DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
for
THE OAKS RESIDENTIAL ESTATES

TABLE OF CONTENTS

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THE STATE OF TEXAS §
§
COUNTY OF ELLIS §

This DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE OAKS RESIDENTIAL ESTATES (this "***Declaration***") is made on the date hereinafter set forth by WB RED OAKS LAND LLC, a Texas limited liability company ("***Declarant***").

W I T N E S S E T H:

WHEREAS, Declarant is the owner of the real property more particularly described on **Exhibit A**, attached to and incorporated in this Declaration for all purposes, together with all improvements thereon and all easements, rights, and appurtenances thereto; and

WHEREAS, said real property, collectively with any other real property that may be annexed and subjected to the provisions of this Declaration, is hereinafter referred to as "***The Oaks Residential Estates***" or the "***Community***"; and

WHEREAS, Declarant desires to impose the following covenants, conditions, and restrictions upon The Oaks Residential Estates and to subject The Oaks Residential Estates to the jurisdiction of The Oaks Residential Estates Homeowners Association, Inc., a Texas nonprofit corporation (the "***Association***").

NOW, THEREFORE, Declarant declares that The Oaks Residential Estates will be held, sold, and conveyed subject to the covenants, conditions, restrictions and easements set forth in this Declaration, all of which are for the purpose of protecting the value and desirability of The Oaks Residential Estates and constitute covenants running with the real property known as The Oaks Residential Estates. All provisions in this Declaration will be binding on all parties having any right, title, or interest in the real property above described or any part thereof, as well as any other real property duly annexed and subjected to the provisions of this Declaration, their heirs, successors and assigns, and inure to the benefit of each owner thereof.

ARTICLE I. DEFINITIONS

SECTION 1.1. "***Assessments***" means collectively, (1) all of the assessments, fees, and charges set forth in this Declaration, including, but not limited to, Annual Assessments, Special Assessments, Service Area Assessments, Specific Section Assessments, and Administrative Fees; (2) Bulk Services Assessments; (3) costs, fees, expenses, fines, and attorney's fees incurred by the Association in connection with the enforcement of this Declaration, the Bylaws of the Association, and the rules and regulations of the Association or by law and chargeable to an Owner per the provisions of this Declaration or by law; and (4) any other charges authorized by this Declaration or by law.

SECTION 1.2. *"Association"* means The Oaks Residential Estates Homeowners Association, Inc., a Texas nonprofit corporation, its successors and assigns.

SECTION 1.3. *"Association Wall"* means a fence or wall constructed or caused to be constructed by Declarant on or adjacent to a Lot, which fence or wall will be maintained by the Association.

SECTION 1.4. *"Board of Directors"* or *"Board"* means the Board of Directors of the Association.

SECTION 1.5. *"Builder"* means any person, firm, or entity which purchases a Lot for the purpose of constructing a residential dwelling on the Lot for sale to the public.

SECTION 1.6. *"Committee"* means the Architectural Control Committee for The Oaks Residential Estates, as established by this Declaration.

SECTION 1.7. *"Common Area"* means property owned by or under the control or jurisdiction of the Association for the common use and benefit of the Owners, together with such other property as the Association may acquire by purchase or otherwise, subject to the easements, limitations, restrictions, dedications, and reservations applicable thereto by virtue of this Declaration, an applicable Plat, or a prior grant or dedication. References in this Declaration to the "Common Area" mean Common Area as defined in this Declaration and any Supplemental Declaration. "Common Area" also means all existing and subsequently provided improvements on or within the Common Area, except those as may be expressly excluded therefrom per the provisions of this Declaration or any Supplemental Declaration. Common Area may include, but not necessarily be limited to, the following: structures for recreation, swimming pools, playgrounds, structures for storage or protection of equipment, fountains, statuary, sidewalks, gates, fences, landscaping, Private Streets, Lakes, and other similar and appurtenant improvements. The Association may adopt rules and regulations relating to the use, maintenance, and operation of the Common Area. Provided, however, some or all of the Common Area in a Section may be restricted by Declarant in the applicable Supplemental Declaration for the common use and benefit of only the Owners of Lots in that Section so that the Common Area in that Section is not for the common use and benefit of all Owners in the Community. If restricted for use only by Owners of Lots in a particular Section, the expenses related to that Common Area must be paid for by the Owners in that Section through a Specific Section Assessment as provided in Section 6.10 of this Declaration.

SECTION 1.8. *"Community"* or *"The Oaks Residential Estates"* means all of The Oaks Residential Estates, which is initially comprised of the real property more particularly described on **Exhibit A**, attached to and incorporated in this Declaration for all purposes, together with all improvements thereon and all easements, rights, and appurtenances thereto, and any additional real property that is hereafter annexed and subjected to the provisions of this Declaration and the jurisdiction of the Association by one or more Supplemental Declarations duly executed and recorded in the Official Public Records of Ellis County, Texas. Declarant reserves the right to direct the size, shape, and composition of the Community until such time that all of the Lots that may be created have been made a part of the Community and made subject to this Declaration and to the

jurisdiction of the Association and all of such Lots have been conveyed to Owners other than Declarant and Builders.

SECTION 1.9. "***Declarant***" means WB RED OAKS LAND LLC, a Texas limited liability company, its successors and assigns as designated by Declarant in an instrument recorded in the Official Public Records of Ellis County, Texas.

SECTION 1.10. "***Declaration***" means this Declaration of Covenants, Conditions, and Restrictions for The Oaks Residential Estates and any subsequent amendments and supplements thereto.

SECTION 1.11. "***Design Guidelines***" means guidelines which may be adopted and amended from time to time by Declarant or, after the expiration of the Development Period, the Committee with the approval of the Board, and which govern improvements proposed to be constructed on Lots in the Community. Design Guidelines may vary from Section to Section so long as the general scheme of development for the Community, as evidenced by this Declaration, is preserved.

SECTION 1.12. "***Development Period***" means the period during which Declarant reserves the right to facilitate the development, construction, and marketing of the Community. The Development Period will exist until December 31, 2040 or as long as Declarant owns a Lot subject to the provisions of this Declaration, whichever period is longer, unless Declarant terminates the Development Period on an earlier date by an instrument duly executed by Declarant and recorded in the Official Public Records of Ellis County, Texas.

SECTION 1.13. "***Green Belt***" means property in the Community owned by Declarant or the Association and designated as a Green Belt in this Declaration or a Supplemental Declaration or on the applicable Plat.

SECTION 1.14. "***Lake***" means a body of permanent water within the Community, including natural lakes and lakes constructed for aesthetic and flood control purposes.

SECTION 1.15. "***Landscape Area***" means all Common Area located:

a. within esplanades in thoroughfares in or adjacent to the Community;

b. within Reserves designated for landscaping;

c. between the outside edge of the paved portion of a roadway in or adjacent to the Community and the right-of-way line; and

d. project identity tracts located at any street intersection in the Community.

SECTION 1.16. "***Limited Common Area***" means those certain portions of the Common Area that exist within a designated Service Area and are for the use or for the benefit of Lots comprising a Service Area, per the terms set forth in this Declaration. Limited Common Areas

may include such things as entry features and gates, recreational facilities, Lakes, Private Streets, and landscaped medians.

SECTION 1.17. "***Lot***" means each Lot identified on a recorded Plat.

SECTION 1.18. "***Member***" or "***Members***" means all Lot Owners who are members of the Association, as provided in this Declaration.

SECTION 1.19. "***Owner***" means the record owner, whether one or more persons or entities, of a fee simple title to a Lot in the Community, including executory contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 1.20. "***Plat***" means (i) the recorded plats for the real property more particularly described on **Exhibit A**, (ii) the plat or plats for each other Section that is annexed and made a part of the Community, if any, and (iii) any amending plat, replat, or partial replat of any such plat. Upon the recording of a Plat for any or all of the property described by metes and bounds on **Exhibit A**, the real property described on the Plat will be as set forth on the recorded Plat with no further action required by Declarant.

SECTION 1.21. "***Primary Entrance Access Road***" means each primary entrance access road into the Community or a Section of the Community.

SECTION 1.22. "***Private Street***" means a street, drive, or right-of-way owned by Declarant or the Association not dedicated to the public by the applicable Plat and used for ingress and egress into or around the Community or any part thereof. Private Streets are to be maintained by the Association.

SECTION 1.23. "***Recreational Area***" means all Common Area created for recreational purposes for use by Owners, their families, and guests.

SECTION 1.24. "***Reserve***" means property identified as a reserve on a Plat applicable to any part of the Community.

SECTION 1.25. "***Section***" means a portion of the Community that is subdivided, identified, and described in a recorded Plat, including the real property more particularly described on **Exhibit A** to this Declaration.

SECTION 1.26. "***Supplemental Declaration***" means an instrument filed of record for the purpose of annexing additional land into the Community and subjecting the additional land to the provisions of this Declaration and the jurisdiction of the Association. A Supplemental Declaration may set forth additional or different restrictions applicable to the additional land described in the Supplemental Declaration so long as the general scheme of development for the Community, as evidenced by this Declaration, is preserved.

ARTICLE II. ARCHITECTURAL RESTRICTIONS

SECTION 2.1. ARCHITECTURAL CONTROL.

No building, landscaping, structure, improvement, or fence may be erected or placed, or the erection thereof begun, and no changes in the design, color, materials, or size of any building, landscaping, structure or improvement may be made, and no addition to or remodeling, renovation, replacement, or redecoration of any portion of the exterior of any improvement on a Lot may be conducted until the construction plans, detailed specifications, and a survey showing the location of the proposed structure or improvement have been submitted to and approved in writing by the Committee. The Design Guidelines may specify particular information and documents required to be submitted to the Committee for different types of proposed improvements. Plans and specifications will be reviewed for compliance with this Declaration, the Design Guidelines, quality, type, and color of material, harmony of external design with existing and proposed structures, and location with respect to topography, setbacks, and finish grade elevation. All new construction must be in accordance with the Design Guidelines and this Declaration. In the event the Committee fails to approve or disapprove plans within 30 days after the receipt of the required documents, approval will not be required, and the plans will be deemed to have been approved. Provided that, in no event will the Committee's failure to act constitute approval of an improvement, modification, or addition that (a) violates a setback or easement set out in the Declaration or the Design Guidelines or on the applicable recorded Plat, or (b) violates any express prohibition or requirement in this Declaration or the Design Guidelines. Provided further that, in the event the Committee submits a written request for additional information within 30 days of the receipt of plans for a proposed improvement or modification, the application will be deemed to be disapproved, whether so stated in the request or not, and a new 30 day period to approve or disapprove plans will commence on the date the Committee receives the requested information.

The Committee will be comprised of 3 members. During the Development Period, Declarant has the exclusive right to appoint and remove, if deemed necessary, the members of the Committee. Thereafter, the Board will appoint and remove members of the Committee. As long as Declarant has the authority to appoint members of the Committee, members may, but are not required to be, Members of the Association. After Declarant's authority to appoint members of the Committee ceases, members of the Committee must be Members of the Association. DECLARANT, THE COMMITTEE, AND THE INDIVIDUAL MEMBERS THEREOF ARE NOT LIABLE FOR ANY ACT OR OMISSION IN PERFORMING OR PURPORTING TO PERFORM THE FUNCTIONS SET FORTH IN THIS ARTICLE. THE ASSOCIATION IS REQUIRED TO INDEMNIFY AND HOLD THE MEMBERS OF THE COMMITTEE HARMLESS FROM AND AGAINST ANY CLAIMS RELATING TO ACTS PERFORMED IN THEIR CAPACITIES AS MEMBERS OF THE COMMITTEE AND INSURE THEM UNDER THE ASSOCIATION'S DIRECTORS' AND OFFICERS' LIABILITY INSURANCE POLICY.

Declarant retains its right to assign all or part of the duties, powers, and responsibilities of the Committee to the Association and its Board prior to the expiration of the Development Period. Anything contained in this paragraph or elsewhere in this Declaration to the contrary notwithstanding, the Committee and its duly authorized representatives are authorized and empowered, at their sole and absolute discretion, to grant a variance from any of the requirements

of this Declaration and the Design Guidelines relating to the (a) type, kind, quantity, or quality of the building materials to be used in the construction of any building or improvement on a Lot in the Community, and (b) location of any such building or improvement when, in the sole and final judgment of the Committee or its duly authorized representative, a variance will be in harmony with existing structures and will not materially detract from the aesthetic appearance of the Community.

In connection with its consideration of a request for an approval of a variance, the Committee may require the submission of such documents and other materials as it deems appropriate, including, by way of example and not in limitation, a written request for and description of the variance requested (plans, specifications, surveys, and samples of materials). If the Committee approves such request, the Committee may evidence such approval, and grant a variance, only by written instrument, addressed to the Owner of the Lot, setting forth the decision of the Committee and describing (when applicable) the conditions on which the application has been approved and signed by a majority of the then members of the Committee. Any request for a variance from the express provisions of this Declaration will be deemed to have been disapproved in the event of either (a) written notice of disapproval from the Committee, or (b) failure by the Committee to respond to the request for variance. The failure of the Committee to act on a request for a variance will not result in the deemed approval of the request. In the event the Committee or any successor to the authority thereof is not then functioning or the term of the Committee has expired and the Association has not succeeded to the authority thereof as provided in this Declaration, no variance from the covenants of this Declaration or the Design Guidelines will be permitted because it is Declarant's intent that no variances will be available except at the discretion of the Committee, or if it has succeeded to the authority of the Committee in the manner provided in this Declaration, the Association. The Committee has no authority to approve a variance except as expressly provided in this Declaration. The Committee or Association may charge a reasonable fee for the review of all applications for proposed improvements and for all requests for a variance.

SECTION 2.2. DESIGN GUIDELINES.

Declarant has promulgated and may amend from time to time Design Guidelines relating to improvements on Lots, including guidelines relating to site planning, Lot coverage, exterior building materials and colors, plan repetition, fencing, landscaping, and other exterior features. In the event of a conflict between a provision in the Design Guidelines and a provision in this Declaration, the provision in this Declaration controls; however, the Design Guidelines and the Declaration are to be construed in an effort to harmonize provisions in the documents and avoid conflicts. So long as the Development Period exists, Declarant has the authority to amend and supplement the Design Guidelines. After the expiration of the Development Period, the Board has the authority to amend and supplement the Design Guidelines.

If an applicable governmental ordinance, code, or regulation imposes requirements relating to a proposed improvement that are more restrictive than the requirements set forth in the Design Guidelines, the requirements in the ordinance, code, or regulation control. If an applicable governmental ordinance, code, or regulation addresses requirements relating to a proposed

improvement but the requirements in the ordinance, code, or regulation are less restrictive than the requirements set forth in the Design Guidelines, the requirements in the Design Guidelines control.

SECTION 2.3. NO LIABILITY.

NEITHER THE COMMITTEE, NOR THE ASSOCIATION, NOR THEIR RESPECTIVE AGENTS, EMPLOYEES, OR REPRESENTATIVES ARE LIABLE TO ANY OWNER OR ANY OTHER PARTY FOR ANY LOSS, CLAIM, OR DEMAND ASSERTED ON ACCOUNT OF THE ADMINISTRATION OF THIS DECLARATION, THE DESIGN GUIDELINES, OR THE PERFORMANCE OF THE DUTIES HEREUNDER, OR ANY ACT OR OMISSION IN SUCH ADMINISTRATION AND PERFORMANCE. THIS DECLARATION MAY BE AMENDED ONLY AS PROVIDED IN THIS DECLARATION, AND NO PERSON IS AUTHORIZED TO GRANT EXCEPTIONS OR MAKE REPRESENTATIONS CONTRARY TO THE INTENT OF THIS DECLARATION. NO APPROVAL OF PLANS AND SPECIFICATIONS AND NO PUBLICATION OF DESIGN GUIDELINES MAY BE CONSTRUED AS REPRESENTING THAT SUCH PLANS, SPECIFICATIONS, OR GUIDELINES WILL, IF FOLLOWED, RESULT IN A PROPERLY DESIGNED RESIDENTIAL STRUCTURE. SUCH APPROVALS AND GUIDELINES WILL IN NO EVENT BE CONSTRUED AS REPRESENTING OR GUARANTEEING THAT ANY RESIDENTIAL DWELLING OR OTHER IMPROVEMENT WILL BE CONSTRUCTED IN A GOOD, WORKMANLIKE MANNER. THE APPROVAL OR LACK OF DISAPPROVAL BY THE COMMITTEE MAY NOT BE DEEMED TO CONSTITUTE ANY WARRANTY OR REPRESENTATION BY SUCH COMMITTEE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OR REPRESENTATION RELATING TO FITNESS, DESIGN, OR ADEQUACY OF THE PROPOSED CONSTRUCTION OR COMPLIANCE WITH APPLICABLE STATUTES, CODES, AND REGULATIONS. THE ACCEPTANCE OF A DEED TO A LOT IS DEEMED TO BE A COVENANT AND AGREEMENT ON THE PART OF THE OWNER, AND THE OWNER'S HEIRS, SUCCESSORS, AND ASSIGNS, THAT THE COMMITTEE AND THE ASSOCIATION, AS WELL AS THEIR AGENTS, EMPLOYEES, AND REPRESENTATIVES, HAVE NO LIABILITY UNDER THIS DECLARATION EXCEPT FOR WILLFUL MISCONDUCT.

SECTION 2.4. SINGLE FAMILY RESIDENTIAL CONSTRUCTION.

Except as otherwise provided in a Supplemental Declaration, no building may be erected, altered, or permitted to remain on a Lot other than one detached single family residential dwelling not to exceed 2½ stories in height, with an attached or detached garage for not more than 3 vehicles, bona fide quarters for a domestic worker, which quarters may not exceed the height of the residential dwelling on the Lot and which may be occupied only by a member of the family occupying the residential dwelling on the Lot or by a domestic worker employed on the premises, and an auxiliary building or playhouse as provided in this Declaration subject to the written approval of the Committee. Provided that, Declarant may place and allow a Builder to place a sales trailer or construction trailer on a Lot so long as construction and sales activities are ongoing in the Community.

SECTION 2.5. MINIMUM SQUARE FOOTAGE.

The minimum living area for residential dwellings constructed on Lots within the Community is 1,490 square feet, and the maximum living area for residential dwellings constructed in Lots within the Community is 1,900 square feet. Living area does not include porches, patios, decks, or garages. The minimum gross square footage of a residential dwelling constructed on a Lot within the Community is 1,920 square feet, and the maximum gross square footage of a residential dwelling constructed on a Lot within the Community is 2,310 square feet. The Committee, in its sole discretion, is authorized to approve variances from the minimum and maximum living area requirements and gross square footage requirements set forth in this Declaration in instances when, in the Committee's sole and absolute judgment, a variance will result in a more common beneficial use. As provided in Section 2.1, a variance must be in writing.

SECTION 2.6 EXTERIOR MATERIALS.

Requirements for exterior building materials on residential dwellings and detached garages, as well as masonry repetition, are set forth in the Design Guidelines. The exterior building materials to be used on a residential dwelling, detached garage, or other improvement or structure on a Lot require the prior written approval of the Committee.

SECTION 2.7. NEW CONSTRUCTION ONLY.

No building of any kind, with the exception of an auxiliary building, a playhouse and play equipment, all of which require Committee approval as provided in Section 2.1 of this Declaration, may be moved onto or placed on a Lot, it being Declarant's intent that all improvements on a Lot must be newly constructed on the Lot.

SECTION 2.8. ROOFING MATERIALS.

The roofing material(s) to be used on a residential dwelling or other improvement on a Lot, including storm and energy efficient shingles, as addressed below, require the prior written approval of the Committee. The requirements for roofing materials on residential dwellings and other improvements on Lots are set forth in the Design Guidelines. Unless otherwise approved in writing by the Committee, the roof of each residential dwelling and other improvement must have a pitch of not less than 5 inches per each lateral 12 inches of roof.

Section 202.011 of the Texas Property Code provides that a property owners' association may not enforce a provision in a dedicatory instrument that prohibits or restricts an Owner from installing shingles (i) that are designed to be wind and hail resistant, (ii) that are designed to provide heating and cooling efficiencies greater than those provided by customary composition shingles, or (iii) that are designed to provide solar generation capabilities ("***Storm and Energy Efficient Shingles***"). Notwithstanding the foregoing, when installed, Storm and Energy Efficient Shingles must resemble the shingles used or otherwise authorized for use on Lots in the Community, be more durable than and of equal or superior quality to the shingles otherwise authorized for use on Lots in the Community, and match the aesthetics of the Community surrounding the Owner's Lot.

SECTION 2.9. LOCATION OF IMPROVEMENTS ON LOTS.

No residential dwelling, building, structure, or other improvement may be located on a Lot nearer to the front Lot line, the rear Lot line, or a side Lot line than the minimum building setbacks shown on the applicable Plat or, if not shown on the applicable Plat, the setbacks set forth in the Design Guidelines. For the purposes of this Declaration, steps and unroofed terraces are not considered to be a part of a building or improvement; provided, however, that this provision does not permit any portion of a residential dwelling, building, structure, or other improvement on a Lot to encroach upon another Lot, a Lake, a Landscape Area, or a Common Area.

SECTION 2.10. COMPOSITE BUILDING SITE.

The Owner of one or more adjoining Lots may consolidate such Lots into one single family residence building site, with the privilege of placing or constructing improvements on such site, in which case setback lines will be measured from the resulting side property lines rather than from the Lot lines shown on the recorded Plat. Provided that, any such proposed composite building site must be approved in writing by the Committee. In the event of the consolidation of Lots, the consolidated building site will be considered to be 1 Lot for purposes of voting rights and Assessments. No Lot may be subdivided or its boundary lines changed and no portion of a Lot less than the entirety of the Lot may be conveyed by an Owner. Declarant, however, expressly reserves the right to replat any Lot owned by Declarant.

SECTION 2.11. UTILITY EASEMENTS.

Easements for the installation and maintenance of utilities are reserved as shown on the applicable Plat. No structure of any kind may be erected or placed on an easement. Utility easements are for the distribution of electrical, telephone, gas, water, and cable television service. In some instances, sanitary sewer lines are also placed within the utility easement. Utility easements are typically located along the rear Lot line, although selected Lots may contain a side Lot utility easement for the purpose of completing circuits or distribution systems. Both the applicable recorded Plat and the individual Lot survey should be reviewed to determine the size and location of utility easements on a particular Lot. Generally, interior Lots contain a utility easement along the rear line. Perimeter Lots or Lots that back up to drainage facilities, pipeline easements, property boundaries, and non-residential tracts are typically subject to a utility easement. Encroachment of structures upon a utility easement is prohibited. NEITHER DECLARANT NOR ANY UTILITY COMPANY USING THE EASEMENTS IS LIABLE FOR ANY DAMAGE DONE BY ANY OF THEM OR THEIR ASSIGNS, THEIR AGENTS, EMPLOYEES, OR SERVANTS TO THE SHRUBBERY, TREES, FLOWERS, OR IMPROVEMENTS OF THE OWNER LOCATED ON THE LAND WITHIN OR AFFECTED BY SAID EASEMENTS.

SECTION 2.12. RESERVATION OF EASEMENTS.

Declarant expressly reserves for the benefit of the Owners of all Lots in the Community reciprocal easements for access, ingress, and egress to and from their respective Lots, for installation and repair of utility services; for encroachments of improvements constructed by Declarant and participating Builders or authorized by the Committee over the Community; and for drainage of

water over, across, and upon adjacent Lots, Common Areas, and the Community resulting from the normal use of adjoining Lots for Common Area, and for necessary maintenance and repair of any improvement. Such easements may be used by Declarant, the Association, and all Owners, their guests, tenants, and invitees residing on or temporarily visiting the Community, for pedestrian walkways, vehicular access, and such other purposes reasonably necessary for the use and enjoyment of a Lot, Common Area, or the Community.

SECTION 2.13. GARAGES.

No garage on a Lot may be modified or converted for any purpose or use inconsistent with parking for a minimum of 2 vehicles at all times. All Owners, their families, tenants, and contract purchasers must, to the greatest extent practicable, utilize such garages for the garaging of vehicles. Detached garages are not permitted on Lots that are adjacent to a Green Belt or Recreational Area. When the side of a Lot is exposed to a Green Belt or Recreational Area, a detached garage may be allowed provided that the garage is on the side of the Lot opposite the Green Belt or Recreational Area.

SECTION 2.14. LANDSCAPE AREAS.

The Association has the right to conduct landscaping activities upon and within the Landscape Areas. Lot Owners must maintain the easement between their Lot and all street or road rights-of-way. The Association has the right, but not the obligation, to install, operate, maintain, repair, and replace street lighting, hike and bike trails, jogging paths, walkways, and other similar improvements, provided such lighting, trails, paths, walkways, and other improvements are constructed within the right-of-way.

SECTION 2.15 SIDEWALKS.

Before the residential dwelling on a Lot is completed and occupied, the Builder must construct a concrete sidewalk 5 feet in width generally parallel to the street curb for the adjacent street. On a corner Lot, the Builder must construct sidewalks both parallel to the front Lot line and parallel to the side Lot line adjacent to the side street. If the Builder fails to construct a sidewalk as required by this section, the Owner of the Lot is responsible for the construction of the required sidewalk(s). Each sidewalk must comply with all applicable federal, state, and county laws, ordinances, and regulations, if any. Additional requirements for sidewalks and walkways on Lots may be set forth in the Design Guidelines. The Owner of a Lot is responsible for the maintenance, repair, and replacement of each sidewalk on the Owner's Lot and each sidewalk parallel to the front Lot line of the Owner's Lot and, in the event of a corner Lot, parallel to the side street Lot line that is located in the unpaved portion of the right-of-way.

SECTION 2.16. PLAN AND ELEVATION REPETITION.

The repetition of plans and elevations for residential dwellings in the Community must be staggered in accordance with the requirements of the Design Guidelines.

SECTION 2.17. LOT COVERAGE.

The total area of the footprints of the buildings, walks, and other structures on a Lot may not exceed 60% of the total Lot area. Pools, spas, decks, and driveways are not included when calculating the Lot coverage.

SECTION 2.18. LANDSCAPING.

Minimum landscape requirements, acceptable plant materials, and other landscape standards are set forth in the Design Guidelines. All landscaping on a Lot must be approved in writing by the Committee and must be in accordance with the Design Guidelines. The Owner of each Lot must maintain the landscaping on the Owner's Lot so that landscaping in accordance with the requirements of the Design Guidelines is at all times preserved.

SECTION 2.19. LANDSCAPE PLAN.

A plot plan showing all proposed trees and shrubs, and the size, location, and plant materials must be submitted to the Committee prior to installation by an Owner (other than Builders). The plot plan must include the proposed location of all trees and shrubs in relation to property lines, setbacks, and easements.

Prior to planting a tree in the front yard of a Lot, the Builder or Owner is required to contact all utility providers to obtain information concerning the location of the underground utility lines to avoid injury or damage to an underground utility line. This requirement is applicable to a tree planted on a Lot as a part of the initial landscaping and any replacement or additional tree.

Approval of landscape plans by the Committee does not relieve the Builder or Owner of the obligation to contact all utility providers prior to planting a tree, nor does approval by the Committee constitute a warranty or representation as to the location of underground utility lines.

SECTION 2.20. STRUCTURED IN-HOUSE WIRING.

Each residential dwelling constructed in the Community will include among its components structured in-house wiring and cabling to support multiple telephone lines, internet/modem connections, satellite and cable TV service, and in-house local area networks. In each residential dwelling, a central location or Main Distribution Facility ("***MDF***") must be identified to which ALL wiring must be run. The MDF is the location where all wiring is terminated and interconnected and where the electrical controllers will be mounted.

The MDF will be the central location for wiring of all types including security, data, video, and telephone wiring. The wiring room must be a clean interior space, preferably temperature controlled and secure. The components must be installed only in a dry location as described in the National Electric Code.

The following are acceptable locations:

a. a dedicated wiring closet (ideal installation);

b. a storage closet (if appropriate space is available); or

c. a utility room that is considered dry as described in the National Electric Code.

The installation of components in a garage, crawl space, exterior enclosure, or fire rated wall is prohibited as these are not approved installation locations. The volume and ventilation characteristics of the MDF must allow for 75W heat dissipation without exceeding the ambient temperature and humidity requirements. The specific requirements, specifications, and locations for structured wiring, number of drops and each MDF are subject to Declarant or Committee approval in each case. Declarant or the Committee may promulgate rules and specifications for the MDFs, which must be adhered to by Builders for the installation of the MDFs.

SECTION 2.21. HOME ALARM SYSTEMS.

Each residential dwelling constructed in the Community may include among its components a home alarm system located next to or within the MDF. The home alarm system, if included, must be wired so as to protect all accessible doors and windows. It must also have the capability of being monitored by a licensed monitoring company which, unless otherwise approved in writing by the Committee, requires the installation of a land-based data line. The specific requirements for the home alarm system are subject to Committee approval in each case. The Committee may promulgate rules and specifications for the home alarm system.

SECTION 2.22. BULK SERVICES.

IN THE SOLE DISCRETION OF DECLARANT DURING THE DEVELOPMENT PERIOD, AND, THEREAFTER, IN THE SOLE DISCRETION OF THE BOARD, THE ASSOCIATION HAS THE EXCLUSIVE RIGHT AND OPTION TO PROVIDE AND BILL EACH LOT OWNER (EXCLUDING BUILDERS FOR SERVICES RENDERED UNDER SUBSECTIONS A THROUGH N, INCLUSIVE, BELOW) FOR THE FOLLOWING BULK SERVICES (***"BULK SERVICES"***) (INCLUDING THE INITIAL INSTALLATION THEREOF IN THE COMMUNITY) EITHER INDIVIDUALLY OR IN BUNDLED PACKAGES:

A. TELEPHONE SERVICES (LOCAL AND LONG DISTANCE);

B. CLOSED CIRCUIT TELEVISION;

C. CABLE TELEVISION;

D. SATELLITE TELEVISION;

E. INTERNET CONNECTION;

F. COMMUNITY INTERNET;

G. FIRE OR BURGLAR HOME ALARM MONITORING;

H. ON DEMAND VIDEO;

I. VOICE MAIL;

J. ELECTRICAL POWER;

K. NATURAL GAS;

L. NON-POTABLE WATER FOR IRRIGATION;

M. ENERGY MANAGEMENT; AND

N. WATER MANAGEMENT.

THE BULK SERVICES MAY BE BILLED TO THE OWNER IN ANY COMBINATION OF THE FOLLOWING METHODS AT THE OPTION OF THE BOARD: (1) BY THE BULK SERVICES PROVIDER; (2) AS A PART OF THE ANNUAL ASSESSMENTS IN ACCORDANCE WITH THIS DECLARATION; OR (3) AS A SEPARATE ASSESSMENT, IN WHICH EVENT, THE SEPARATE ASSESSMENT WILL BE SECURED BY THE LIEN RETAINED IN THIS DECLARATION AND WILL BE BILLED IN ACCORDANCE WITH THIS DECLARATION. THE FEES FOR BULK SERVICES MAY BE BILLED PER LOT METERED, OR PER SERVICE, OR ANY COMBINATION THEREOF (WHICH RATE MAY FLUCTUATE BASED UPON THE BULK SERVICES BEING PROVIDED AND THE SIZE OF THE LOT), ALL AS DETERMINED IN THE SOLE DISCRETION OF DECLARANT OR THE BOARD AS SET FORTH ABOVE. IN ITS SOLE DISCRETION, THE BOARD MAY CHANGE THE PROVIDER OF THE BULK SERVICES AT ANY TIME AND FROM TIME TO TIME.

SECTION 2.23. GRADING AND DRAINAGE.

Each Lot must be graded so that storm water will drain in compliance with the requirements for Lot drainage and grading set forth in the Design Guidelines.

SECTION 2.24. DRIVEWAYS.

Requirements for the construction of a driveway on a Lot and the permissible size and location of a driveway on a Lot are set forth in the Design Guidelines. The driveway on a Lot must be approved in writing by the Committee prior to construction and must be in accordance with the Design Guidelines.

SECTION 2.25. OUTDOOR LIGHTING AND SECURITY CAMERAS.

All outdoor lighting must comply with the requirements of the Design Guidelines and be approved in writing by the Committee. Exterior lighting may not be offensive or an annoyance to surrounding residents of ordinary sensibilities. In the event of a dispute as to whether exterior lighting on a Lot is offensive or an annoyance to surrounding residents, the Board has the authority

to make the determination, and its determination will be conclusive and binding on all parties. In the event exterior lighting is determined to be offensive and annoying to surrounding residents, the Owner of the Lot on which the exterior lighting is located may be required to modify or remove the lighting as directed by the Board, regardless of prior approval of the lighting by the Committee.

The installation of a security or surveillance camera on the exterior of a residential dwelling or other structure on a Lot requires the prior written approval of the Committee. The viewing area of a security or surveillance camera must be limited to the Lot on which the security or surveillance camera is located; a viewing area that includes any portion of an adjacent (side or rear) Lot is prohibited.

SECTION 2.26. SCREENING.

Mechanical and electrical devices, garbage containers, and other similar objects visible from a street, a Reserve, a Common Area, or a Lake or located on Section boundaries must be screened from view by either fences, walls, plantings, or a combination thereof. Screening with plants is to be accomplished with initial installation, not assumed growth at maturity. The Builder is required to install the required screening. If the Builder fails to install such screening, the Owner of such Lot is responsible for the installation.

SECTION 2.27. FENCES AND WALLS.

A fence or wall constructed on a Lot must comply with the provisions of the Design Guidelines as to type, location, height, color, and materials. No fence or wall may be constructed on a Lot without the prior written approval of the Committee. Notice is given that there may be more stringent requirements for a fence or wall constructed on a Lot adjacent to a Reserve or Green Belt or a fence or wall facing a street. No chain link fence or wire fence of any type is permitted on a Lot.

SECTION 2.28. LOT PRIVACY FENCES.

Lot privacy fences require the prior written approval of the Committee and compliance with the provisions of the Design Guidelines.

SECTION 2.29. FENCE MAINTENANCE.

All fences, except Association Walls and fences identified in a Supplemental Declaration to be maintained by the Association, if any, must be maintained in good condition at all times by the Owner of the Lot. If a fence is located on the common property line separating 2 adjacent Lots, it is the joint responsibility of the Owners of those 2 Lots to maintain and repair the fence. The Association is granted an easement over and across each Lot (i) on which an Association Wall is constructed or adjacent, or (ii) on which a fence constructed by the Association or Declarant is to be maintained by the Association, for the purpose of going onto the Lot to maintain, repair, or replace the Association Wall or other fence. In all cases, the easement is 5 feet in width and extends along the entirety of the property line of the Lot on or along which the Association Wall or other fence is located.

SECTION 2.30. OTHER REQUIREMENTS.

A Supplemental Declaration may impose additional restrictions or requirements on Lots made subject to the Supplemental Declaration (such as, by way of example and not in limitation, larger building sizes, more brick or masonry siding, or different types of building materials). A Supplemental Declaration may impose additional building requirements but may not limit the Declaration or diminish the building size or construction standards set forth in this Declaration.

ARTICLE III. USE RESTRICTIONS

SECTION 3.1. SINGLE FAMILY RESIDENTIAL USE ONLY.

Each Owner may use his Lot and the single family residential dwelling and other improvements on his Lot for single family residential purposes only. As used in this Declaration, "single family residential purposes only" specifically prohibits, without limitation, any business use (whether for profit or not), commercial use (whether for profit or not), industrial use, apartment home, duplex, multi-family dwelling, hospital, clinic, transient housing, hotel, motel, tourist home, rooming house, renting or leasing of a room(s) in the single-family residential dwelling on a Lot, boarding house or Short Term Rentals (as defined in this Declaration) and such uses are expressly prohibited. No room in the single family residential dwelling on a Lot and no space in any other structure on a Lot may be leased or rented, however, this section does not preclude a Lot from being leased or rented in its entirety as a single residence to 1 family or person in accordance with this Declaration.

No Lot may be made subject to any type of timesharing agreement, fraction-sharing, or any other type of agreement where the right to the exclusive use of the Lot rotates among members of the program on a fixed or floating time schedule over a period of years. No Lot may be used in a manner in which an Owner that is a business entity organized under the Texas Business Organizations Code or the statute of any other state allows the business entity's co-owner, organizer, manager, partner, member, shareholder, business associate, or guest to live on the property for a time period that is less than 180 consecutive days.

No single family residential dwelling, building, garage, auxiliary building, or structure on a Lot may be used as income property unless leased in accordance with this Declaration. Any use of a Lot or the single family residential dwelling on a Lot that requires that the Owner pay the State of Texas hotel occupancy tax (whether or not the tax is actually being paid) is a use of the Lot for non-single family residential purposes and constitutes a business use of the Lot in violation of this section. The street address of a Lot may not be used as the business/activity address for a federal firearms license and the use of the street address of a Lot as the business/activity address for a federal firearms license is a business use of the Lot in violation of this section.

Unless otherwise approved in writing by Declarant during the Development Period and, thereafter, by the Board, not more than one: (a) bona fide full time, live-in domestic worker or (b) bona fide "nanny" is entitled to reside on a Lot.

SECTION 3.2. PROHIBITION OF OFFENSIVE ACTIVITIES.

No noxious or offensive activity of any sort is permitted on a Lot, nor may anything be done on a Lot which may be or may become an annoyance or a nuisance to the Owners or occupants of surrounding Lots. A nuisance is any activity or condition on a Lot which is reasonably considered by the Board to be an annoyance to surrounding residents of ordinary sensibilities or which may reduce the desirability of the Lot on which the condition or activity exists or any surrounding Lot. No loud noises or noxious odors are permitted on a Lot. The Board has the authority to determine whether noise, odor, or activity on a Lot constitutes a nuisance and its reasonable, good faith determination will be conclusive and binding on all parties. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles, or other items which may unreasonably interfere with television or radio reception of any Lot Owner, may be located, used, or operated on a Lot or exposed to the view of other Lot Owners without the prior written approval of the Association. No television, sound, or amplification system or other such equipment may be operated at a level that can be heard outside of the building in which it is located. This restriction is not applicable to normal activities required to market and sell homes in the Community or lighting utilized to display model homes.

SECTION 3.3. AUXILIARY BUILDINGS, PLAYHOUSES, AND PLAY EQUIPMENT.

As used in this Declaration, the term "auxiliary building" includes a storage building, a tool shed, a work shop, a greenhouse, and a gazebo. Only 1 auxiliary building is permitted on a Lot. An auxiliary building requires the written approval of the Committee as to type, size, location, color, and type of exterior building materials prior to construction or placement on a Lot. An auxiliary building may not exceed 8 feet in height, measured from the ground on which the building is located to the highest point of the building, or 100 square feet, measured from the outside surfaces of the walls. An auxiliary building must be located in the rear yard of a Lot and the rear yard of the Lot must be fully enclosed by fencing. In no event may an auxiliary building be located on an easement, in whole or in part, nearer to a side Lot line than 5 feet, or nearer to a rear Lot line than 10 feet.

One children's playhouse is permitted on a Lot in addition to an auxiliary building, so long as the playhouse is approved in writing by the Committee prior to construction or placement on a Lot. The height of a playhouse may not exceed 11 feet if it does not have a canopy or 12 ½ half feet if it does have a canopy; height of the playhouse is measured from the ground on which the playhouse is located to the highest point of the playhouse. If a playhouse has any type of platform, the top surface of the platform may not extend above the ground by more than 62 inches. A playhouse must be located in the rear yard of the Lot and the rear yard must be fully enclosed by fencing. In no event may a playhouse be located on an easement, in whole or in part, or nearer to a side Lot line than 5 feet or nearer to a rear Lot line than 10 feet.

Other types of play equipment, such as swing sets and trampolines, require the prior written approval of the Committee as to type, size, and location.

SECTION 3.4. VEHICLES, BOATS, TRAILERS, AND RECREATIONAL VEHICLES.

No motor vehicle of any kind may be parked or stored on any part of a Lot, easement, street right-of-way, or Common Area or in the street adjacent to a Lot, easement, right-of-way, or Common Area unless:

a. such vehicle does not exceed 7 feet, 6 inches in height, 7 feet, 6 inches in width, and 21 feet in length ("***Permitted Vehicle***"); and

b. such Permitted Vehicle:

(i) is in operating condition;

(ii) has current license plates and inspection stickers; and

(iii) is in daily use as motor vehicle on the streets and highways of the State of Texas.

No Permitted Vehicle may be parked on a Lot in view from a street in the Community in excess of 48 consecutive hours. If parked on a Lot in excess of 48 consecutive hours, the Permitted Vehicle must be parked in the garage or an approved enclosure. The term "approved enclosure" means any fence, structure, or other improvement approved in writing by the Committee that substantially conceals the Permitted Vehicle from public view. It is the intent of this section that vehicles not in daily use outside the Community be parked in the garage or an approved enclosure on the Lot. No Permitted Vehicle owned or used by the occupant of a Lot may be parked overnight on any street in the Community. No vehicle of any kind may be parked on an unpaved portion of a Lot.

No non-motorized vehicle, trailer, boat, marine craft, hovercraft, aircraft, machinery or equipment of any kind, or any type of vehicle other than a Permitted Vehicle may be parked or stored on any portion of a Lot, driveway, easement, street right-of-way, or Common Area or in the street adjacent to such Lot, easement, street right-of-way, or Common Area unless concealed from public view inside a garage or other approved enclosure (on the Owner's Lot). No person may park, store, or keep within the Community any commercial vehicle (dump truck, cement-mixer truck, oil or gas truck, delivery truck, tractor or tractor trailer, boat trailer, and any other vehicle equipment, mobile or otherwise deemed to be a nuisance by the Board), or any recreational vehicle (camper unit, motor home, truck, trailer, boat, mobile home, or other similar vehicle deemed to be a nuisance by the Board). Provided, however, recreational vehicles may be temporarily parked on a Lot for the purposes of loading and unloading. For the purposes of this section, the allowed "temporary parking" may not exceed 4 hours in any given 7 day period.

No person may repair or restore any motor vehicle, boat, trailer, aircraft, or other vehicle on any street, driveway, Lot, or portion of the Common Area, except for repairs to the personal vehicles of the occupants of a Lot conducted exclusively in the enclosed garage (and provided such personal vehicle repairs do not cause excessive noise or disturb the neighbors at unreasonable hours of the night, as determined by the Board).

This restriction does not apply to a vehicle, machinery, or maintenance equipment temporarily parked on a Lot or on a street in the Community and in use for the construction, repair, or maintenance of a residential dwelling on the Lot or in the immediate vicinity.

No vehicle may be parked on a street or on a driveway in a manner that obstructs ingress or egress to a Lot by other Owners, their families, guests, and invitees, or the general public using the streets for ingress to and egress from the Community. The Association may designate areas in Private Streets as fire zones, or no parking zones, or guest parking only zones. The Association has the authority to tow any vehicle parked or situated on a Private Street in violation of this Declaration or the Association's rules, the cost to be at the vehicle owner's expense.

No motor bikes, motorcycles, motorscooters, "go-carts", or other similar vehicles may be operated in the Community if, in the sole judgment of the Association, such operation, by reason of noise or fumes emitted, or by reason of manner of use, constitutes a nuisance or jeopardizes the safety of any Owner or the Owner's family members, tenants, or guests. The Association may adopt rules for the regulation of the admission and parking of vehicles within the Community, the Common Area, and adjacent street rights-of-way, including the assessment of charges and fines to Owners who violate, or whose invitees violate, such rules after notice and hearing.

SECTION 3.5. GARAGE SALES.

The Association has the authority to adopt rules and regulations relating to garage sales which may prohibit garage sales altogether or, if permitted, may limit the duration and frequency of garage sales and limit or prohibit signage for garage sales.

SECTION 3.6. AIR CONDITIONERS.

No window, roof, or wall type air conditioner may be installed, erected, placed, or maintained on or in a building or other improvement on a Lot without prior written approval of the Committee.

SECTION 3.7. WINDOW AND DOOR COVERINGS.

No aluminum foil or similar reflective material may be used or placed over doors or on windows. No newspaper, sheets, flags, or similar materials which are not customarily used as appropriate window coverings may be placed in the window of a building on a Lot.

SECTION 3.8. UNSIGHTLY OBJECTS.

No unsightly objects which might reasonably be considered to be an annoyance to surrounding residents of ordinary sensibilities may be placed or allowed to remain in a yard or on a street or driveway. The Board has the exclusive authority to determine whether a particular object is unsightly and, therefore, must be removed, and its reasonable determination will be binding on all parties.

SECTION 3.9. SWIMMING POOLS AND OTHER WATER AMENITIES.

An above-ground swimming pool, hot tub, or spa on a Lot is prohibited. An in-ground swimming pool and any type of in-ground hot tub, reflecting pond, sauna, whirlpool, or other water amenity requires the written approval of the Committee prior to construction or installation and must be located in the rear yard of the Lot. The rear yard of the Lot must be fully enclosed by fencing. A deck around a swimming pool or other water amenity may not extend more than 24 inches above the ground, measured from the ground to the top surface of the deck. A fountain in the front yard of a Lot is prohibited.

SECTION 3.10. MINERAL OPERATION.

No oil drilling, oil development operations, oil refining, quarrying, or mining operation of any kind is permitted on or in a Lot or Common Area, and no wells, tanks, tunnels, mineral excavation, or shafts are permitted upon or in a Lot or Common Area. No derrick or other structures designed for use in boring for oil or natural gas is permitted on a Lot or Common Area.

SECTION 3.11. ANIMALS.

No animals, livestock, or poultry of any kind may be raised, bred, or kept on a Lot, except that dogs, cats, or other common household pets may be kept, in reasonable numbers, provided that they are not kept, bred, or maintained for commercial purposes. In no event will a pig of any kind, including a Vietnamese pot-belly pig, be considered to be a common household pet. No Owner may allow any pet to become a nuisance by virtue of noise, odor, dangerous proclivities, or excessive pet debris. Common household pets must be confined to a fenced rear yard (such fence must encompass the entire rear yard) or within the residential dwelling. When outside the residential dwelling or fenced rear yard, a pet must be at all times on a leash or in a carrier held or controlled by a responsible person. It is the pet owner's responsibility to keep the Lot clean and free of pet debris and to keep pets from making unreasonable noise. Pet owners are prohibited from allowing their pets to defecate on other Owners' Lots, on the Common Area, Landscape Areas, Recreational Areas, or on the streets, curbs, or sidewalks. In the event this occurs, the person who is then in control of the pet must immediately clean up and dispose of the waste.

SECTION 3.12. VISUAL OBSTRUCTION AT THE INTERSECTION OF STREETS.

No object or thing which obstructs site lines at elevations between 2 feet and 6 feet above the roadways within the triangular area formed by the intersecting street Lot lines and a line connecting them at points 25 feet from the intersection of the street property lines or extension thereof may be placed, planted, or permitted to remain on any corner Lots.

SECTION 3.13. LOT AND IMPROVEMENT MAINTENANCE.

The Owner or occupant of each Lot must at all times keep all yard areas cut in a sanitary, healthful, and attractive condition. Maintenance must include regularly edging curbs that run along the Lot lines, weeding landscape beds, mowing the lawn, trimming bushes and shrubs, pruning trees, and watering the lawn and landscaping. In no event may a Lot be used for storage of materials

and equipment except for normal residential requirements or incident to construction of improvements thereon as permitted in this Declaration. All fences (excluding Association Walls), buildings, and other improvements which exist on a Lot must be maintained in good repair and condition by the Owner, and the Owner must promptly maintain, repair, or replace any improvement that is in need of maintenance, repair, or replacement as determined by the Board. Each Owner must maintain in good condition and repair all improvements on the Lot including, but not limited to, all windows, doors, garage doors, roofs, siding, brickwork, stucco, masonry, concrete, driveways and walks, fences, trim, plumbing, gas, and electrical. By way of example and not in limitation, wood rot, damaged brick, fading, peeling or aged paint or stain, mildew, broken doors or windows, and rotting or failing fences are considered violations of this Declaration, which, if not sooner remedied, the Owner of the Lot is required to repair or replace upon demand by the Association.

All walks, driveways, and other areas must be kept clean and free of debris, oil, grass, or weeds in expansion joints or other unsightly conditions by the Owner of the Lot. The Association has the authority to determine whether an improvement on a Lot or an area of a Lot is in need of maintenance or repair. No Lot may be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste materials must be kept in sanitary containers constructed of metal, plastic, or masonry materials with sanitary covers or lids. No waste materials may be dumped or drained into a Lake, Landscape Area, or Common Area. Containers for the storage of trash, garbage, and other waste materials must be stored out of view from any street in the Community except on trash collection days when they may be placed at the curb not earlier than 7:00 p.m. of the night prior to the day of scheduled collection and must be removed by 7:00 p.m. on the day of collection. Burning of trash, garbage, leaves, grass, or anything else on a Lot or in a street in the Community is prohibited. New building materials used in the construction of improvements on a Lot may be placed on the Lot at the time construction is commenced and may be maintained thereon for a reasonable time, so long as the construction progresses without undue delay, until the completion of the improvements, after which the materials must either be removed from the Lot or stored in a suitable approved enclosure on the Lot.

In the event of default on the part of the Owner of a Lot in observing any of the above requirements, such default continuing after the Association has delivered not less than 10 days' written notice thereof, then the Association, by and through its duly authorized agent only, without liability to the Owner or occupant of the Lot in trespass or otherwise, may enter upon the Lot and cut the grass, edge and weed the lawn and landscape beds, trim shrubs, prune trees, remove garbage, trash and rubbish, or do any other thing necessary to secure compliance with this Declaration and place said Lot and the improvements thereon in a neat, attractive, and sanitary condition. The Association may charge the Owner or occupant of the Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or occupancy of a Lot to pay for such work, plus 50% of the cost of the work for administrative costs, immediately upon receipt of a statement thereof. In the event of failure by the Owner or occupant to pay such statement within 15 days from the date the statement is mailed, the amount thereof may be added to the Annual Assessment provided for in this Declaration.

SECTION 3.14. SIGNS.

No sign of any kind may be displayed on a Lot, except:

(a) street signs as may be required by law;

(b) during the time of marketing a Builder owned Lot (such time being from the date of acquisition by the Builder until the date title is conveyed by the Builder) 1 ground-mounted Builder identification sign having a face area not larger than 6 square feet and located in the front yard of the Lot;

(c) 1 ground-mounted "For Sale" or "For Lease" sign not larger than 6 square feet and extending not more than 4 feet above the ground;

(d) local school spirit signs approved by the Committee for designated periods of time; and

(e) ground-mounted political signs subject to the following limitations:

(1) No political sign may be placed on an Owner's Lot prior to the 90th day before the date of the election to which the sign relates or remain on an Owner's Lot subsequent to the 10th day after the election date;

(2) No more than 1 political sign is allowed per political candidate or ballot item;

(3) No political sign may contain roofing materials, siding, paving materials, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative component;

(4) No political sign may be attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing structure or object;

(5) No political sign may include the painting of architectural surfaces;

(6) No political sign may threaten the public health or safety or violate a law;

(7) No political sign may be larger than 4 feet by 6 feet;

(8) No political sign may contain language, graphics, or any display that would be offensive to the ordinary person; and

(9) No political sign may be accompanied by music, other sounds, streamers or be otherwise distracting to motorists.

The Association is authorized to go onto a Lot and remove and discard a sign displayed in violation of this Section of the Declaration without liability in trespass or otherwise.

Notwithstanding the foregoing, Declarant reserves the right to construct and maintain signs, billboards, and advertising devices as is customary in connection with the sale of residential dwellings in the Community. Declarant and the Association also have the right to erect identifying signs at each entrance to the Community. In no event may any sign, billboard, poster, or advertising device of any character, other than as expressly allowed per the provisions of this Section, be erected, permitted, or maintained on a Lot without the prior written consent of the Committee.

SECTION 3.15. NO BUSINESS OR COMMERCIAL USE.

No Lot or improvement on a Lot is permitted to be used for any purpose other than single family residential purposes. No Lot or improvement on a Lot is permitted to be used for any business, commercial trade, or professional purpose or as a church either apart from or in connection with, the use thereof as a residence. The foregoing restrictions do not, however, prohibit an Owner from:

a. maintaining a personal professional library;

b. keeping personal business or professional records or accounts; or

c. handling personal business or professional telephone calls or correspondence,

which uses are considered to be incidental to the principal use of the Lot as a residence so long as the activity is not apparent by sight, sound, or smell outside the Lot and does not involve pedestrian or vehicle traffic to or from the Lot by customers, suppliers, or other business invitees.

SECTION 3.16. HOLIDAY DECORATIONS.

Exterior Thanksgiving decorations may be installed November 10th of each year and must be removed by December 1st of each year. Exterior holiday season (e.g. Christmas and Hanukkah) decorations may be installed the day after Thanksgiving each year and must be removed by January 6th of the new year. Decorations for other holidays may be installed no earlier than 30 days prior to the holiday and must be removed no later than 10 days after the holiday passes. No holiday decorations may be so excessive on a Lot as to cause a nuisance to Owners of other Lots in the vicinity of the Lot in question. The Board has the sole and exclusive authority to decide if holiday decorations are causing a nuisance and, therefore, must be modified or removed.

SECTION 3.17. VISUAL SCREENING ON LOTS.

The drying of clothes in public view is prohibited. All yard equipment, woodpiles, or storage piles must be screened by a service yard or other similar facility so as to conceal them from the view of neighboring Lots, streets, Green Belts, or other property.

SECTION 3.18. ANTENNAS, SATELLITE DISHES, AND MASTS.

No exterior antenna, aerial, satellite dish, or other apparatus for the reception of television, radio, satellite, or other signals of any kind may be placed, allowed, or maintained on a Lot, which is visible from any street, Common Area, or another Lot, unless it is impossible to receive an

acceptable quality signal from any other location. In that event, the receiving device may be placed in the least visible location where reception of an acceptable quality signal is possible. The Board may require painting or screening of the receiving device, which painting or screening does not substantially interfere with an acceptable quality signal. In no event are the following devices permitted: (i) satellite dishes which are larger than 1 meter in diameter; (ii) broadcast antenna masts which exceed the height of the center ridge of the roofline; or (iii) MMDS antenna masts which exceed a height of 12 feet above the center ridge of the roofline. In no event may more than one of each of the allowed antenna types (i.e. satellite dish, broadcast antenna, or MMDS antenna) be installed unless it is impossible to receive the desired signal from only one of each of the allowed antenna types. This section is intended to comply with the Telecommunications Act of 1996 (the "***Act***"), as the Act may be amended from time to time, and FCC regulations promulgated under the Act; this section is to be interpreted to be as restrictive as possible, while not violating the Act or applicable FCC regulations. The Board may promulgate architectural guidelines which further define, restrict, or elaborate on the placement and screening of receiving devices and masts, so long as the architectural guidelines are in compliance with the Act and applicable FCC Regulations.

SECTION 3.19. STREETS.

All streets and esplanades in the Community which are designated as Private Streets and esplanades on a Plat and deeded to the Association must be maintained and regulated by the Association. The Association has the right to establish rules and regulations concerning all Private Streets including, but not limited to, speed limits, curb parking, fire lanes, alleys, stop signs, traffic directional signals and signs, speed bumps, crosswalks, traffic directional flow, stripping, signage, curb requirements, and other matters regarding the roads, streets, curbs, esplanades and their usage by Lot Owners and their family members, guests, and invitees.

SECTION 3.20. DRAINAGE AND SEPTIC SYSTEMS.

Catch basin drainage areas are for the purpose of natural flow of water only. No obstructions or debris may be placed in these areas. No person or entity other than Declarant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Declarant reserves for itself and the Association a perpetual easement across the Community for the purpose of altering drainage and water flow; provided, however, that the exercise of such easement may not materially diminish the value or interfere with the use of any adjacent property without the consent of the Owner thereof. Septic tanks and drain fields, other than those installed by or with the consent of Declarant, are prohibited within the Community. No Owner or occupant may dump grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, storm sewer or storm drain, Lake, or Landscape Areas within the Community.

SECTION 3.21. FIREWORKS AND FIREARMS.

The discharge of fireworks or firearms within the Community is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. Notwithstanding anything to the contrary in this Declaration, neither Declarant nor the Association is obligated to take action to attempt to prevent the discharge of fireworks or firearms in the

Community, the regulation of the discharge of fireworks and firearms being primarily under the purview of law enforcement agencies.

SECTION 3.22. ON-SITE FUEL STORAGE.

No on-site storage of gasoline, heating or other fuels is permitted on a Lot except that up to 5 gallons of fuel in approved containers may be stored on each Lot for emergency purposes and the operation of lawn mowers and similar tools or equipment; provided, however, that the Association is permitted to store fuel in a secure building or structure on the Common Area for operation of maintenance vehicles, generators, and similar equipment.

SECTION 3.23 LEASING.

The term "lease" as used in this Declaration means any type of agreement or arrangement which provides to a person or entity other than the Owner of the Lot the use of and right to possess the Lot and the single family residential dwelling on the Lot. A Lot and the single family residential dwelling on the Lot may be leased for single family residential purposes only. Single family residential purposes specifically prohibits leasing the Lot to more than one single family. Single family residential purposes requires the intent to occupy the Lot and the single family residential dwelling on the Lot for the entire term of the lease. A lease must be for a term of not less than 180 consecutive days. A lease for a term of less than 180 consecutive days is prohibited. Upon the end of a lease term of at least 180 consecutive days, a new lease for a period of at least 180 consecutive days is required, however, a "month-to-month" lease is allowed if the lessee is the same person who signed the original lease. The Board does not have the authority to and will not approve or disapprove any lease.

A lease to persons who do not comprise a single family is prohibited. A lease must provide to the lessee the exclusive right to use and possess the entire Lot and the entire single family residential dwelling situated on the Lot. An Owner may not lease a room or any portion less than the entire Lot and the entire single family residential dwelling on the Lot. The lessee of a Lot is not permitted to sublease the Lot or the single family residential dwelling on the Lot or any portion thereof.

Short Term Rentals are expressly prohibited. "***Short Term Rental***" means any type of lease, agreement, or arrangement which provides to a person or entity other than the Owner of the Lot the use of and the right to possess the Lot and the single family residential dwelling on the Lot for less than 180 consecutive days.

A lease must be in writing. Leasing the Lot and the single family residential dwelling on a Lot does not relieve the Owner of the Lot from the obligation to comply with this Declaration and the Association's dedicatory instruments [as that term is defined by Texas Property Code Section 202.001(1) or its successor statute]. All lessees are subject to this Declaration and the Association's dedicatory instruments. There may only be one lease for a Lot (including the single family residential dwelling on the Lot) at a time. Upon written demand from the Association, the Owner of the Lot must provide a true and correct copy of the lease to the Association within 14 business days of the date such request is mailed. The Owner may redact any sensitive personal information as defined in

the Texas Property Code §209.016 or its successor statute prior to providing a copy of the lease to the Association. Upon written demand of the Association, the Owner of the Lot must provide to the Association the name(s) and phone number(s) for all lessees of a Lot and single-family residential dwelling on a Lot who have reached the age of at least 18 years within 14 business days of the date such request is mailed.

It is not the intention of this Section to exclude from a Lot or the single family residential dwelling on a Lot any individual who is authorized to so remain by any state or federal law. If it is found that this provision is in violation of any law, then this provision will be interpreted to be as restrictive as possible to preserve as much of this provision as allowed by law.

The Board may adopt any rules, guidelines, or policies necessary to further define, interpret, or clarify this Section and any such rules, guidelines, or policies will have the same force and effect as if stated in this Declaration.

ARTICLE IV. SERVICE AREAS

SECTION 4.1. DEFINITION.

Lots may be part of one or more "***Service Area(s)***" in which the Lots may share Limited Common Areas or receive special benefits or services from the Association that it does not provide to all Lots within The Oaks Residential Estates. A Lot may be assigned to more than one Service Area, depending on the number and type of special benefits or services it receives. A Service Area may be comprised of Lots of more than one type (by way of example and not in limitation, single family detached dwellings or townhomes) and may include Lots that are not contiguous.

SECTION 4.2. PROVISION OF SERVICES TO SERVICE AREAS.

a. Service Areas Designated by Declarant or Association

Certain initial Service Areas are designated in this Declaration. During the Development Period, Declarant (and after the expiration of the Development Period, the Association) may designate additional Service Areas (by name or other identifying designation) or assign Lots to a prior-existing Service Area via a Supplemental Declaration. During the Development Period, Declarant may unilaterally amend this Declaration or any Supplemental Declaration to change Service Area boundaries or services provided in a particular Service Area. The Association, or its designees, is responsible for the maintenance, repair, and replacement, as determined necessary in the Board's sole discretion, of the Limited Common Area within a designated Service Area, if any, the cost of which will be covered by the Service Area Assessment for such Service Area. The Association, or its designees, will provide designated services to Lots within any Service Area designated by Declarant or the Board, as applicable, as required by the terms of this Declaration or any Supplemental Declaration applicable to the Service Area, the cost of which will be covered by the Service Area Assessment for such Service Area.

b. Service Areas Designated by the Board

Additionally, and notwithstanding any other amendment provisions contained in this Declaration, upon petition of Owners of at least 67% of the Lots within the proposed designated Service Area or within the Service Area seeking modification, the Board may, by resolution, (i) designate Service Areas and assign Lots to them, or (ii) modify the services provided to an existing Service Area. Such resolution must be approved by Declarant during the Development Period. Upon the receipt of such petition, the Board must investigate the terms upon which the requested benefits or services might be provided and notify the Owners in the proposed designated Service Area or Service Area seeking modification of such terms and the initial fees for providing the requested service, which may include a reasonable administrative charge. If Owners of at least 67% of the Lots within the proposed designated Service Area or Service Area seeking modification approve the proposal in writing, the Board must designate the Lots as a Service Area or modify the services of the existing Service Area, as applicable, and include the fees for such services as a line item in the budget as to that particular Service Area.

c. Termination of Service Area

Likewise, the Board may, by resolution, terminate a previously designated Service Area (and thereby any associated Service Area Assessments) upon petition signed by Owners of at least 67% of the Lots within the designated Service Area, provided that such termination is approved by Declarant during the Development Period. Any such termination of a Service Area must be reflected in an instrument recorded in the Real Property Records of Ellis County, Texas.

ARTICLE V. THE ASSOCIATION

SECTION 5.1. PURPOSE.

The purposes of the Association are to provide for maintenance, preservation, and architectural control of the Lots within the Community, as well as the Private Streets, Recreational Areas, and the Common Area, and to manage and administrate the Community.

SECTION 5.2. MEMBERSHIP AND VOTING RIGHTS.

The Association has mandatory membership. Every Owner of a Lot subject to this Declaration will, upon acquiring an ownership interest in a Lot, become a Member of the Association until the Owner no longer has an ownership interest in a Lot, at which time membership in the Association will automatically cease. Membership is appurtenant to and may not be separated from ownership of any Lot. Persons or entities who hold an interest in a Lot merely as security for the performance of an obligation are not Members. No Owner may have more than one membership in the Association.

SECTION 5.3. CLASSES OF VOTING MEMBERSHIP.

The Association has 2 classes of voting membership as provided below.

a. Class A. Class A Members are all Owners other than Declarant. Class A Members have 1 vote for each Lot owned. When more than one person holds an interest in a Lot, all such persons are Members. The vote for such Lot may be exercised as they determine, but in no event may more than 1 vote be cast with respect to the Lot.

b. Class B. The Class B Member is Declarant, or its successor or assign so designated in writing by Declarant. Declarant is entitled to 7 votes for each Lot owned. The Class B membership will cease and be converted to Class A membership at the end of the Development Period. If, prior to the end of the Development Period, Declarant ceases to own a Lot within the Community, but additional land is thereafter annexed by Declarant and subjected to the provisions of this Declaration and the jurisdiction of the Association, Declarant will have, as the Class B Member, 7 votes for each Lot owned within the additional land. Class B membership in the Association will not cease to exist at such time as Declarant no longer owns a Lot within the Community; rather, Class B membership in the Association will only cease to exist at the end of the Development Period.

SECTION 5.4. NONPROFIT CORPORATION.

The Association is a nonprofit corporation organized under the laws of the State of Texas. The Association may exercise any right or privilege given to it expressly by the provisions of this Declaration or its Certificate of Formation or Bylaws, or reasonably implied from or reasonably necessary to effectuate any such right or privilege.

SECTION 5.5. BYLAWS; CONFLICTS.

The Association may adopt and amend Bylaws as deemed appropriate so long as the Bylaws do not conflict with the provisions of this Declaration. In the event of a conflict between a provision in this Declaration and a provision in either the Certificate of Formation or the Bylaws of the Association, the provision in this Declaration controls. In the event of a conflict between a provision in the Certificate of Formation and a provision in the Bylaws of the Association, the provision in the Certificate of Formation controls.

SECTION 5.6. BOARD ACTIONS; STANDARD OF CONDUCT.

Any action, inaction or omission by the Board made or taken in good faith will not subject the Board or any individual member of the Board to liability to the Association, its Members, or any other party. The Board, the officers of the Association, and the Association have the duty to represent the interests of the Owners in a fair and just manner. Any act or thing done by any Director, officer, or committee member taken in furtherance of the purposes of the Association, and accomplished in conformity with this Declaration, the Certificate of Formation, the Bylaws, and the laws of the State of Texas, must be reviewed under the standard of the Business Judgment Rule as established by the common law of Texas, and such act or thing done will not be a breach of duty on the part of the Director, officer, or committee member if taken or done in good faith and within the exercise of the Director's, officer's, or committee member's discretion and judgment. The Business Judgment Rule means that a court may not substitute its judgment for that of the Director, officer, or committee

member. A court is not to re-examine the decisions made by a Director, officer, or committee member by determining the reasonableness of the decision as long as the decision is made in good faith and in what the Director, officer, or committee member believed to be in the best interest of the Association.

SECTION 5.7. OWNERSHIP INFORMATION.

The Owner is required at all times to provide the Association with written notice of proper mailing information if different from the property address of the Owner's Lot. Further, the Owner is required to notify the Association of the name of the Owner's tenant, if any, or agency, if any, involved in the management of the Owner's Lot. The Owner is obligated to notify the Association or its designated management company if the Owner's mailing address changes. The submission of a check with a different mailing address on it to the Association or its designated management company does not constitute notice of a change of mailing address.

SECTION 5.8. INSPECTION OF RECORDS.

Members of the Association have the right to inspect the books and records of the Association in accordance with the Association's recorded Open Records Policy.

ARTICLE VI. ASSESSMENTS AND OTHER FEES

SECTION 6.1. THE MAINTENANCE FUND.

All funds maintained by the Association per the provisions of this Article constitute the "***Maintenance Fund***". The Assessments levied by the Association will be used for the administration, management, and operation of the Community and for the improvement, maintenance, and acquisition of the Common Area and any Private Streets, Reserves, storm water detention Lakes, and easements. The Association may use the Maintenance Fund, at its sole discretion, for any of the following purposes, by way of example and not in limitation: maintaining, repairing, or replacing parkways, streets, Private Streets, shared access drives, curbs, perimeter fences, esplanades, walkways, steps, entry gates, fountain areas, Landscape Areas, project identity signs, landscaping, rights-of-way, easements, and other public areas, if any; constructing, installing, and operating street lights; purchasing or operating expenses of recreational areas, pools, playgrounds, clubhouses, tennis courts, jogging tracks, and parks, if any; collecting garbage; providing insecticide services; paying all legal and other expenses incurred in connection with the enforcement of all recorded charges and Assessments, covenants, conditions, and restrictions affecting the Community; employing policemen and watchmen; employing CPAs and property management firms, attorneys, porters, lifeguards, or any type of service deemed necessary or advisable by the Association; caring for vacant Lots and doing any other thing necessary or desirable in the opinion of the Association to keep the Community a neat and in good order, or considered of general benefit to the Owners or occupants of Lots in the Community. It is understood that the judgment of the Association in the expenditure of the Maintenance Fund is final and conclusive so long as such judgment is exercised in good faith.

The Association must prepare each year a reserve budget taking into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Association will set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect to both the amount and timing by annual Assessments over the period of the budget. Provided that, the Association is not obligated to set the capital contribution at an amount required to at all times cause the reserve account to be 100% funded per the projected needs of the Association or, if a reserve study is performed by a third party, per the recommendations set forth in the reserve study.

SECTION 6.2. CREATION OF THE LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS.

Each Lot in the Community is subjected to the Assessments as set forth in this Article, and each Owner of a Lot, by acceptance of a deed to the Lot, whether or not it is so expressed in the deed, is deemed to covenant and agree to pay to the Association: (1) Annual Assessments; (2) Operating Fund Capitalization Fees; (3) Reserve Fund Capitalization Fees; (4) Special Assessments; (5) Service Area Assessments; (6) Specific Section Assessments; (7) Administrative Fees; (8) Bulk Services Assessments; and (9) any charge back for costs, fees, expenses, fines, attorney's fees or other charges incurred or authorized by the Declaration, or by the Association in connection with enforcement of this Declaration, the Association's Bylaws, and the rules and regulations adopted by the Association (such Assessments, fees and other charges being collectively referred to in this Declaration as "***Assessments***"). The Assessments are a charge on the Lot and a continuing lien upon the Lot against which each Assessment is made. All Assessments as to a particular Lot, together with interest, late charges, costs, and reasonable attorney's fees, are also the personal obligation of the person who was the Owner of the Lot at the time the Assessments became due. The personal obligation for delinquent Assessments will not pass to a successor in title unless expressly assumed by that successor.

SECTION 6.3. PAYMENT OF ANNUAL ASSESSMENTS AND BULK SERVICES ASSESSMENTS.

The Annual Assessments and Bulk Services Assessments must be paid by the Owner or Owners of each Lot in the Association in annual installments (unless the Board determines otherwise as to Bulk Services Assessments as provided in this Declaration). The annual periods for which Annual Assessments and Bulk Services Assessments are levied will be January 1st through December 31st, with payment being due by January 1st of each year. The rate at which each Lot is assessed as to the Annual Assessments and Bulk Services Assessments will be determined annually, billed in advance, and adjusted from year to year by the Board.

SECTION 6.4. ANNUAL ASSESSMENT.

The initial Annual Assessment will be set by the Board via a Board resolution, which must be recorded in the Official Public Records of Real Property of Ellis County, Texas. The Annual Assessment may be increased each year not more than 20% above the amount of the Annual Assessment for the previous year without a vote of the Members. Each year, the Board will estimate the expenses of the Association for the next calendar year and set the rate of the Annual Assessment

to be levied against each Lot as deemed necessary, subject the limitations set forth in this Section. The Annual Assessment may not be adjusted more than once in a calendar year. The Board may, at its discretion, accumulate and assess the increase in a later year. The Annual Assessment may be increased in a given year above 20% only by approval of at least 2/3 of each class of the Members of the Association present and voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present.

SECTION 6.5. OPERATING FUND CAPITALIZATION FEE.

Each Owner, other than Declarant or a Builder, upon acquisition of record title to a Lot, is obligated to pay a fee to the Association in an amount equal to 50% of the Annual Assessment for that year for the purpose of funding the Association's operating account (the "***Operating Fund Capitalization Fee***"). This fee is based solely on the Annual Assessment and does not apply to any other assessment, fee, or charge established in this Declaration, including, but not limited to, Administrative Fees and the Bulk Services Assessments. The Operating Fund Capitalization Fee is in addition to, not in lieu of, the Annual Assessment and will not be considered an advance payment of the Annual Assessment. The Operating Fund Capitalization Fee will initially be used by the Association to defray its initial operating costs and other expenses and later to ensure the Association has adequate funds to meet its expenses and otherwise, including contributions to the Association's reserve fund, all as the Board, in its sole discretion, may determine.

SECTION 6.6. RESERVE FUND CAPITALIZATION FEE.

Upon the transfer of ownership of a Lot by a Builder, the Lot is subject to a Reserve Fund Capitalization Fee in the amount provided in this Declaration. Such fee will be in an amount equal to 1/4 of the amount of the Annual Assessment for such Lot, will be due and payable upon the date of such transfer, and will be deposited in the reserve fund of the Association. Such fee is in addition to the Annual Assessment assessed against each Lot. Notwithstanding the foregoing, no Reserve Fund Capitalization Fee is payable upon the transfer of a Lot from Declarant to a Builder.

SECTION 6.7. ADMINISTRATIVE FEES.

The Association may charge a fee to cover the administrative costs associated with providing information and documents in connection with the sale of a Lot in the Community and changing all of the ownership records of the Association (the "***Administrative Fee***"). An Administrative Fee must be paid to the Association upon each transfer of title to a Lot. The amount of the fee may be set by the Board, but the amount may not, at any given time, exceed 1/3 of the Annual Assessment then in effect.

SECTION 6.8. SPECIAL ASSESSMENTS.

In addition to the Assessments authorized above, the Association may levy, in any Assessment year, a Special Assessment applicable to the current year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement on the Common Area, streets, curbs, storm sewers, sidewalk, Recreational Areas, including fixtures and personal property related thereto, or for any other purpose approved by the membership; provided, however, that any such Special Assessment must be approved by at

least 2/3 of the votes of those Members of each class voting in person or by proxy at a meeting duly called for that purpose at which a quorum is present.

SECTION 6.9. SERVICE AREA EXPENSES, BUDGET, AND ASSESSMENTS.

a. Service Area Expenses. All expenses that the Association incurs or expects to incur in connection with a particular Service Area, including any reserve for the maintenance, repair, or replacement of any Limited Common Area within the Service Area and any capital items maintained for the benefit of the Service Area are considered Service Area Expenses. Service Area Expenses may include a reasonable administrative charge in such amount as the Board, in its sole discretion, deems appropriate, provided that any such administrative charge is applied at a uniform rate per Lot within the Service Area.

b. Budget. Before the beginning of each fiscal year, the Board must prepare a budget for each Service Area reflecting the estimated Service Area Expenses that the Association expects to incur for the benefit of the Service Area in the coming year.

c. Service Area Assessments. The total Service Area Expenses budgeted for each Service Area, less any surplus in such Service Area budget from prior years, must be allocated among all Lots in the Service Area that are subject to a Service Area Assessment pursuant to this Declaration. Unless otherwise specified in any Supplemental Declaration applicable to a Service Area, Service Area Assessments will be set by the Board at a uniform rate per Lot in the designated Service Area. All amounts the Association collects as Service Area Assessments will be expended solely for the benefit of the Service Area for which they were collected and will be accounted for separately from the Association's general funds.

The Board has discretion to determine whether the Service Area Assessment payment period will be on an annual, semi-annual, quarterly, or monthly basis. Service Area Assessments will be paid in such manner and on such dates as the Board may establish, which may include discounts for early payment or similar time/price and method of payment differentials. The Board may require advance payment of Service Area Assessments at closing of the transfer of title to a Lot and may impose special requirements for Owners with a history of delinquent payment.

The annexation of all or a portion of property adjoining the Community may result in the Board adjusting the rate of the Service Area Assessments to be charged to the annexed property such that the adjusted Service Area Assessments may not be uniform with the Service Areas Assessments being charged to other Owners. The Board has the absolute discretion to determine any such adjustment on a case-by-case basis.

The Board has the absolute discretion to modify the amount of the Service Area Assessments, taking into consideration the Service Area Expenses for the Service Area and the corresponding services that may be added, modified, or terminated for such Service Area.

SECTION 6.10. SPECIFIC SECTION ASSESSMENT.

The Association has the authority to levy and collect a Specific Section Assessment. A Specific Section Assessment is a separate assessment levied against all Lots in a particular Section. The purpose of the Specific Section Assessment is to provide special services or improvements for the exclusive benefit of the Owners of Lots in the particular Section. Prior to the end of the Development Period, Specific Section Assessments may be levied by the Board with the approval of Declarant. After the Development Period ends, the special services or improvements to be provided to the Owners of Lots in the Section will be decided by the Owners of the Lots of the Section approving the Specific Section Assessment; provided, however, after the Development Period ends, no Specific Section Assessment may be levied by the Association unless (a) a written request for services or improvements not regularly provided by the Association is submitted to the Board, (b) the Board agrees, on behalf of the Association, to provide the requested special services or improvements, subject to the approval of a Specific Section Assessment to cover the cost of the services, (c) a meeting is called among the Owners of Lots in the Section, (d) all Owners of Lots in the Section are notified in writing not less than 30 days nor more than 60 days before the meeting that a meeting will be held to discuss and vote upon the proposal to obtain the special services or improvements and to approve a Specific Section Assessment for that purpose, and (e) the Specific Section Assessment is approved by the Owners of a majority of the Lots in the Section.

The initial Specific Section Assessment will be due 30 days after approval by (i) the Board and Declarant prior to the end of the Development Period, or (ii) the Owners in the Section after the end of the Development Period. Thereafter, the Specific Section Assessment will be due on January 1st of each year (unless the Specific Section Assessment approved by the Owners is a one-time special service or improvement that does not require ongoing maintenance by the Association, in which case there will be only one Specific Section Assessment). Once the initial Specific Section Assessment has been levied, the Board has the authority to set the rate of the Specific Section Assessment each year thereafter (unless the Specific Section Assessment approved by the Owners is a one-time special service or improvement that does not require ongoing maintenance by the Association, in which case there will be only one Specific Section Assessment) based upon the anticipated cost to provide the special services or maintenance of the improvements, plus any amounts for approved services or improvements provided to the Owners of the Section not covered by the prior year's Specific Section Assessment.

Notwithstanding any provision in this Declaration to the contrary, the Board has the authority to discontinue any special services or improvements which were previously requested and approved, as the Board deems, in its reasonable, good faith judgment, to be necessary or appropriate. If an Owner of any Lot in the Section that has approved a Specific Section Assessment proposes to discontinue any special services previously requested and approved, a petition signed by Owners representing not less than a majority of the Lots in the Section must be submitted to the Board and a meeting of the Owners of Lots in the Section must be called in the manner set forth above. The special services or improvements must be discontinued if Owners representing not less than a majority of the Lots in the Section approve the proposal. When special services or improvements are discontinued, either as the result of a decision of the Board or a vote of the Owners of Lots in the Section, the portion of the total Specific Section Assessment relating to those special services or improvements will likewise be discontinued. Once discontinued,

special services or other improvements may not be renewed unless approved in the manner set forth above. With reference to any vote under this section, if there are multiple Owners of a Lot, the vote for that Lot may be cast by one of the Owners.

SECTION 6.11. COMMENCEMENT OF ASSESSMENT.

Assessments will commence on a Lot as of the date of substantial completion of the development of the Lot. For the purposes of this section, the "date of substantial completion" is the later of (i) the date the Plat in which the Lot is located is recorded, or (ii) the date the engineer for the Section in which the Lot is located issues a letter certifying all Lots in the Section have been substantially completed. Lots owned by Declarant are not exempt from Assessment and Operating Fund Capitalization Fees as set forth in Section 6.6. All Lots are subject to the Assessments determined by the Board in accordance with the provisions of this Declaration. Lots which are owned by the Declarant will be assessed at a rate equal to ¼ of the Annual Assessment for 24 months after the date of substantial completion of the Lot and, thereafter, at a rate equal to ½ of the Annual Assessment for so long as the Lot is owned by Declarant. Each Lot owned by a Builder will be assessed at a rate equal to ½ of the Annual Assessment for a period of 12 months after closing and thereafter at the full rate of the Annual Assessment for so long as the Builder owns a Lot. The same computations for Declarant or a Builder apply to Special Assessments. The rate of Assessment for an individual Lot within a calendar year may change as the character of ownership changes, and the applicable Assessment for such Lot will be prorated according to the rate required during each type of ownership.

SECTION 6.12. BULK SERVICES ASSESSMENTS.

In the event that the Association contracts for bulk communication or power services, such costs will be billed directly to each Owner on an annual basis as provided in this Declaration (the "***Bulk Services Assessment***"). Bulk Services Assessments will be separately itemized in any statement or invoice submitted to an Owner. At the sole discretion of the Board, Bulk Services Assessments may be billed on a monthly or quarterly basis in which event each Bulk Services Assessment will (a) be due on the first day of each month or quarter, as applicable, (b) be late if not paid by the 10th day of the applicable month or quarter, as applicable, (c) be subject to a late charge as provided in this Declaration, and (d) incur interest at the rate of 18% per annum or the maximum rate of interest allowed by law as provided in this Declaration. Bulk Services Assessments may be billed as flat rate per Lot metered, or per service, or any combination thereof, as determined in the sole discretion of Declarant or the Board. Declarant is not responsible for Bulk Services Assessments. Builders are responsible for Bulk Services Assessments only on the Lots owned by Builders that are provided bulk services.

SECTION 6.13. EFFECT OF NONPAYMENT OF ASSESSMENTS.

a. Any Assessment that is not paid in full within 30 days of the due date will be delinquent and will bear interest on the unpaid amount from the due date at the rate of 18% per annum or the maximum rate of interest allowed by law, whichever is less, until paid. In addition, the Association may impose a separate late charge on any Annual Assessment, Bulk Services Assessment, Special Assessment, or Specific

Section Assessment that is not paid in full within 30 days of the date the particular Assessment became due. The amount of the late charge will be set by the Board but may not exceed 25% of the particular Assessment that is not timely paid in full; as an example, if a Bulk Services Assessment in the amount of $400.00 is not paid in full within 30 days of the due date, the late charge on the delinquent Bulk Services Assessment may be $100.00. The late charge will be based upon the full amount of the applicable Assessment regardless of whether the full amount of the applicable Assessment is delinquent or some portion less than the full amount of the applicable Assessment is delinquent. Late charges are in addition to, not in lieu of, interest.

b. The Association may bring an action at law against the Owner obligated to pay an Assessment or foreclose the lien against the Lot. Interest, costs, late charges, and attorney's fees incurred in any such collection action will be added to the amount of the Assessment. An Owner, by his acceptance of a deed to a Lot, expressly vests in the Association and its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for enforcement of such liens, including either judicial foreclosure or non-judicial foreclosure pursuant to Article 51.002 of the Texas Property Code (or any amendment or successor statute) and each such Owner expressly grants to the Association a power of sale in connection with said lien. Provided, however, prior to the Association exercising its power of sale, the Association must first have obtained a court order in an application for expedited foreclosure in accordance with Section 209.0092 of the Texas Property Code. The Board has the right and power to appoint an agent or Trustee to act for and on behalf of the Association to enforce the lien. The lien provided for in this Article is in favor of the Association. The Board may, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Section 51.002 of the Texas Property Code and said power of sale, designate in writing an agent or trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The agent or trustee may be changed at any time and from time to time by the Board by a written instrument executed by the President or any Vice President of the Association and duly recorded in the Official Public Records of Real Property of Ellis County, Texas. In the event the Association decides to non-judicially foreclose the lien provided in this Declaration pursuant to the provisions of said Section 51.002 of the Texas Property Code and to exercise the power of sale hereby granted, the Association must mail to the defaulting Owner a copy of the Notice of Sale not less than 21 days prior to the date on which said sale is scheduled by posting such notice through the U.S. Postal Service, postage prepaid, registered or certified, return receipt requested, properly addressed to such Owner at the last known address of such Owner according to the records of the Association. If required by law, the Association or Trustee must also cause a copy of the Notice of Sale to be recorded in the Official Public Records of Real Property of Ellis County, Texas. Out of the proceeds of such sale, there will first be paid all expenses incurred by the Association in connection with such default, including reasonable attorney's fees and reasonable agent or trustee's fees; second, from such proceeds there will be paid to the Association an amount equal to the amount in default; and, third, the remaining

balance, if any, will be paid to such Owner. Following any such foreclosure, each occupant of the Lot foreclosed on and each occupant of any improvements thereon will be deemed to be a tenant at sufferance and may be removed from possession by any lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder. The Association has the right to maintain a deficiency suit in the event the sale proceeds are less than the amount of Assessments, interest, late fees, attorney's fees, and costs incurred by or owed to the Association.

In addition to foreclosing the lien hereby retained, in the event of non-payment by an Owner of any Assessment, the Association may, upon notice to the non-paying Owner as required by law, in addition to all other rights and remedies available at law or otherwise: (i) restrict the right of such non-paying Owner to use the Common Areas, if any, in such manner as the Association deems appropriate or (ii) terminate any services being provided the Owner (e.g., bulk services). No Owner will be entitled to receive a credit or discount in the amount of an Assessment due to or by virtue of the Association's exercise of any of its remedies. Additionally, the Board may charge the Owner a reconnect fee (as set by the Board) to reconnect any services or use rights so terminated or restricted.

It is the intent of the provisions of this section to comply with the provisions of Section 51.002 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 51.002 of the Texas Property Code hereafter, the President or Vice President of the Association, acting without the joinder or consent of any other Owner or mortgagee or other person, may amend the provisions hereof so as to comply with any such amendments to Section 51.002 of the Texas Property Code.

No Owner may waive or otherwise avoid liability for the Assessments provided in this Declaration by nonuse of the facilities or services provided by the Association or by abandonment of his Lot.

SECTION 6.14. SUBORDINATION OF THE LIEN TO MORTGAGES.

The lien created in this Article against each Lot for the benefit of the Association is secondary, subordinate, and inferior to all liens, present and future given, granted, and created by or at the request of the Owner of any such Lot to secure the payment of monies advanced to purchase the Lot or to construct improvements on the Lot to the extent of any such Assessments accrued and were unpaid prior to foreclosure of any such purchase money lien or construction lien. The sale or transfer of a Lot pursuant to purchase money or construction loan mortgage foreclosure or any proceeding in lieu thereof will extinguish the lien of such Assessment but only as to payment which became due prior to such sale or transfer and not thereafter. Mortgagees are not required to collect Assessments. The failure of a mortgagee to pay Assessments does not constitute a default under an insured mortgage.

SECTION 6.15. NOTICE OF AMOUNT.

The Association will fix the amount of the Annual Assessment and Bulk Services Assessment against each Lot at least 30 days in advance of the applicable Assessment year. Written notice of such Assessments must be mailed (by U.S. first class mail) to each Owner. Provided that, the failure of the Association to fix the amount of the Annual Assessment or Bulk Services Assessment or to provide written notice of the amount of any such Assessment will not affect the Association's authority to levy such Assessments or an Owner's obligation to pay such Assessments. Rather, the amount of the Annual Assessment and Bulk Services Assessment in effect for the preceding year will remain in effect until the Association fixes the new amount(s) and such amount must be paid on the applicable due date. The Association may, upon demand from the Owner or the Owner's duly authorized representative, provide a certificate signed by a duly authorized representative of the Association setting forth whether the Annual Assessments and any other Assessments on the Owner's Lot have been paid and the amount owed by the Owner of the Lot. The Association may charge a reasonable fee for the issuance of such a certificate.

SECTION 6.16. NO WARRANTY.

Declarant, for itself and the Association, disclaims and disavows any warranty or representation that may be attributed to the annual budget adopted during the Development Period. The annual budget is not a warranty or representation by Declarant or the Association that the types of budgeted expenses or their relative sizes are accurate or complete, nor is it a warranty or representation that the Community or the Association will achieve the budget's assumptions or that the Association will annually incur or fund every category of expense that is shown on the budget, or that the relative size of an expense category will be achieved. Neither the Association nor any Owner has a right or expectation of being reimbursed by Declarant or by the Association for a budgeted line item that is not realized or that is not realized at the projected level.

SECTION 6.17. DECLARANT'S RIGHT TO INSPECT AND CORRECT ACCOUNTS.

For a period of 5 years after the end of the Development Period, Declarant reserves for itself and for Declarant's accountants and attorneys, the right, but not the duty, to inspect, correct, and adjust the Association's financial books, records, and accounts relating to the Development Period. The Association may not refuse to accept an adjusting or correcting payment made by or for the benefit of Declarant. By way of illustration but not in limitation, Declarant may find it necessary to re-characterize an expense or payment to conform to Declarant obligations under the governing documents or applicable law. This section may not be construed to create a duty for Declarant or a right for the Association. In support of this reservation, each Owner, by accepting an interest in or title to a Lot, grants to Declarant a right of access to the Association's books, records, and accounts that is independent of Declarant's rights during the Development Period, for the limited purpose of this section and only to the extent necessary to enable Declarant to exercise its rights under this section.

ARTICLE VII. INSURANCE AND CASUALTY LOSSES

SECTION 7.1. INSURANCE.

The Association, or its duly authorized agent, has the authority to and must obtain blanket "all-risk" property insurance, if reasonably available, for all insurable improvements on the Common Area. If blanket "all-risk" coverage is not reasonably available, then an insurance policy providing fire and extended coverage must be obtained. The face amount of such insurance must be sufficient to cover the full replacement cost of the improvements in the event of damage or destruction from any insured hazard.

The Board must also obtain a general liability insurance policy covering the Common Area, insuring the Association for all damage or injury caused by the negligence of the Association or any person for whose acts the Association is held responsible ("***Liability Policy***"). The Liability Policy must provide coverage in an amount not less than $2,000,000.00 single person limit with respect to bodily injury and property damage, not less than $3,000,000.00 limit per occurrence, if reasonably available, and not less than $500,000.00 minimum property damage coverage.

Premiums for all insurance on the Common Area will be an expense of the Association paid out of the Maintenance Fund.

Insurance policies may provide for a reasonable deductible, and the amount thereof may not be subtracted from the face amount of the policy in determining whether the insurance satisfies the coverage required pursuant to this Declaration. The deductible must be paid by the party who would be liable for the loss or repair in the absence of insurance and in the event of multiple parties will be allocated in relation to the amount each party's loss bears to the total. All insurance coverage obtained by the Association is governed by the following provisions:

a. all policies must be written with a company authorized to do business in Texas, holding a Best's rating of A or better, and assigned a financial size category of XI or larger as established by A.M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating which is available;

b. all policies on the Common Area must be for the benefit of the Association and be written in the name of the Association or for the benefit of the Association;

c. exclusive authority to adjust losses under policies obtained on the Common Area is vested in the Association;

d. in no event may the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their mortgagees;

e. all property insurance policies must have an agreed amount endorsement, if reasonably available; and

f. the Association must use reasonable efforts to secure insurance policies that will provide the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association and its directors, officers, employees and manager, the Owner and occupants of Lots and their respective tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

(iii) a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of any one or more individual Owners;

(iv) a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of any curable defect or violation without prior written demand in writing delivered to the Association to cure the defect or violation and the allowance of reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or Mortgagee;

(v) a statement that any "other insurance" clause in any policy excludes individual Owner's policies from consideration; and

(vi) a statement that the Association will be given at least 30 days' prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to the insurance described above, the Association must obtain, as a Common Area expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The Board has the authority to obtain flood insurance, as it deems appropriate. The amount of fidelity coverage will be determined by the Board, but, if reasonably available, may not be less than 1/6 of the total of the Annual Assessments on all Lots for the year in which fidelity coverage is obtained, plus reserves on hand. Bonds must include a waiver of all defenses based upon the exclusion of persons serving without compensation and require at least 30 days prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

The Association has no insurance responsibility for any part of any Lot or the improvements thereon.

SECTION 7.2. INDIVIDUAL INSURANCE.

By accepting title to a Lot subject to this Declaration, each Owner covenants and agrees that such Owner will carry homeowners insurance on the Owner's Lot and structures thereon including (a) liability coverage of not less than $100,000.00 per person and $300,000.00 per occurrence and (b) property damage liability insurance of not less than $50,000.00 plus extended coverage for full

replacement value. Each Owner further covenants and agrees that, in the event of loss or damage to the structures comprising his or her Lot, the Owner will either: (a) proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved by the Committee; or (b) clear the Lot of all damaged structures, debris, and ruins and thereafter maintain the Lot in a neat and attractive, landscaped condition consistent with the requirements of the Committee and the Board.

SECTION 7.3. REPAIR AND RECONSTRUCTION.

If damage to or destruction of the Common Area for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board has the authority to, without the necessity of a vote of the Members, levy a Special Assessment against the Owners sufficient to raise the additional funds necessary to restore the Common Area. Additional Special Assessments may be levied in a like manner at any time during or following the completion of any repair or reconstruction, if necessary to pay the costs of repair and reconstruction. If damage to or destruction of the Common Area for which insurance proceeds are paid is repaired or reconstructed and there are proceeds remaining after paying the costs of repair or reconstruction, the remaining proceeds will be retained by and for the benefit of the Association for use as the Board determines to be appropriate.

ARTICLE VIII. NO PARTITION

Except as is permitted in the Declaration or any Supplemental Declaration, there may be no judicial partition of the Common Area or any part thereof, nor may any person acquiring any interest in a Lot in the Community seek any judicial partition of the Common Area. This Article is not to be construed to prohibit the Association from acquiring and disposing of tangible personal property nor from acquiring title to real property, which may or may not be subject to this Declaration.

ARTICLE IX. COMMUNITY ACCESS

There may be one or more access control stations and limited access gate systems ("***Access Control Stations***") within the Community. If so, the location of any such Access Control Station will be identified in the Supplemental Declaration annexing the Section in which the Access Control Station is located. The Supplemental Declaration will also address whether and to what extent the Access Control Station is manned and requirements for gate access cards, EZ Tags, remotes, or other automatic gate devices.

ARTICLE X. BUILD/LEASE DEVELOPMENT

A Build/Lease Development is permitted within the Community by a Builder approved in writing by Declarant ("***Build/Lease Builder***"). For purposes of this Declaration, "***Build/Lease Development***" means construction within a defined area of the Community by the Build/Lease Builder of a residential dwelling which may be leased as income property at any time after construction by or through the Build/Lease Builder or the Owner or Owners thereof for single family residential purposes. Any such leasing of a residential dwelling for single family residential purposes is not considered to be a prohibited business or commercial use under this Declaration or under any other documents governing The Oaks Residential Estates, and no provision in this

Declaration or other governing document for The Oaks Residential Estates will prohibit any such leasing or use.

A Build/Lease Builder is required (i) to maintain all of the Lots within the Build/Lease Development, and (ii) to maintain property insurance on all Lots within the Build/Lease Development. The maintenance services to be provided by a Build/Lease Builder must be substantially equivalent to those maintenance services which would otherwise be provided by the Association pursuant to the Declaration. A Build/Lease Builder must provide a certificate of insurance to the Association within a reasonable time after the submission of a request by the Association, which certificate must reflect coverage as aforesaid and that the insurance may not be cancelled without at least 60 days written notice to the Association.

In the event that the Build/Lease Builder fails to provide maintenance services or other services to the same standards as that provided by the Association for other buildings, the Association may provide written notice to the Build/Lease Builder specifying the deficiency or deficiencies in the services. The Build/Lease Builder will have a period of 30 days from the date of receipt of the Association's notice to either dispute the deficiency or deficiencies, or some part thereof, or initiate the necessary maintenance work (either entirely or as to the undisputed deficiencies). In the event of a dispute as to the deficiency set forth in the Association's notice, the parties are obligated to promptly communicate with each other for the purpose of resolving the dispute. If there is no dispute as to a deficiency set forth in the Association's notice and the Build/Lease Builder has not initiated the necessary maintenance work within the stated 30-day period, the Association will have the right, but not the obligation, to perform the necessary maintenance work and charge the Build/Lease Builder the cost of such work.

Any amounts required to be paid by Owners within a defined Build/Lease Development area as to Association maintenance services, insurance or other services are secured by the lien created in this Declaration and, to such extent, the lien is hereby assigned to each Build/Lease Builder.

A Build/Lease Builder will, by virtue of its ownership interest in a Lot, become a Member of the Association with respect to all Lots owned by the Build/Lease Builder. Such membership will cease as to a Lot at the time that the Build/Lease Builder no longer has an ownership interest in the Lot. The Build/Lease Builder is subject to all Assessments and fees created pursuant to this Declaration, including Annual Assessments, Bulk Services Assessments, Administrative Fees, Special Assessments, Service Area Assessments, and Specific Section Assessments, with respect to

all Lots owned by the Build/Lease Builder. All such Assessments and fees are secured by the lien created in this Declaration.

Declarant hereby designates all of the Lots within the real property more particularly described on **Exhibit A** as a Build/Lease Development.

Declarant may designate additional real property as a Build/Lease Development in a Supplemental Declaration applicable to and annexing said additional real property into The Oaks Residential Estates.

ARTICLE XI. GENERAL PROVISIONS

SECTION 12.1. ENFORCEMENT.

Declarant, the Association, and any Owner, have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and covenants set forth in this Declaration. Provided that, only the Association has the authority to enforce the provisions relating to the payment of Assessments. The failure of Declarant, the Association, or any Owner to enforce any covenant or restriction set forth in this Declaration will not be deemed a waiver of the right to do so thereafter.

Sanctions for violations of the provisions of this Declaration, any Supplemental Declaration and any other dedicatory instrument of the Association may, in addition to all other remedies provided for in this Declaration or by law, include monetary fines. The procedure for imposing monetary fines must be in accordance with notice and other requirements imposed by law. Any monetary fine levied against an Owner and the Owner's Lot will be added to the Owner's Assessment account and secured by the lien created in this Declaration.

SECTION 12.2. SEVERABILITY.

Invalidation of any one of these covenants or restrictions by judgment or court order will not affect any other provision or provisions which will remain in full force and effect.

SECTION 12.3. TEXAS PROPERTY CODE.

The Association has all of the rights provided under all applicable provisions of the Texas Property Code and will comply with all applicable requirements set forth in the Texas Property Code.

SECTION 12.4. OWNER'S RIGHT TO USE COMMON AREA.

Every Owner has a right to use the Common Area subject to the following provisions:

a. the right of the Association to charge reasonable admission and other fees for the use of any Recreational Area situated upon the Common Area;

b. the right of the Association to suspend the right to use the Recreational Areas by an Owner for any period during which any Assessment against the Owner's Lot remains unpaid and for a period not to exceed 60 days for each infraction of its published rules and regulations, subject to notice required by law; and

c. the right of the Association or Declarant to dedicate or transfer any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members.

SECTION 12.5. CONSTRUCTIVE NOTICE AND ACCEPTANCE.

Every person who owns, occupies, or acquires any right, title, estate, or interest in or to any Lot or other portion of the Community does and is conclusively deemed to have consented and agreed to every limitation, restriction, easement, reservation, condition, and covenant contained in this Declaration, whether or not any reference to this Declaration is contained in the instrument by which such person acquired an interest in the Lot or other portion of the Community.

SECTION 12.6. DELEGATION OF USE.

Any Owner may delegate his right to use the Common Area and facilities to the members of his family, his tenants or his contract purchasers who reside on the Owner's Lot.

SECTION 12.7. AMENDMENT.

All provisions in this Declaration will run with and bind the Community for a term of 40 years from the date this Declaration is recorded, after which time the provisions of this Declaration will be automatically extended for successive periods of 10 years each. This Declaration may be amended by an instrument signed by those Owners owning not less than 67% of the Lots in the Community; provided that, prior to the end of the Development Period, any amendment to this Declaration or a Supplemental Declaration must also be approved in writing by Declarant, which written approval must be filed of record with the amendment to the Declaration or Supplemental Declaration. This Declaration may also be amended by Declarant at any time prior to the end of the Development Period, without the joinder or consent of any other party, as long as the amendment is consistent with the residential character of the Community. In no event may an amendment of this Declaration diminish the rights or increase the liability of Declarant unless the amendment is approved by Declarant as evidenced by Declarant's execution of the amendment. No person is charged with notice of or inquiry with respect to any amendment until and unless it has been filed for record in the Official Public Records of Real Property of Ellis County, Texas. In the event there are multiple Owners of a Lot, the written approval of an amendment to this Declaration may be reflected by the signature of a single co-Owner.

SECTION 12.8. DISSOLUTION.

If the Association is dissolved, the assets must be dedicated to a public body or conveyed to a nonprofit organization with similar purposes to those of the Association.

SECTION 12.9. COMMON AREA MORTGAGES OR CONVEYANCE.

The Common Area may not be mortgaged or conveyed without the consent of 75% of the Lot Owners (excluding Declarant). If ingress or egress to a Lot is through the Common Area, any conveyance or encumbrance of such Common Area is subject to the Lot Owner's access easement.

SECTION 12.10. INTERPRETATION.

If this Declaration or any word, clause, sentence, paragraph, or other part thereof is susceptible to more than one or conflicting interpretations, then the interpretation which is most nearly in accordance with the general purposes and objectives of this Declaration will govern. This Declaration is to be liberally construed to give full effect to its purposes and intent.

SECTION 12.11. OMISSIONS.

If any punctuation, word, clause, sentence, or provision necessary to give meaning, validity, or effect to any other word, clause, sentence, or provision appearing in this Declaration is omitted from this Declaration, then it is declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence, or provision is supplied by inference.

No provision of this Declaration or the Bylaws gives or may be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

SECTION 12.13. NOTICE TO ASSOCIATION.

Upon request, each Owner is obligated to provide to the Association the name and address of the holder of any mortgage encumbering such Owner's Lot.

SECTION 12.14. FAILURE OF MORTGAGEE TO RESPOND.

Any mortgagee who receives a written request from the Board by certified or registered mail, return receipt requested, to respond to or consent to any action is deemed to have approved such action if the Association does not receive a written response from the mortgagee within 30 days of the date of the Association's request.

SECTION 12.15. ANNEXATION AND DE-ANNEXATION.

Until the expiration of the Development Period, additional residential property, commercial property, and Common Area may be annexed to Community and subjected to the provisions of this Declaration and the jurisdiction of the Association by Declarant, without the approval of the Members of the Association. Thereafter, additional property may be annexed and subjected to the provisions of this Declaration and the jurisdiction of the Association only if approved by 2/3 of the Members present, in person or by proxy, and voting at a meeting of the Members duly called for

that purpose at which a quorum is present. Until the expiration of the Development Period, land made subject to the provisions of this Declaration may be de-annexed and removed from the Community by Declarant, without the approval of the Members of the Association. Upon the expiration of the Development Period, no part of the Community may be de-annexed.

SECTION 12.16. SAFETY AND SECURITY IN THE COMMUNITY.

NEITHER DECLARANT NOR THE ASSOCIATION NOR THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AND ATTORNEYS, ("***ASSOCIATION AND RELATED PARTIES***") WILL IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SAFETY OR SECURITY WITHIN THE COMMUNITY. THE ASSOCIATION AND RELATED PARTIES ARE NOT LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR THE INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY, INCLUDING LIMITED ACCESS GATES, IF ANY, AND ENTRANCE OR PERIMETER FENCING. OWNERS, LESSEES AND OCCUPANTS OF ALL LOTS, ON BEHALF OF THEMSELVES, AND THEIR GUESTS AND INVITEES, BY ACCEPTANCE OF A DEED TO A LOT ACKNOWLEDGE THAT THE ASSOCIATION AND RELATED PARTIES DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES, OR OTHER SECURITY SYSTEMS (IF ANY ARE PRESENT) WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE, NOR THAT FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. OWNERS, LESSEES, AND OCCUPANTS OF LOTS, ON BEHALF OF THEMSELVES AND THEIR GUESTS AND INVITEES, ACKNOWLEDGE AND UNDERSTAND THAT THE ASSOCIATION AND RELATED PARTIES ARE NOT INSURERS AND THAT EACH OWNER, LESSEE, AND OCCUPANT OF ANY LOT, ON BEHALF OF THEMSELVES AND THEIR GUESTS AND INVITEES, ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO THEIR RESIDENCE OR LOT AND TO THE CONTENTS OF THEIR RESIDENCE OR LOT AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION AND RELATED PARTIES HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER OR LESSEE, ON BEHALF OF THEMSELVES AND THEIR GUESTS OR INVITEES, RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE COMMUNITY.

SECTION 12.17. COMMON AREA REDESIGNATION.

Regardless of designation on any Plat or otherwise and notwithstanding any provision in this Declaration to the contrary, during the Development Period, Declarant is authorized to (i) designate, construct, or expand the Common Area, and (ii) modify, discontinue, redesignate, or in any other manner change the Common Area. Without limitation of the foregoing, Declarant

specifically reserves the right at any time during the Development Period to sell or otherwise dispose of any "Reserves" and any other similar areas, regardless of designation of any such area by any Plat or otherwise as "Restricted", "Unrestricted", or other designation. Neither the foregoing nor any other provisions of this Declaration will be construed as in any manner constituting any representation, warranty, or implication whatsoever that Declarant or any Builder will undertake any such designation, construction, maintenance, expansion, improvement, or repair, or that if at any time or from time to time undertaken, any such activities will continue, and any such representation, warranty or implication is hereby specifically disclaimed.

[SIGNATURE PAGES FOLLOW]

Executed on the date of the acknowledgement, to be effective upon recording in the Official Public Records of Real Property of Ellis County, Texas.

DECLARANT:

WB RED OAKS LAND LLC,
a Texas limited liability company

By: _____
Print Name: Ting Qiao
Title: Manager

THE STATE OF TEXAS §
§
COUNTY OF Harris §

BEFORE ME, the undersigned notary public, on this 20th day of November, 2023 personally appeared Ting Qiao, Manager of WB Red Oaks Land LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purpose and in the capacity therein expressed.

KATHLEEN DRYSDALE
Notary ID #133570465
My Commission Expires
February 3, 2026

_____
Notary Public in and for the State of Texas

EXHIBIT A
PROPERTY DESCRIPTION

A 17.8274 ACRE TRACT OF LAND SITUATED IN THE MCKINNEY AND WILLIAMS SURVEY, ABSTRACT NO. 751, CITY OF RED OAK, ELLIS COUNTY, TEXAS, BEING ALL OF TRACTS 1 AND 2 AS DESCRIBED IN THE GENERAL WARRANTY DEED TO WB RED OAKS LAND LLC, A TEXAS LIMITED LIABILITY COMPANY, FILED FOR RECORD IN COUNTY CLERK'S INSTRUMENT NO. 2140339, OFFICIAL PUBLIC RECORDS, ELLIS COUNTY, TEXAS (OPRECT), SAID 17.8274 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 1/2-INCH CAPPED IRON RO FOUND WITH YELLOW CAP FOR THE SOUTHERNMOST SOUTHWEST CORNER OF SAID TRACT 1, AND BEING THE SOUTHEAST CORNER OF TRACT I AS DESCRIBED IN THE TEXAS GENERAL WARRANTY DEED WITH VENDOR'SLIEN TO ELYSSIA ARMSTEAD, AN UNMARRIED WOMAN, FILED FOR RECORD IN COUNTY CLERK'S INSTRUMENT NO. 2033530, OPRECT, AND BEING ON THE NORTH RIGHT-OF-WAY LINE OF WEST RED OAK ROAD, A 65-FOOT RIGHT-OF-WAY AT THIS POINT, FROM WHICH A 1/2-INCH CAPPED IRON ROD FOUND WITH YELLOW CAP AT THE INTERSECTION OF SAID NORTH RIGHT-OF-WAY LINE AND THE WEST LINE OF A CALLED 10-FOOT ALLEY BEARS SOUTH 88 DEGREES 52 MINUTES 23 SECONDS WEST, A DISTANCE OF 110.13 FEET, SAID BEGINNING POINT HAVING A NAD83 - TEXAS COORDINATE SYSTEM POSITION (GRID) OF N: 6875415.90 E: 2491915.93 (BEARINGS & COORDINATE VALUES SHOWN HEREON ARE IN REFERENCE TO THE NAD83 - TEXAS COORDINATE SYSTEM – NORTH CENTRAL ZONE, 4202, BASED ON GPS OBSERVATIONS UTILIZING THE TRIMBLE VRS NOW NETWORK)

THENCE NORTH 00 DEGREES 28 MINUTES 01 SECONDS WEST, ALONG THE LOWER WEST LINE OF SAID TRACT 1 (CC# 2140339), BEING COMMON WITH THE EAST LINE OF SAID TRACT I (CC# 2033530), A DISTANCE OF 179.74 FEET, TO A 5/8-INCH IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAID TRACT I (CC# 2033530), SAME BEING THE SOUTHEAST CORNER OF TRACT III, OF SAID DEED TO ELYSSIA ARMSTEAD;

THENCE NORTH 00 DEGREES 01 MINUTES 14 SECONDS EAST, CONTINUING ALONG SAID LOWER WEST LINE, BEING COMMON WITH THE EAST LINE OF SAID TRACT III, A DISTANCE OF 333.99 FEET, TO A 5/8-INCH CAPPED IRON ROD SET STAMPED "LONESTAR RPLS6882" FOR AN INTERIOR ELL CORNER OF SAID TRACT 1 (CC# 2140339), AND BEING THE NORTHEAST CORNER OF SAID TRAT III;

THENCE SOUTH 89 DEGREES 50 MINUTES 49 SECONDS WEST, ALONG THE UPPER SOUTH LINE OF SAID TRACT 1, BEING COMMON WITH THE NORTH LINE OF SAID TRACT III, AT A DISTANCE OF 100.06 FEET, PASSING A 1-INCH IRON PIPE FOUND FOR THE NORTHWEST CORNER OF SAID TRACT III, AN CONTINUING A TOTAL DISTANCE OF 103.53 FEET, TO A 5/8-INCH CAPPED IRON ROD SET STAMPED "LONESTAR RPLS6882" IN THE EAST LINE OF A TRACT OF LAND AS DESCRIBED IN THE DEED TO HARRY LAUFER AND WIFE, PATRICIA LAUFER, FILED FOR RECORD IN VOLUME 668, PAGE 248, DRECT, AND BEING IN THE OSTENSIBLE WEST LINE OF SAID TRACT 1;

THENCE NORTH 00 DEGREES 22 MINUTES 49 SECONDS WEST, ALONG SAID EAST LINE, BEING COMMON WITH SAID WEST LINE, A DISTANCE OF 263.78 FEET, TO A 5/8-INCH CAPPED IRON ROD FOUND STAMPED " RPLS 4480" IN THE WEST LINE OF SAID TRACT 1, AND BEING THE SOUTHEAST CORNER OF SAID TRACT 2 (CC# 2140339);

THENCE SOUTH 89 DEGREES 37 MINUTES 11 SECONDS WEST, DEPARTING SAID WEST LINE, ALONG THE SOUTH LINE OF SAID TRACT 2, A DISTANCE OF 198.83 FEET, TO A 5/8-INCH CAPPED IRON ROD FOUND STAMPED “RPLS 4480” FOR THE SOUTHWEST CORNER OF SAID TRACT 2, AND BEING ON THE EAST RIGHT-OF-WAY LINE OF NORTH MAIN STREET, A PRESCRIPTIVE RIGHT-OF-WAY;

THENCE NORTH 00 DEGREES 24 MINUTES 58 SECONDS WEST, ALONG THE WEST LINE OF SAID TRACT 2, BEING COMMON WITH SAID EAST RIGHT-OF-WAY LINE, A DISTANCE OF 99.02 FEET, TO A 5/8-INCH CAPPED IRON ROD FOUND STAMPED "RPLS 4480" FOR THE NORTHWEST CORNER OF SAID TRACT 2, AND BEING THE SOUTHWEST CORNER OF A TRACT OF LAND AS DESCRIBED IN THE SPECIAL WARRANTY DEED TO SULAR ANN FROST, FILED FOR RECORD IN VOLUME 1045, PAGE 359, DEED RECORDS, ELLIS COUNTY, TEXAS (DRECT), FROM WHICH A 1/2-INCH CAPPED IRON ROD FOUND WITH RED CAP FOR THE NORTHWEST CORNER OF SAID FROST TRACT BEARS NORTH 00 DEGREES 08 MINUTES 19 SECONDS EAST, A DISTANCE OF 197.83 FEET;

THENCE NORTH 89 DEGREES 36 MINUTES 14 SECONDS EAST, ALONG THE NORTH LINE OF SAID TRACT 2, BEING COMMON WITH THE SOUTH LINE OF SAID FROST TRACT, A DISTANCE OF 198.69 FEET, TO A 1/2-INCH IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAID TRACT 2, SAME BEING THE SOUTHEAST CORNER OF SAID FROST TRACT, AND BEING ON THE WEST LINE OF SAID TRACT 1;

THENCE NORTH 00 DEGREES 50 MINUTES 48 SECONDS WEST, ALONG THE WEST LINE OF SAID TRACT 1, AT A DISTANCE OF 198.48 FEET, PASSING A 5/8-INCH CAPPED IRON ROD FOUND STAMPED "RPLS 4480" FOR THE NORTHEAST CORNER OF SAID FROST TRACT, AND CONTINUING IN ALL A TOTAL DISTANCE OF 285.25 FEET, TO A 1/2-INCH IRON PIPE FOUND FOR AN ANGLE POINT IN SAID WST LINE;

THENCE NORTH 00 DEGREES 16 MINUTES 24 SECONDS WEST, CONTINUING ALONG SAID WEST LINE, AT A DISTANCE OF 99.63 FEET, PASSING A 1/2-INCH IRON PIPE FOUND, AND CONTINUING IN ALL A TOTAL DISTANCE OF 126.93 TO A 5/8-INCH CAPPED IRON ROD SET STAMPED "LONESTAR RPLS6882" FOR THE NORTHWEST CORER OF SAID TRACT1, AND BEING IN THE SOUTH LINE OF BLOCK A, QUAIL RUN ADDITION, PHASE ONE, AN ADDITION TO THE CITY OF RED OAK, ELLIS COUNTY, TEXAS, ACCORDING TO THE PLAT RECORDED IN VOLUME H, PAGE 321, PLAT RECORDS, ELLIS COUNTY, TEXAS (PRECT), FROM WHICH A 1/2-INCH IRON ROD FOUND FOR THE SOUTHWEST CORNER OF LOT 7, BLOCK A, OF SAID QUAIL RUN ADDITION, BEARS SOUTH 88 DEGREES 51 MINUTES 53 SECONDS WEST, A DISTANCE OF 63.17 FEET;

THENCE NORTH 88 DEGREES 51 MINUTES 53 SECONDS EAST, ALONG THE NORTH LINE OF SAID TRACT 1, BEING COMMON WITH THE SOUTH LINE OF SAID QUAIL RUN ADDITION, AT A DISTANCE OF 57.95 FEET, PASSING A 1/2-INCH IRON ROD FOUND FOR REFERENCE, AT A DISTANCE OF 717.95 FEET, PASSING A 1/2-INCH IRON ROD FOUND FOR REFENCE, AND CONTINUING IN ALL A TOTAL DISTANCE OF 968.80 FEET, TO A 5/8-INCH CAPPED IRON ROD SET STAMPED "LONESTAR RPLS6882" FOR THE NORTHEAST CORNER OF SAID TRACT 1, AND BEING IN THE NORTHWEST RIGHT-OF-WAY LINE OF M-K-T RAILROAD, A 100-FOOT RIGHT-OF-WAY, FROM WHICH A 1/2-INCH IRON PIPE FOUND FOR REFERENCE BEARS SOUTH 22 DEGREES 47 MINUTES 26 SECONDS WEST, A DISTANCE OF 14.48 FEET;

THENCE SOUTH 27 DEGREES 13 MINUTES 46 SECONDS WEST, ALONG THE SOUTHEAST LINE OF SAID TRACT 1, BEING COMMON WITH THE NORTHWEST LINE OF SAID RAILROAD, AT A DISTANCE OF 29.94 FEET, PASSING A 3/8-INCH IRON RO FOUND FOR REFERENCE, AND CONTINUING IN ALL A TOTAL DISTANCE OF 1466.54 FEET, TO A 5/8-INCH CAPPED IRON ROD SET STAMPED "LONESTAR RPLS6882" FOR THE SOUTHEAST CORNER OF SAID TRACT 1, SAID POINT BEING AT THE INTERSECTION OF SAID NORTHWEST RIGHT-OF-WAY LINE, AND THE NORTH RIGHT-OF-WAY LINE OF SAID WEST RED OAK ROAD;

THENCE SOUTH 88 DEGREES 52 MINUTES 55 SECONDS WEST, ALONG THE SOUTH LINE OF SAID TRACT 1, BEING COMMON WITH SAID NORTH RIGHT-OF-WAY LINE, A DISTANCE OF 185.32 FEET, TO THE POINT OF BEGINNING AND CONTAINING 17.827 ACRES (776,564 SQUARE FEET) OF LAND, MORE OR LESS.