordance with the approved Solar Application or an Owner's failure to comply with the post-approval requirements constitutes a violation of this policy and may subject the Owner to fines and penalties. Any requirement imposed by the ACC to resubmit a Solar Application or remove and relocate a Solar Energy Device in accordance with the approved Solar Application shall be at the Owner's sole cost and expense.

5. Approval Conditions. Unless otherwise approved in advance and in writing by the ACC, each Solar Application and each Solar Energy Device to be installed in accordance therewith must comply with the following:

(a) 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 will be located on the roof of the residence, the ACC 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 10 percent above the energy production of the Solar Energy Device if installed in the location designated by the ACC. If the Owner desires to contest the alternate location proposed by the ACC, the Owner should submit information to the ACC which demonstrates that the Owner's proposed location meets the foregoing criteria. If the Solar Energy Device will be 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.

(b) If the Solar Energy Device is mounted on the roof of the principal residence located on the Owner's lot, then: (i) the Solar Energy Device may not extend higher than or

beyond the roofline; (ii) 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; and (iii) the frame, support brackets, or visible piping or wiring associated with the Solar Energy Device must be silver, bronze or black.

6. Energy Efficient Roofing. The ACC 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 community; (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 these Design Guidelines. In conjunction with any such approval process, the Owner should submit information which will enable the ACC to confirm the criteria set forth in the previous paragraph.

C. RAINWATER HARVESTING SYSTEM

Note: Texas statutes presently render null and void any restriction in the Declaration which prohibits the installation of any Rainwater Harvesting Systems on a Lot. The ACC has adopted this policy in lieu of any express prohibition against Rainwater Harvesting Systems, or any provision regulating such matters which conflict with Texas law.

1. Architectural Review Approval Required. Approval by architectural review authority under the Declaration (the **"ACC"**) is required prior to installing rain barrels or rainwater harvesting system on a residential lot (a "**Rainwater Harvesting System**"). The ACC is not responsible for: (a) errors in or omissions in the application submitted to the ACC for approval; (b) supervising installation or construction to confirm compliance with an approved application; or (c) the compliance of an approved application with governmental codes and ordinances, state and federal laws.

2. Approval Application. To obtain ACC approval of a Rainwater Harvesting System, the Owner shall provide the ACC with the following information: (a) the proposed installation location of the Rainwater Harvesting System; and (b) a description of the Rainwater Harvesting System, including the color, dimensions, manufacturer, and photograph or other accurate depiction (the "**Rain System Application**"). A Rain System 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 Rain System Application.

3. Approval Process. The decision of the ACC will be made within a reasonable time, or within the time period otherwise required by the principal deed restrictions which govern the review and approval of improvements. A Rain System Application submitted to install a Rainwater Harvesting System on property owned by the Association or property owned in common by members of the Association will not be approved. Any proposal to install a Rainwater Harvesting System 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 this policy when considering any such request.

Each Owner is advised that if the Rain System Application is approved by the ACC, installation of the Rainwater Harvesting System must: (a) strictly comply with the Rain System Application; (b) commence within thirty (30) days of approval; and (c) be diligently prosecuted to completion. If the Owner fails to cause the Rain System Application to be installed in accordance with the approved Rain System Application, the ACC may require the Owner to: (y) modify the Rain System Application to accurately reflect the Rainwater Harvesting System installed on the property; or (z) remove the Rainwater

Harvesting System and reinstall the device in accordance with the approved Rain System Application. Failure to install a Rainwater Harvesting System in accordance with the approved Rain System Application or an Owner's failure to comply with the post-approval requirements constitutes a violation of this policy and may subject the Owner to fines and penalties. Any requirement imposed by the ACC to resubmit a Rain System Application or remove and relocate a Rainwater Harvesting System in accordance with the approved Rain System shall be at the Owner's sole cost and expense.

4. Approval Conditions. Unless otherwise approved in advance and in writing by the ACC, each Rain System Application and each Rainwater Harvesting System to be installed in accordance therewith must comply with the following:

(a) The Rainwater Harvesting System must be consistent with the color scheme of the residence constructed on the Owner's lot, as reasonably determined by the ACC.

(b) The Rainwater Harvesting System does not include any language or other content that is not typically displayed on such a device.

(c) 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.

(d) There is sufficient area on the Owner's lot to install the Rainwater Harvesting System, as reasonably determined by the ACC.

(e) If the Rainwater Harvesting System will be installed on or within the side yard of a lot, or would otherwise be visible from a street, common area, or another Owner's property, the ACC may regulate the size, type, shielding of, and materials used in the construction of the Rainwater Harvesting System.

5. Guidelines for Certain Rainwater Harvesting Systems. If the Rainwater Harvesting System will be installed on or within the side yard of a lot, or would otherwise be visible from a street, common area, or another Owner's property, the ACC may regulate the size, type, shielding of, and materials used in the construction of the Rainwater Harvesting System. Accordingly, when submitting a Rain Device Application, the application should describe methods proposed by the Owner to shield the Rainwater Harvesting System from the view of any street, common area, or another Owner's property. When reviewing a Rain 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, common area, or another Owner's property, any additional regulations imposed by the ACC 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 ACC.

D. XERISCAPING

Note: Texas statutes presently render null and void any restriction in the Declaration which completely prohibits the installation of drought-resistant landscaping or water-conserving turf on a residential lot, which is a landscaping procedure known as xeriscaping (**"Xeriscaping"**). The ACC has adopted this policy in lieu of any express prohibition against Xeriscaping or any provision regulating such matters which conflict with Texas law.

1. Architectural Review Approval Required. Approval by the ACC is required prior to installing Xeriscaping. The ACC is not responsible for: (a) errors or omissions in the application submitted to the ACC for approval; (b) supervising installation or construction to confirm compliance

with an approved application or (c) the compliance of an approved application with governmental codes and ordinances, state and federal laws.

2. Approval Application. To obtain ACC approval of Xeriscaping, the Owner shall provide the ACC with the following information: (a) the proposed site location of the Xeriscaping on the Owner's Lot; (b) a description of the Xeriscaping, including the types of plants, border materials, hardscape materials and photograph or other accurate depiction and (c) 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.

3. Approval Process. The decision of the ACC will be made within a reasonable time, or within the time period otherwise required by the principal deed restrictions which govern the review and approval of improvements. A Xeriscaping Application submitted to install Xeriscaping on property owned by the Association or property owned in common by members of the Association will not be approved. Any proposal to install Xeriscaping 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 this policy when considering any such request

4. Approval Conditions. Unless otherwise approved in advance and in writing by the ACC, each Xeriscaping Application and all Xeriscaping to be installed in accordance therewith must comply with the following:

(a) The Xeriscaping must be aesthetically compatible with other landscaping in the community as reasonably determined by the ACC. For purposes of this Xeriscaping policy, "aesthetically compatible" shall mean overall and long-term aesthetic compatibility within the community. For example, an Owner's Lot plan may be denied if the ACC determines that: a) the proposed Xeriscaping would not be harmonious with already established turf and landscaping in the overall community; and/or b) 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.

(b) No Owner shall install gravel, rocks or cacti that encompass over 20% of such Owner's front yard or over 50% of such Owner's back yard.

(c) The Xeriscaping must not attract diseases and insects that are harmful to the existing landscaping on neighboring Lots, as reasonably determined by the ACC.

5. Installation. Each Owner is advised that if the Xeriscaping Application is approved by the ACC, installation of the Xeriscaping must: (a) strictly comply with the Xeriscaping Application; (b) commence within thirty (30) days of approval; and (c) be diligently prosecuted to completion. If the Owner fails to cause the Xeriscaping to be installed in accordance with the approved Xeriscaping Application, the ACC may require the Owner to: (y) modify the Xeriscaping Application to accurately reflect the Xeriscaping installed on the property; or (z) 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 this policy and may subject the Owner to fines and penalties. Any requirement imposed by the ACC to resubmit a Xeriscaping Application or remove and relocate Xeriscaping in accordance with the approved Xeriscaping Application shall be at the Owner's sole cost and expense

E. FLAGS AND FLAGPOLES

Note: Texas statutes presently render null and void any restriction in the Declaration which restricts or prohibits the display of certain flags or the installation of certain flagpoles on a residential lot in violation of the controlling provisions of Section 202.011 of the Texas Property Code or any federal or other applicable state law. The Board and/or the architectural approval authority under the Declaration has adopted this policy in lieu of any express prohibition against certain flags and flagpoles, or any provision regulating such matters which conflict with Texas law.

1. Approval Not Required. In accordance with the general guidelines set forth in this policy, an Owner is permitted to display the flag of the United States of America, the flag of the State of Texas, or an official or replica flag of any branch of the United States Military (**"Permitted Flag"**) and permitted to install a flagpole no more than five feet (5') in length affixed to the front of a residence near the principal entry or affixed to the rear of a residence (**"Permitted Flagpole"**). Only two (2) permitted Flagpoles are allowed per residence. A Permitted Flag or Permitted Flagpole need not be approved in advance by the ACC.

2. Approval Required. Approval by the ACC is required prior to installing vertical freestanding flagpoles installed in the front or back yard area of any residential lot (**"Freestanding Flagpole"**). The ACC is not responsible for: (i) errors in or omissions in the application submitted to the ACC for approval; (ii) supervising installation or construction to confirm compliance with an approved application; or (iii) the compliance of an approved application with governmental codes and ordinances, state and federal laws.

3. Approval Application. To obtain ACC approval of any Freestanding Flagpole, the Owner shall provide the ACC with the following information: (a) the location of the flagpole to be installed on the property; (b) the type of flagpole to be installed; (c) the dimensions of the flagpole; and (d) the proposed materials of the flagpole (the **"Flagpole Application"**). A Flagpole 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 Flagpole Application.

4. Approval Process. The decision of the ACC will be made within a reasonable time, or within the time period otherwise required by the principal deed restrictions which govern the review and approval of improvements. A Flagpole Application submitted to install a Freestanding Flagpole on property owned by the Association or property owned in common by members of the Association will not be approved. Any proposal to install a Freestanding Flagpole 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 this policy when considering any such request.

Each Owner is advised that if the Flagpole Application is approved by the ACC, installation of the Freestanding Flagpole must: (a) strictly comply with the Flagpole Application; (b) commence within thirty (30) days of approval; and (c) be diligently prosecuted to completion. If the Owner fails to cause the Freestanding Flagpole to be installed in accordance with the approved Flagpole Application, the ACC may require the Owner to: (y) modify the Flagpole Application to accurately reflect the Freestanding Flagpole installed on the property; or (z) remove the Freestanding Flagpole and reinstall the flagpole in accordance with the approved Flagpole Application. Failure to install a Freestanding Flagpole in accordance with the approved Flagpole Application or an Owner's failure to comply with the post-approval requirements constitutes a violation of this policy and may subject the Owner to fines and penalties. Any requirement imposed by the ACC to resubmit a Flagpole Application or remove and relocate a Freestanding Flagpole in accordance with the approved Flagpole Application shall be at the Owner's sole cost and expense.

5. Installation, Display and Approval Conditions. Unless otherwise approved in advance and in writing by the ACC, Permitted Flags, Permitted Flagpoles and Freestanding Flagpoles, installed in accordance with the Flagpole Application, must comply with the following:

(a) No more than one (1) Freestanding Flagpole OR no more than two (2) Permitted Flagpoles are permitted per residential lot, on which only Permitted Flags may be displayed;

(b) Any Permitted Flagpole must be no longer than five feet (5') in length and any Freestanding Flagpole must be no more than twenty feet (20') in height;

(c) Any Permitted Flag displayed on any flagpole may not be more than three feet in height by five feet in width (3' x 5');

(d) With the exception of flags displayed on common area owned and/or maintained by the Association and any lot which is being used for marketing purposes by a builder, 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;

(e) The display of a flag, or the location and construction of the flagpole must comply with all applicable zoning ordinances, easements and setbacks of record;

(f) Any 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;

(g) A flag or a flagpole must be maintained in good condition and any deteriorated flag or deteriorated or structurally unsafe flagpole must be repaired, replaced or removed;

(h) Any flag may be illuminated by no more than one (1) halogen landscaping light of low beam intensity which shall not be aimed towards or directly affect any neighboring property; and

(i) Any external halyard of a flagpole must be secured so as to reduce or eliminate noise from flapping against the metal of the flagpole.

F. DISPLAY OF CERTAIN RELIGIOUS ITEMS

1. Display of Certain Religious Items Permitted. An Owner or resident is permitted to display or affix to the entry of the Owner's or resident's dwelling one or more religious items, the display of which is motivated by the Owner's or resident's sincere religious belief. This Policy outlines the standards which shall apply with respect to the display or affixing of certain religious items on the entry to the Owner's or resident's dwelling

2. General Guidelines. Religious items may be displayed or affixed to an Owner or resident's entry door or door frame of the Owner or resident's dwelling; provided, however, that individually or in combination with each other, the total size of the display is no greater than twenty-five square inches (5"x5" = 25 square inches)

3. Prohibitions. No religious item may be displayed or affixed to an Owner or resident's dwelling that: (a) threatens the public health or safety; (b) violates applicable law; or (c) contains

language, graphics or any display that is patently offensive. No religious item may be displayed or affixed in any location other than the entry door or door frame and in no event may extend past the outer edge of the door frame of the Owner or resident's dwelling. Nothing in this Policy may be construed in any manner to authorize an Owner or resident to use a material or color for an entry door or door frame of the Owner or resident's dwelling or make an alteration to the entry door or door frame that is not otherwise permitted pursuant to the Association's governing documents

4. Removal. The Association may remove any item which is in violation of the terms and provisions of this Policy

5. Covenants in Conflict with Statutes. To the extent that any provision of the Association's recorded covenants restrict or prohibit an Owner or resident from displaying or affixing a religious item in violation of the controlling provisions of Section 202.018 of the Texas Property Code, the Association shall have no authority to enforce such provisions and the provisions of this Policy shall hereafter control.

G. RECORD INSPECTION, COPYING AND RETENTION.

Note: Texas statutes presently render null and void any restriction in the 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 Board has adopted this policy in lieu of any express prohibition or any provision regulating such matters which conflict with Texas law.

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, the current version of which is set forth below. 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) days along with either: (i) another date within an additional fifteen (15) days on which the records may either be inspected or by which the copies will be sent to the Owner; or (ii) after a diligent search, the requested records are missing and cannot be located.

4. Records Retention. The Association shall keep the follow records for at least the times periods stated below:

(a) **PERMANENT:** The Articles of Incorporation or the Certificate of Formation, the Bylaws and the 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 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, 2012, and the retention period is five (5) years, the retention period begins on December 31, 2012 and ends on December 31, 2017. 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 a 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.

8. Charges for Providing Copies of Public Information. Charges for providing copies shall be governed by Texas Administrative Code Section §70.3 as restated as follows:

TEXAS ADMINISTRATIVE CODE

TITLE 1, PART 3, CHAPTER 70

SECTION 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.

H. WILDFIRE MITIGATION

Regulations in this section are intended to provide the recommended minimum requirements to prevent the occurrence of wildfires.

1. Definitions

"Fuel Modification" means a method of modifying fuel load by reducing the amount of nonfire-resistive vegetation or altering the type of vegetation to reduce the fuel load.

"Hazardous Materials" has the definition and meaning ascribed thereto in the International Fire Code.

"Urban-Wildland Interface Area" means that geographical area where structures and other human development meets or intermingles with wildland or vegetative fuels.

"Wildfire" means an uncontrolled fire spreading through vegetative fuels, exposing and possibly consuming structures.

"Wildland" means an area in which development is essentially nonexistent, except for roads, railroads, power lines, and similar facilities.

2. Equipment and Devices Generating Heat, Sparks, or Open Flames. Except with respect to the use of approved equipment in inhabited premises, equipment and devices generating heat, sparks or open flames capable of igniting nearby combustibles should not be used in Urban-Wildland Interface Areas without a permit from the ACC

3. Fireworks. Fireworks should not be used or possessed in Urban-Wildland Interface Areas.

4. Outdoor fires. Building, igniting, or maintaining an outdoor fire of any kind for any purpose in or on any Urban-Wildland Interface Area is discouraged; provided, however, that outdoor fires within inhabited premises or designated areas where such fires are in a permanent barbecues, portable barbecue, outdoor fireplace, incinerator, or grill and are a minimum of 30 feet from any combustible material or non fire-resistive vegetation are permitted. Permanent barbecue, portable barbecues, outdoor fireplaces, or grills should not be used for the disposal of rubbish, trash, or combustible waste material.

5. Incinerators, Outdoor Fireplaces, Permanent Barbecues, and Grills. Incinerators, outdoor fireplaces, permanent barbecues, and grills should not be built, installed, or maintained in Urban-Wildland Interface Areas without approval of the ACC. Incinerators, outdoor fireplaces, permanent barbecues, and grills should be maintained in good repair and in a safe condition at all times. Openings in such appliances should be provided with an approved spark arrestor, screen or door.

6. Reckless behavior. The ACC is authorized to stop any actions of a person or persons if the ACC determines that the action is reckless and could result in an ignition of fire or spread of fire.

7. Control of Storage.

(a) Hazardous materials. Hazardous materials in excess of 10 gallons of liquid, 200 cubic feet of gas, or 10 pounds of solids require a permit and must comply with nationally recognized standards for storage and use.

(b) Explosives. Explosives should not be possessed, kept, stored, sold, offered for sale, given away, used, discharged, transported, or disposed of within Urban-Wildland Interface Areas, except by permit from the ACC.

(c) Combustible materials. Outside storage of combustible materials such as, but not limited to, wood, rubber tires, building materials, or paper products, should comply with the other applicable sections of these Design Guidelines and this section. Individual piles should not exceed 5,000 square feet of contiguous area. Piles should not exceed 50,000 cubic feet in volume or 10 feet in height. A clear space of at least 40 feet should be provided between piles. The clear space should not contain combustible material or non fire-resistive vegetation.

8. Dumping.

(a) Waste material. Except with respect to approved public and private dumping areas, waste material should not be placed, deposited, or dumped in Urban-Wildland Interface Areas, or in, on, or along trails, roadways, or highways or against structures in Urban-Wildland Interface Areas.

(b) Ashes and Coals. Ashes and coals should not be placed, deposited, or dumped in or on Urban-Wildland Interface Areas; provided, however, ashes and coals may be deposited: (i) in the hearth of an established fire pit, camp stove, or fireplace; (ii) in a noncombustible container with a tight-fitting lid, which is kept or maintained in a safe location not less than 10 feet from non fire-resistive vegetation or structures; or (iii) where such ashes or coals are buried and covered with 1 foot of mineral earth not less than 25 feet from non fire-resistive vegetation or structures.

9. Protection of Pumps and Water Storage Facilities

(a) Fuel modification area. Water storage and pumping facilities should be provided with a defensible space of not less than 30 feet clear of non fire-resistive vegetation or growth around and adjacent to such facilities.

(b) Trees. Portions of trees that extend to within 30 feet of combustible portions of water storage and pumping facilities should be removed.

10. Creating Wildfire Defensible Space. Creating defensible space is essential to improve the chance of the survival of Dwellings and Improvements in the event of a wildfire. "Wildfire Defensible Space" is the buffer created between the Dwellings and Improvements and the grass, trees, shrubs, or any wildland area that surround it. This space is needed to slow or stop the spread of wildfire and it protects Dwellings and Improvements from catching fire – either from direct flame contact or radiant heat. Defensible space is also important for the protection of the firefighters. One hundred feet (100') of Wildfire Defensible Space is required consisting of two (2) zones as follows:

(a) Zone 1. Zone 1 extends 30 feet out from all buildings, structures, decks, etc. comprising any Dwelling or Improvements on a Lot. The following should be undertaken to create a Zone 1 Wildfire Defensible Space before or during wildfire season:

(i) remove all dead plants, grass and weeds (vegetation);

(ii) remove dead or dry leaves and pine needles from the yard, roof and rain gutters;

(iii) trim trees regularly to keep branches a minimum of 10 feet from other trees;

(iv) remove branches that hang over your roof and keep dead branches 10 feet away from your chimney;

(v) relocate wood piles into Zone 2;

(vi) remove or prune flammable plants and shrubs near windows;

(vii) remove vegetation and items that could catch fire from around and under decks; and

(viii) create a separation between trees, shrubs and items that could catch fire, such as patio furniture, wood piles, swing sets, etc.

(b) Zone 2. Zone 2 extends between 30 feet out and 100 feet out from all buildings, structures, decks, etc. comprising any Dwelling or Improvements on a Lot. The following should be undertaken to create a Zone 2 Wildfire Defensible Space before or during wildfire season:

(i) cut or mow annual grass down to a maximum height of 4 inches;

(ii) create horizontal spacing between shrubs and trees;

(iii) create vertical spacing between grass, shrubs and trees; and

(iv) remove fallen leaves, needles, twigs, bark, cones, and small branches' however, they may be permitted to a depth of 3 inches.

These Design Guidelines and Rules were unanimously adopted by the Board, as evidenced below by the signatures of the President on behalf of the Board and an authorized representative of Declarant, as and on behalf of the ACC, on the 15 day of May, 2014:

The Association:

POSSUM KINGDOM PROPERTY OWNERS ASSOCIATION, INC.
a Texas non-profit corporation

By: _____
Printed Name: OSCAR ROHNE
Title: President

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on this the 15th day of May, 2014, by Oscar Rohne, President of Possum Kingdom Owners Association, Inc., a Texas non-profit corporation, on behalf of said non-profit corporation.

SEAL
KATHY E. HARRIS
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 08-29-2014

_____
Notary Public Signature

Declarant/ACC:

SOUTHERN LAKES & LEISURE, LLC, a Texas limited liability company d/b/a **THE HILLS ABOVE POSSUM KINGDOM LAKE**

By: _____
Printed Name: OSCAR ROHNE
Title: President

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on this the 15th day of May, 2014, by Oscar Rohne, President of SOUTHERN LAKES & LEISURE, LLC, a Texas limited liability company d/b/a THE HILLS ABOVE POSSUM KINGDOM LAKE, on behalf of said limited liability company.

(SEAL)

KATHY E. HARRIS
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 08-29-2014

_____
Notary Public Signature

EXHIBIT A – LEGAL DESCRIPTION

PROPERTY DESCRIPTION:

BEING a tract of land situated in the T.W. Moore Survey, Abstract No. 1280 and the L.J. Pitts Survey, Abstract No. 1289, Palo Pinto County, Texas, said tract of land being a portion of the land described in the deed to Southern Lakes and Leisure, L.L.C., as recorded in Volume 1447, Page 484 and Volume 1490, Page 490 of the Official Public Records, Palo Pint County, Texas, said tract of land being more particularly described by metes and bounds as follows:

BEGINNING at a found 5/8 inch capped iron rod stamped "BHB INC" being the southwest corner of Lot 275, The Hills Above Possum Kingdom Lake, Phase Two, Section Three, a subdivision in Palo Pinto County, Texas according to the plat recorded in Volume 9, Page 98, Slide 664, Official Public Records, Palo Pinto County, Texas, said found 5/8 inch capped iron rod stamped "BHB INC" also being on the easterly Right of Way line of Crimson Clover Drive, a 60.00 feet wide Right of Way, according to said plat of The Hills Above Possum Kingdom Lake, Phase Two, Section Three;

THENCE North 72 degrees 26 minutes 57 seconds East, leaving the easterly Right of Way line of said Crimson Clover Drive and being along the southerly line of said Lot 275, The Hills Above Possum Kingdom Lake, Phase Two, Section Three, a distance of 539.35 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the southeast corner of said Lot 275, The Hills Above Possum Kingdom Lake, Phase Two, Section Three;

THENCE North 17 degrees 33 minutes 03 seconds West, along the easterly line of Lots 275 thru 279 of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three, a distance of 811.65 feet to a found 5/8 inch capped iron rod stamped "BHB INC";

THENCE North 72 degrees 26 minutes 57 seconds East, a distance of 193.68 feet to a set 5/8 inch capped iron rod stamped "BHB INC";

THENCE South 39 degrees 33 minutes 34 seconds East, a distance of 526.88 feet to a set 5/8 inch capped iron rod stamped "BHB INC";

THENCE South 51 degrees 10 minutes 44 seconds East, a distance of 12.17 feet to a set 5/8 inch capped iron rod stamped "BHB INC" for the beginning of a curve to the right whose chord bears south 41 degrees 43 minutes 43 seconds east, a distance of 105.08 feet and having a radius of 320.00 feet;

THENCE in a southeasterly direction, along said curve to the right, through a central angle of 18 degrees 54 minutes 03 seconds, an arc distance of 105.56 feet to a set 5/8 inch capped iron rod stamped "BHB INC" for the end of said curve to the right;

THENCE South 32 degrees 16 minutes 41 seconds East, a distance of 557.58 feet to a set 5/8 inch capped iron rod stamped "BHB INC";

THENCE North 57 degrees 43 minutes 19 seconds East, a distance of 411.75 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being on the northerly line of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three;

THENCE South 82 degrees 40 minutes 44 seconds East, along the northerly line of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three, a distance of 131.96 feet to a found 5/8 inch capped

iron rod stamped "BHB INC" being the northwest corner of Lot 302 of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three;

THENCE South 08 degrees 30 minutes 02 seconds East, along the westerly line of said Lot 302, The Hills Above Possum Kingdom Lake, Phase Two, Section Three, a distance of 551.08 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the southwest corner of said Lot 302, The Hills Above Possum Kingdom Lake, Phase Two, Section Three, said found 5/8 inch capped iron rod stamped "BHB INC" also being on the northerly Right of Way line of Shooting Star Court, a 60.00 feet wide Right of Way, according to said plat of The Hills Above Possum Kingdom Lake, Phase Two, Section Three, said found 5/8 inch capped iron rod stamped "BHB INC" also being the beginning of a non-tangent curve to the left whose chord bears south 44 degrees 15 minutes 13 seconds west, a distance of 313.54 feet and having a radius of 330.00 feet;

THENCE in a southwesterly direction, along the northerly Right of Way line of said Shooting Star Court and said non-tangent curve to the left, through a central angle of 56 degrees 43 minutes 38 seconds, an arc distance of 326.73 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the point of a reverse curve to the right whose cord bears south 47 degrees 05 minutes 11 seconds west, a distance of 383.30 feet and having a radius of 370.00 feet;

THENCE in a southwesterly direction, along the northerly Right of Way line of said Shooting Star Court and said reverse curve to the right, through a central angle of 62 degrees 23 minutes 34 seconds, an arc distance of 402.92 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the end of said reverse curve to the right;

THENCE South 78 degrees 16 minutes 58 seconds West, along the northerly Right of Way line of said Shooting Star Court, a distance of 263.55 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the left whose chord bears south 70 degrees 21 minutes 15 seconds west, a distance of 111.20 feet and having a radius of 60.00 feet;

THENCE in a southwesterly direction, along the northerly Right of Way line of said Shooting Star Court and said curve to the left, through a central angle of 135 degrees 51 minutes 23 seconds, an arc distance of 142.27 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the left, said found 5/8 inch capped iron rod stamped "BHB INC" also being the northeast corner of Lot 310 of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three;

THENCE North 87 degrees 34 minutes 19 seconds West, leaving the northerly Right of Way line of said Shooting Star Court and being along the northerly line of said Lot 310, The Hills Above Possum Kingdom Lake, Phase Two, Section Three, a distance of 404.00 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the northwest corner of said Lot 310, The Hills Above Possum Kingdom Lake, Phase Two, Section Three, said found 5/8 inch capped iron rod stamped "BHB INC" also being on the easterly line of Lot 563 of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three;

THENCE North 02 degrees 25 minutes 41 seconds East, along the easterly line of Lot 563 and Lot 264 of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three, a distance of 192.19 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the northeast corner of said Lot 264, The Hills Above Possum Kingdom Lake, Phase Two, Section Three;

THENCE North 60 degrees 26 minutes 05 seconds West, along the northerly line of said Lot 264, The Hills Above Possum Kingdom Lake, Phase Two, Section Three, a distance of 489.29 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the northwest corner of said Lot 264, The Hills Above Possum Kingdom Lake, Phase Two, Section Three, said found 5/8 inch capped iron rod stamped "BHB

INC" also being on the easterly Right of Way line of Crimson Clover Drive, a 60.00 feet wide Right of Way, according to said plat of The Hills Above Possum Kingdom Lake, Phase Two, Section Three, said found 5/8 inch capped iron rod stamped "BHB INC" also being the beginning of a non-tangent curve to the left whose chord bears north 04 degrees 05 minutes 09 seconds east, a distance of 243.35 feet and having a radius of 330.00 feet;

THENCE in a northeasterly direction, along the easterly Right of Way line of said Crimson Clover Drive and said non-tangent curve to the left, through a central angle of 43 degrees 16 minutes 24 seconds, passing a found 5/8 inch capped iron rod stamped "BHB INC" being at the intersection of the easterly Right of Way line of said Crimson Clover Drive and the southerly Right of Way line of Honeysuckle Court, a 60.00 feet wide Right of Way, according to said plat of The Hills Above Possum Kingdom Lake, Phase Two, Section Three, at an arc distance of 230.25 feet and continue for a total arc distance of 249.24 feet to a point for the end of said non-tangent curve to the left;

THENCE North 17 degrees 33 minutes 03 seconds West, passing a found 5/8 inch capped iron rod stamped "BHB INC" being at the intersection of the easterly Right of Way line of said Crimson Clover Drive and the northerly Right of Way line of said Honeysuckle Court at a distance of 41.02 feet and continue along the easterly Right of Way line of said Crimson Clover Drive for a total distance of 203.35 feet to the POINT OF BEGINNING and containing 1,719,882.9 Square Feet or 39.483 acres of Land.

PHASE TWO, SECTION THREE A
PARCEL ONE

Being a tract of land situated in the D. C. Coffman Survey, A-1531; T.W. Moore Survey, A-1652; T.W. Moore Survey, A-1653 all within Palo Pinto County, Texas, said tract being a portion of tracts deeded to Possum Kingdom Corp. per document recorded in Volume 1373, Page 40 and Volume 1408, Page 263 of the Official Public Records of Palo Pinto County, Texas, said tract being more particularly described by metes and bound as follows:

BEGINNING at a found 5/8 inch capped iron rod stamped "BHB INC" being the southeast corner of Lot 359, The Hills Above Possum Kingdom Lake, Phase Two, Section Three as recorded in Volume 9, Page 98, Slide 664 of the Official Public Records of Palo Pinto, County, Texas;

THENCE South 29 degrees 33 minutes 02 seconds West, along the easterly line of said tract recorded in Volume 1408, Page 263 and along a boundary line agreement as recorded in Volume 1391, Page 704 of said Official Public Records, a distance of 1,288.18 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the northeast corner of Lot 358R, The Hills Above Possum Kingdom Lake, Phase Two, Section Three as recorded in Volume 9, Page 110, Slide 676 of said Official Public Records;

THENCE North 61 degrees 22 minutes 55 seconds West, leaving said easterly line of said tract recorded in Volume 1408, Page 263 and leaving said boundary line agreement as recorded in Volume 1391, Page 704 of said Official Public Records and along the northerly line of said Lot 358R, a distance of 800.31 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the northwesterly corner of said Lot 358R also being on the easterly right of way line of Canyon Wren South (a 60 foot wide right of way);

THENCE North 29 degrees 32 minutes 59 seconds East, along said easterly right of way line of Canyon Wren South, a distance of 1,301.19 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the southwesterly corner of said Lot 359;

THENCE South 60 degrees 27 minutes 01 seconds East, along the southerly line of said Lot 359, a distance of 800.22 feet to the POINT OF BEGINNING and containing 1,036,020.0 square feet or 23.784 acres of land.

PHASE TWO, SECTION THREE A
PARCEL TWO

Being a tract of land situated in the T. W. Moore Survey, A-1651; T.W. Moore Survey, A-1652; T.W. Moore Survey, A-1653; T.W. Moore Survey, A-1280, and the L. J. Pitts Survey, A 1289 all within Palo Pinto County, Texas, said tract being a portion of tracts deeded to Possum Kingdom Corp. per document recorded in Volume 1373, Page 40 of the Official Public Records of Palo Pinto County, Texas, said tract being more particularly described by metes and bound as follows:

BEGINNING at a found 5/8 inch capped iron rod stamped "BHB INC" being the southwest corner of Lot 197, The Hills Above Possum Kingdom Lake, Phase Two, Section Three as recorded in Volume 9, Page 98, Slide 664 of the Official Public Records of Palo Pinto, County, Texas and also being on the easterly right of way line of Crimson Clover Drive (a 60 foot wide right of way);

THENCE South 79 degrees 47 minutes 48 seconds West, crossing said Crimson Clover Drive, a distance of 60.00 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a non tangent curve to the right and along the westerly right of way line of said Crimson Clover Drive whose chord bears North 04 degrees 05 minutes 45 seconds West, a distance of 112.77 feet and having a radius of 530.00 feet;

THENCE Northwesterly, along said non tangent curve to the right through a central angle of 12 degrees 12 minutes 53 seconds, an arc length of 112.99 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the end of said non tangent curve to the right;

THENCE North 02 degrees 00 minutes 41 seconds East, a distance of 213.83 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the left whose chord bears North 24 degrees 48 minutes 38 seconds West, a distance of 424.15 feet and having a radius of 470.00 feet;

THENCE Northwesterly, along said curve to the left through a central angle of 53 degrees 38 minutes 39 seconds, an arc length of 440.05 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the left;

THENCE North 51 degrees 37 minutes 58 seconds West, a distance of 279.06 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the right whose chord bears North 29 degrees 07 minutes 58 seconds West, a distance of 252.57 feet and having a radius of 330.00 feet;

THENCE Northwesterly, along said curve to the right through a central angle of 45 degrees 00 minutes 00 seconds, an arc length of 259.18 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the right;

THENCE North 06 degrees 37 minutes 58 seconds West, a distance of 574.93 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the right whose chord bears North 15 degrees 52 minutes 02 seconds East, a distance of 252.57 feet and having a radius of 330.00 feet;

THENCE Northeasterly, along said curve to the right through a central angle of 45 degrees 00 minutes 00 seconds, an arc length of 259.18 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the right;

THENCE North 38 degrees 22 minutes 02 seconds East, a distance of 23.63 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the left whose chord bears North 10 degrees 24 minutes 30 seconds East, a distance of 253.17 feet and having a radius of 270.00 feet;

THENCE Northeasterly, along said curve to the left through a central angle of 55 degrees 55 minutes 05 seconds, an arc length of 263.51 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the left;

THENCE North 17 degrees 33 minutes 03 seconds West, a distance of 968.43 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the right whose chord bears North 12 degrees 35 minutes 05 seconds West, a distance of 57.13 feet and having a radius of 330.00 feet;

THENCE Northwesterly, along said curve to the right through a central angle of 09 degrees 55 minutes 55 seconds, an arc length of 57.20 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the right;

THENCE South 88 degrees 06 minutes 18 seconds West, leaving the westerly right of way line of said Crimson Clover Drive, a distance of 832.14 feet to a set 5/8 inch capped iron rod stamped "BHB INC" on the easterly right of way line of State Highway No. 16 (a 120 foot wide right of way) and being the beginning of a non tangent curve to the left whose chord bears South 15 degrees 42 minutes 13 seconds East, a distance of 114.07 feet and having a radius of 1849.77 feet;

THENCE Southeasterly, along said non tangent curve to the left along said easterly right of way line, through a central angle of 03 degrees 32 minutes 02 seconds, an arc length of 114.09 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the end of said non tangent curve to the left;

THENCE South 17 degrees 33 minutes 03 seconds East, continuing along said easterly right of way line, a distance of 2217.88 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the right whose chord bears South 07 degrees 46 minutes 11 seconds East, a distance of 666.57 feet and having a radius of 1969.73 feet;

THENCE Southeasterly, along said curve to the right and along said easterly right of way line, through a central angle of 19 degrees 28 minutes 59 seconds, an arc length of 669.79 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the right;

THENCE South 02 degrees 00 minutes 41 seconds West, continuing along said easterly right of way line, a distance of 662.11 feet to a found 1/2 inch iron rod being the beginning of a curve to the left whose chord bears South 00 degrees 18 minutes 07 seconds West, a distance of 338.31 feet and having a radius of 5669.57 feet;

THENCE Southwesterly, along said curve to the left and along said easterly right of way line, through a central angle of 03 degrees 25 minutes 10 seconds, an arc length of 338.37 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the left;

THENCE South 47 degrees 44 minutes 09 seconds East, leaving said easterly right of way line of State Highway No. 16 and along the northerly right of way line of PK Hills Boulevard (a variable width right of way), a distance of 445.98 feet to a found 5/8 inch capped iron rod stamped "BHB INC";

THENCE along said northerly right of way line of PK Hills Boulevard the following;

THENCE South 02 degrees 07 minutes 55 seconds West, a distance of 100.00 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a non tangent curve to the right whose chord bears South 79 degrees 14 minutes 08 seconds East, a distance of 164.13 feet and having a radius of 530.00 feet;

THENCE Southeasterly, along said curve to the right through a central angle of 17 degrees 48 minutes 52 seconds, an arc length of 164.79 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the right;

THENCE South 70 degrees 19 minutes 42 seconds East, a distance of 524.99 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the left whose chord bears South 73 degrees 22 minutes 06 seconds East, a distance of 53.03 feet and having a radius of 500.00 feet;

THENCE Southeasterly, along said curve to the left through a central angle of 06 degrees 04 minutes 48 seconds, an arc length of 53.06 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the left and the beginning of a reverse curve to the right whose chord bears South 73 degrees 22 minutes 06 seconds East, a distance of 110.52 feet and having a radius of 1,042.00 feet;

THENCE Southeasterly, along said reverse curve to the right through a central angle of 06 degrees 04 minutes 48 seconds, an arc length of 110.58 feet to a found 5/8 inch capped iron rod stamped "BHB INC" for the end of said reverse curve to the right;

THENCE South 70 degrees 19 minutes 42 seconds East, a distance of 849.53 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the right whose chord bears South 69 degrees 16 minutes 26 seconds East, a distance of 37.91 feet and having a radius of 1,030.00 feet;

THENCE Southeasterly, along said curve to the right through a central angle of 02 degrees 06 minutes 31 seconds, an arc length of 37.91 feet to a found 5/8 inch capped iron rod stamped "BHB INC" for the end of said curve to the right;

THENCE South 68 degrees 13 minutes 11 seconds East, a distance of 671.74 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the right whose chord bears South 65 degrees 14 minutes 20 seconds East, a distance of 55.12 feet and having a radius of 530.00 feet;

THENCE Southeasterly, along said curve to the right through a central angle of 05 degrees 57 minutes 42 seconds, an arc length of 55.15 feet to a found 5/8 inch capped iron rod "BHB INC" for the end of said curve to the right and the beginning of a reverse curve to the left whose chord bears South 81 degrees 31 minutes 03 seconds East, a distance of 120.06 feet and having a radius of 182.00 feet;

THENCE Southeasterly, along said reverse curve to the left through a central angle of 38 degrees 31 minutes 07 seconds, an arc length of 122.35 feet to a found 5/8 inch capped iron rod "BHB INC" for the end of said reverse curve to the left and the beginning of a reverse curve to the right whose chord bears South 61 degrees 03 minutes 26 seconds East, a distance of 291.40 feet and having a radius of 228.00 feet;

THENCE Southeasterly, along said reverse curve to the right through a central angle of 79 degrees 26 minutes 20 seconds, an arc length of 316.12 feet to a found 5/8 inch capped iron rod "BHB INC" for the end of said reverse curve to the right and being the beginning of a reverse curve to the left whose chord bears South 44 degrees 05 minutes 59 seconds East, a distance of 140.83 feet and having a radius of 182.00 feet;

THENCE Southeasterly, along said reverse curve to the left through a central angle of 45 degrees 31 minutes 26 seconds, an arc length of 144.61 feet to a found 5/8 inch capped iron rod "BHB INC" for the end of said reverse curve to the left and being the beginning of a compound curve to the left whose chord bears South 73 degrees 06 minutes 58 seconds East, a distance of 102.41 feet and having a radius of 470.00 feet;

THENCE Southeasterly, along said compound curve to the left through a central angle of 12 degrees 30 minutes 33 seconds, an arc length of 102.61 feet to a found 5/8 inch capped iron rod "BHB INC" for the end of said compound curve to the left;

THENCE South 79 degrees 22 minutes 15 seconds East, a distance of 174.61 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the left whose chord bears South 88 degrees 21 minutes 10 seconds East, a distance of 56.36 feet and having a radius of 180.50 feet;

THENCE Southeasterly, along said curve to the left through a central angle of 17 degrees 57 minutes 51 seconds, an arc length of 56.59 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the left and the beginning of a reverse curve to the right whose chord bears South 88 degrees 21 minutes 10 seconds East, a distance of 68.54 feet and having a radius of 219.50 feet;

THENCE Southeasterly, along said reverse curve to the right through a central angle of 17 degrees 57 minutes 51 seconds, an arc length of 68.82 feet to a found 5/8 inch capped iron rod stamped "BHB INC" for the end of said reverse curve to the right;

THENCE South 79 degrees 22 minutes 15 seconds East, a distance of 256.94 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the right whose chord bears South 60 degrees 02 minutes 23 seconds East, a distance of 218.48 feet and having a radius of 330.00 feet;

THENCE Southeasterly, along said curve to the right through a central angle of 38 degrees 39 minutes 43 seconds, an arc length of 222.68 feet to a found 5/8 inch capped iron rod "BHB INC" for the end of said curve to the right and being the beginning of a reverse curve to the left whose chord bears South 50 degrees 34 minutes 46 seconds East, a distance of 161.14 feet and having a radius of 470.00 feet;

THENCE Southeasterly, along said reverse curve to the left through a central angle of 19 degrees 44 minutes 30 seconds, an arc length of 161.94 feet to a found 5/8 inch capped iron rod "BHB INC" for the end of said reverse curve to the left;

THENCE South 60 degrees 27 minutes 01 seconds East, a distance of 291.31 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the right whose chord bears South 59 degrees 37 minutes 52 seconds East, a distance of 9.44 feet and having a radius of 330.00 feet;

THENCE Southeasterly, along said curve to the right through a central angle of 01 degrees 38 minutes 19 seconds, an arc length of 9.44 feet to a found 5/8 inch capped iron rod "BHB INC" for the end of said curve to the right;

THENCE North 29 degrees 32 minutes 59 seconds East, a distance of 646.07 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the left whose chord bears North 19 degrees 55 minutes 59 seconds East, a distance of 157.03 feet and having a radius of 470.00 feet;

THENCE Northeasterly, along said curve to the left through a central angle of 19 degrees 13 minutes 59 seconds, an arc length of 157.77 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the

end of said curve to the left and the beginning of a reverse curve to the right whose chord bears North 19 degrees 55 minutes 59 seconds East, a distance of 177.08 feet and having a radius of 530.00 feet;

THENCE Northeasterly, along said reverse curve to the right through a central angle of 19 degrees 13 minutes 59 seconds, an arc length of 177.91 feet to a found 5/8 inch capped iron rod stamped "BHB INC" for the end of said reverse curve to the right;

THENCE North 29 degrees 32 minutes 59 seconds East, a distance of 863.15 feet to a found 5/8 inch capped iron rod stamped "BHB INC";

THENCE North 82 degrees 17 minutes 55 seconds West, a distance of 513.22 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the right whose chord bears North 67 degrees 40 minutes 46 seconds West, a distance of 267.54 feet and having a radius of 530.00 feet;

THENCE Northwesterly, along said curve to the right through a central angle of 29 degrees 14 minutes 18 seconds, an arc length of 270.46 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the right;

THENCE North 53 degrees 03 minutes 37 seconds West, a distance of 244.11 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the right whose chord bears North 30 degrees 33 minutes 37 seconds West, a distance of 405.64 feet and having a radius of 530.00 feet;

THENCE Northwesterly, along said curve to the right through a central angle of 45 degrees 00 minutes 00 seconds, an arc length of 416.26 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the right;

THENCE North 08 degrees 03 minutes 37 seconds West, a distance of 211.82 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the beginning of a curve to the right whose chord bears North 00 degrees 10 minutes 46 seconds West, a distance of 282.46 feet and having a radius of 1,030.00 feet;

THENCE Northwesterly, along said curve to the right through a central angle of 15 degrees 45 minutes 42 seconds, an arc length of 283.35 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the end of said curve to the right;

THENCE North 07 degrees 42 minutes 05 seconds East, a distance of 112.15 feet to a found 5/8 inch capped iron rod stamped "BHB INC";

THENCE North 82 degrees 40 minutes 44 seconds West, a distance of 1271.05 feet to a found 5/8 inch capped iron rod stamped "BHB INC";

THENCE South 55 degrees 51 minutes 06 seconds West, a distance of 532.50 feet to a found 5/8 inch capped iron rod stamped "BHB INC";

THENCE South 78 degrees 16 minutes 58 seconds West, a distance of 592.59 feet to a found 5/8 inch capped iron rod stamped "BHB INC";

THENCE North 87 degrees 34 minutes 19 seconds West, a distance of 860.06 feet to the POINT OF BEGINNING and containing 10,844,980.0 square feet or 248.966 acres of land.

PHASE III, SECTION 5

Being a tract of land situated in the D. C. Coffman Survey, A-1531; T.W. Moore Survey, A-1280; T.W. Moore Survey, A-1502; T. W. Moore Survey, A-1907; L. J. Pitts Survey, A-1289; T. J. Bradford Survey, A-1628 and the M. E. Conatser Survey, A- 1461 all within Palo Pinto County, Texas, said tract being a portion of two tract deeded to Possum Kingdom Corporation per documents as recorded in Volume 1373, Page 40 and Volume 1408, Page 263 of the Official Public Records of Palo Pinto County, Texas, said tract being more particularly described by metes and bound as follows:

BEGINNING at a found 5/8 inch capped iron rod stamped "BHB INC" being the northeast corner of Lot 370, The Hills Above Possum Kingdom Lake, Phase Two, Section Three as recorded in Volume 9, Page 98, Slide 664 of the Official Public Records of Palo Pinto, County, Texas;

THENCE South 88 degrees 06 minutes 00 seconds West, along the northerly line of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three, passing an "+" cut in rock being the northwest corner of said Lot 370 at a distance of 800.17 and continuing for a total distance of 860.17 feet to a found 5/8 inch capped iron rod stamped "BHB INC";

THENCE along said northerly line of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three the following:

THENCE South 01 degrees 54 minutes 00 seconds East, a distance of 87.93 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the northeast corner of Lot 280 of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three;

THENCE South 88 degrees 06 minutes 00 seconds West, a distance of 305.59 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the northwest corner of Lot 281 also being the northeast corner of Lot 282 of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three;

THENCE North 72 degrees 56 minutes 08 seconds West, a distance of 497.27 feet to a found 5/8 inch capped iron rod stamped "BHB INC";

THENCE North 82 degrees 40 minutes 44 seconds West, continuing along said northerly line of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three passing the northwest corner of Lot 302 being a found 5/8 inch capped iron rod stamped "BHB INC" at a distance of 3,338.73 feet and continuing along the north line of Lot 303 of The Hills Above Possum Kingdom Lake, Phase Two, Section Three B as recorded in Volume 9, Page 122, Slide 688 of said Official Public Records of Palo Pinto County, Texas for a total distance of 3,470.69 feet to a found 5/8 inch capped iron rod stamped "BHB INC";

THENCE North 71 degrees 31 minutes 49 seconds West, a distance of 588.22 feet to a found 5/8 inch capped iron rod stamped "BHB INC"

THENCE North 34 degrees 40 minutes 38 seconds West, a distance of 207.24 feet to a found 5/8 inch capped iron rod stamped "BHB INC";

THENCE North 71 degrees 31 minutes 49 seconds West, a distance of 95.14 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being on the east line of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three B;

THENCE North 39 degrees 33 minutes 34 seconds West, continuing along said east line of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three B, a distance of 462.89 feet to a found 5/8 inch

capped iron rod stamped "BHB INC" being the northeast corner of Lot 373 of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three B;

THENCE South 72 degrees 26 minutes 57 seconds West, along the north line of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three B also being the north line of said Lot 373, passing at a distance of 193.68 feet a found 5/8 inch capped iron rod stamped "BHB INC" being the northwest corner of said Lot 373 also being the northeast corner of Lot 279 of said The Hills Above Possum Kingdom Lake, Phase Two, Section Three and continuing along the north line of said Lot 279, a total distance of 728.98 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the northwest corner of said Lot 279 and also being on the easterly right of way line of Crimson Clover Drive (a 60' wide R.O.W.);

THENCE South 82 degrees 22 minutes 52 seconds West, crossing said Crimson Clover Drive (a 60' wide R.O.W.), a distance of 60.00 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being the northeast corner of Lot 468 of The Hills Above Possum Kingdom Lake, Phase Two, Section Three A as recorded in Volume 9, Page 121, Slide 687 of said Official Public Records of Palo Pinto County, Texas and also being on the westerly right of way line of Crimson Clover Drive (a 60' wide R.O.W.);

THENCE South 88 degrees 06 minutes 18 seconds West, along the north line of said Lot 468, a distance of 832.14 feet to a found 5/8 inch capped iron rod stamped "BHB INC" being on the easterly right of way line of State Highway No. 16 (a 120' R.O.W.) and being the beginning of a non tangent curve to the right whose chord bears North 08 degrees 46 minutes 19 seconds West,a distance of 333.00 and having a radius of 1,849.77 feet;

THENCE northwesterly along said non tangent curve to the right and along said easterly right of way line of State Highway No. 16 (a 120' R.O.W.) through a central angle of 10 degrees 19 minutes 42 seconds, an arc length of 333.45 feet to a set 5/8 inch capped iron rod stamped "BHB INC" for the end of said non tangent curve to the right;

THENCE North 03 degrees 31 minutes 37 seconds West, along said easterly right of way line of State Highway No. 16 (a 120' R.O.W.), a distance of 672.22 feet to a set 5/8 inch capped iron rod stamped "BHB INC";

THENCE South 81 degrees 06 minutes 41 seconds East, leaving said easterly right of way line of State Highway No. 16 (a 120' R.O.W.), a distance of 297.62 feet to a set 5/8 inch capped iron rod stamped "BHB INC";

THENCE North 09 degrees 39 minutes 40 seconds East, a distance of 1,072.78 feet to a set 5/8 inch capped iron rod stamped "BHB INC";

THENCE North 26 degrees 23 minutes 36 seconds East, a distance of 270.23 feet to a set 5/8 inch capped iron rod stamped "BHB INC";

THENCE North 33 degrees 30 minutes 40 seconds East, a distance of 2,653.91 feet to a set 5/8 inch capped iron rod stamped "BHB INC" being on the north line of said tract deeded to Possum Kingdom Corporation also being the south line of a tract deeded to Scott Herring as recorded in Volume 902, Page 824 of said Official Public Records;

THENCE North 89 degrees 50 minutes 06 seconds East, along the common line of said Possum Kingdom Corporation tract and said Scott Herring tract, a distance of 142.93 feet to a set 5/8 inch capped iron rod stamped "BHB INC";

THENCE North 89 degrees 44 minutes 25 seconds East, continuing along said north line of said tract deeded to Possum Kingdom Corporation also being the south line of a tract deeded to L.W. Ellis as recorded in Volume 1270, Page 285 of said Official Public Records, a distance of 3,740.91 feet to a found 3/8 inch iron rod;

THENCE South 00 degrees 24 minutes 59 seconds East, along the east line of said tract deeded to Possum Kingdom Corporation also being the west line of a tract deeded to J. C. Bryan as recorded in Volume 1090, Page 602 of said Official Public Records, a distance of 3,755.44 feet to a found 1/2 inch capped iron rod stamped "Lawson";

THENCE North 89 degrees 44 minutes 37 seconds East, along the common line of said tract deeded to Possum Kingdom corporation and said tract deeded to J. C. Bryan, a distance of 1,792.34 feet to a found 1/2 inch iron rod;

THENCE South 01 degrees 54 minutes 49 seconds East, along the east line of said tract deeded to Possum Kingdom Corporation and along a boundary line agreement as recorded in Volume 1391, Page 688 of said Official Public Records, a distance of 1,687.60 feet to the POINT OF BEGINNING and containing 28,650,624.8 square feet or 657.728 acres of land.