



After Recording Return To:

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

WOODSON'S RESERVE

MASTER COVENANT

Montgomery County, Texas

NOTE: NO PORTION OF THE PROPERTY DESCRIBED ON EXHIBIT "A" IS SUBJECT TO THE TERMS OF THIS COVENANT UNLESS A NOTICE OF APPLICABILITY DESCRIBING SUCH PORTION OF THE PROPERTY IS RECORDED IN THE OFFICIAL PUBLIC RECORDS OF MONTGOMERY COUNTY, TEXAS, IN ACCORDANCE WITH SECTION 9.05 BELOW.

Declarant: TOLL HOUSTON, TX, LLC, a Texas limited liability company

WOODSON'S RESERVE

MASTER COVENANT

TABLE OF CONTENTS

ARTICLE 1	DEFINITIONS.....	2
ARTICLE 2	GENERAL RESTRICTIONS	9
	2.01 General	9
	2.02 Incorporation of Development Area Declarations.....	10
	2.03 Conceptual Plans	10
	2.04 Provision of Benefits and Services to Service Areas	10
ARTICLE 3	WOODSON'S RESERVE MASTER COMMUNITY, INC.....	11
	3.01 Organization.....	11
	3.02 Neighborhoods.....	11
	3.03 Membership.....	12
	3.04 Governance.....	14
	3.05 Voting Allocation.....	14
	3.06 Representative System of Voting.....	16
	3.07 Voting Groups.....	18
	3.08 Powers.....	18
	3.09 Acceptance of Common Area and Special Common Area.....	22
	3.10 Indemnification.....	23
	3.11 Insurance.....	23
	3.12 Bulk Rate Contracts	23
	3.13 Community Services and Systems	24
	3.14 Protection of Declarant's Interests.....	25
	3.15 Administration of Common Area	25
ARTICLE 4	INSURANCE AND RESTORATION	25
	4.01 Insurance.....	25
	4.02 Restoration Requirements	25
	4.03 Restoration - Mechanic's and Materialmen's Lien.....	26
ARTICLE 5	COVENANT FOR ASSESSMENTS.....	27
	5.01 Assessments.....	27
	5.02 Maintenance Fund	28
	5.03 Regular Assessments.....	28
	5.04 Special Assessments	28
	5.05 Special Common Area Assessments	28
	5.06 Service Area Assessments	29
	5.07 Individual Assessments.....	29

	5.08	Working Capital Assessment.....	29
	5.09	Amount of Assessment.....	30
	5.10	Late Charges.....	32
	5.11	Owner’s Personal Obligation for Payment of Assessments	32
	5.12	Assessment Lien and Foreclosure	32
	5.13	Exempt Property	34
	5.14	Fines and Damages Assessment.....	34
ARTICLE 6		WOODSON'S RESERVE REVIEWER.....	36
	6.01	Architectural Control By Declarant.....	36
	6.02	Architectural Control by Association	37
	6.03	Prohibition of Construction, Alteration and Improvement.....	37
	6.04	Architectural Approval.....	38
	6.05	Non-Liability of the Woodson's Reserve Reviewer	40
ARTICLE 7		MORTGAGE PROVISIONS.....	40
	7.01	Notice of Action	40
	7.02	Examination of Books.....	41
	7.03	Taxes, Assessments and Charges	41
ARTICLE 8		EASEMENTS.....	41
	8.01	Right of Ingress and Egress.....	41
	8.02	Reserved Easements	42
	8.03	Improvements, Roadway and Utility Easements.....	42
	8.04	Subdivision Entry and Fencing Easement.....	42
	8.05	Sign, Monumentation, and Landscape Easement	42
	8.06	Easement to Construct and Maintain Drainage Facilities.....	43
	8.07	Easement for Special Events.....	43
	8.08	Declarant as Attorney in Fact.....	44
ARTICLE 9		DEVELOPMENT RIGHTS	44
	9.01	Development	44
	9.02	Special Declarant Rights	44
	9.03	Addition of Land	45
	9.04	Withdrawal of Land	45
	9.05	Notice of Applicability	46
	9.06	Assignment of Declarant’s Rights	47
ARTICLE 10		GENERAL PROVISIONS.....	47
	10.01	Term.....	47
	10.02	Eminent Domain.....	47
	10.03	Amendment.....	48
	10.04	Initiation of Litigation by Association	48
	10.05	Enforcement.....	49

10.06	No Warranty of Enforceability.....	49
10.07	Higher Authority	49
10.08	Severability	49
10.09	Conflicts	50
10.10	Gender	50
10.11	Acceptance by Owner	50
10.12	Damage and Destruction.....	50
10.13	No Partition	51
10.14	View Impairment.....	51
10.15	Safety and Security	52
10.16	Notices.....	52
10.17	Waiver of Environmental Conditions.....	53
10.18	Mining and Drilling.....	54
ARTICLE 11	DISCLOSURE	54
	11.01 Pipeline Disclosure	54

WOODSON'S RESERVE
MASTER COVENANT

Woodson's Reserve Master Covenant (the "Covenant") is made by TOLL HOUSTON, TX, LLC, a Texas limited liability company (the "Declarant"), and is as follows:

RECITALS:

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

B. Declarant desires to create a uniform plan for the development, improvement, and sale of the Property.

C. Portions of the Property may be made subject to this Covenant upon the Recording of one or more Notices of Applicability pursuant to *Section 9.05* below, and once such Notices of Applicability have been Recorded, the portions of the Property described therein will constitute the Development (as defined below) and will be governed by and fully subject to this Covenant, and the Development in turn will be comprised of separate Development Areas (as defined below) which will be governed by and subject to separate Development Area Declarations (as defined below) in addition to this Covenant.

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

PROPERTY VERSUS DEVELOPMENT VERSUS DEVELOPMENT AREA

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

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

NOW, THEREFORE, it is hereby declared that: (i) those portions of the Property as and when made subject to this Covenant by the Recording of a Notice of Applicability will be held, sold, conveyed, and occupied subject to the following covenants, conditions and restrictions

WOODSON'S RESERVE
MASTER COVENANT

which will run with such portions of the Property and will be binding upon all parties having right, title, or interest in or to such portions of the Property or any part thereof, their heirs, successors, and assigns and will inure to the benefit of each Owner thereof; and (ii) each contract or deed conveying those portions of the Property which are made subject to this Covenant will conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions and restrictions, regardless of whether or not the same are set out in full or by reference in said contract or deed.

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

ARTICLE 1 **DEFINITIONS**

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

"Applicable Law" means the statutes and public laws and ordinances in effect at the time a provision of the Documents is applied, and pertaining to the subject matter of the Document provision, including but not limited to, all ordinances and any other applicable building codes, zoning restrictions and permits or other applicable regulations. Statutes and ordinances specifically referenced in the Documents are "Applicable Law" on the date of the Document, and are not intended to apply to the Development if they cease to be applicable by operation of law, or if they are replaced or superseded by one or more other statutes or ordinances.

"Assessment" or **"Assessments"** means all assessments imposed by the Association under *Article V* of this Covenant.

"Assessment Unit" has the meaning set forth in *Section 5.09*.

"Association" means **WOODSON'S RESERVE MASTER COMMUNITY, INC.**, a Texas non-profit corporation, which will be created by the Declarant to exercise the authority and assume the powers specified in *Article III* and elsewhere in this Covenant. The failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association, which derives its authority from this Covenant, the Certificate, the Bylaws, and Applicable Law.

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

"Bulk Rate Contract" or "Bulk Rate Contracts" means one or more contracts which are entered into by the Association for the provision of utility services or other services of any kind or nature to the Lots and/or Condominium Units. The services provided under Bulk Rate Contracts may include, without limitation, security services, trash pick-up services, propane service, natural gas service, landscape maintenance services, cable television services,

telecommunications services, internet access services, "broadband services", wastewater services, and any other services of any kind or nature which are considered by the Board to be beneficial. Each Bulk Rate Contract must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period.

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

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

"Commercial Lot" means a Lot within the Development, other than Common Area or Special Common Area, that is intended and designated for business or commercial use. Business or commercial use shall include, but not be limited to, all office, retail, wholesale, manufacturing, and service activities, and shall also be deemed to include multi-family, duplex and apartment housing of various densities. A Commercial Lot, for the purpose of this Covenant, may also include a Lot on which a residential condominium will be impressed.

"Common Area" means any property and facilities that the Association owns or in which it otherwise holds rights or obligations, including any property or facilities held by the Declarant for the benefit of the Association or its Members. Common Area also includes any property that the Association holds under a lease, license, or any easement in favor of the Association. Some Common Area will be solely for the common use and enjoyment of the Owners, while other portions of the Common Area may be for the use and enjoyment of the Owners and members of the public.

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

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

"Declarant" means TOLL HOUSTON, TX, LLC, a Texas limited liability company. Notwithstanding any provision in this Covenant to the contrary, Declarant may, by Recorded written instrument, assign, in whole or in part, exclusively or non-exclusively, any of its privileges, exemptions, rights, reservations and duties under this Covenant to any person. Declarant may also, by Recorded written instrument, permit any other person to participate in

whole, in part, exclusively or non-exclusively, in any of Declarant's privileges, exemptions, rights and duties under this Covenant.

Declarant enjoys special privileges to facilitate the development, construction, and marketing of the Property and the Development, and to direct the size, shape and composition of the Property and the Development. These special rights are described in this Covenant. Many of these rights do not terminate until either Declarant: (i) has sold all Lots or Condominium Units which may be created out of the Property; or (ii) voluntarily terminates these rights by a Recorded written instrument. Declarant may also assign, in whole or in part, all or any of the Declarant's rights established under the terms and provisions of this Covenant to one or more third-parties.

"Design Guidelines" means the standards for design and construction of Improvements, landscaping, and exterior items proposed to be placed on any Lot or Condominium Unit, adopted pursuant to *Section 6.04(b)*, as the same may be amended from time to time. The Design Guidelines may consist of multiple written design guidelines applying to specific portions of the Development. At Declarant's option, the Woodson's Reserve Reviewer may adopt, and amend from time to time, the Design Guidelines applicable to the Development or any Development Area, or any portion thereof. The Design Guidelines may be Recorded as a separate written instrument or may be incorporated into a Development Area Declaration by exhibit or otherwise. Notwithstanding anything in this Covenant to the contrary, Declarant will have no obligation to establish Design Guidelines for the Property, the Development, or any portion thereof.

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

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

"Development Area Declaration" means, with respect to any Development Area, the separate instruments containing covenants, restrictions, conditions, limitations and/or easements, to which the property within such Development Area is subjected.

"Development Period" means the period of time beginning on the date when this Covenant has been Recorded, and ending seventy-five (75) years thereafter, unless earlier terminated by a Recorded written instrument executed by the Declarant. The Development Period is the period of time in which Declarant reserves the right to facilitate the development, construction, and marketing of the Property and the Development, and the right to direct the size, shape and composition of the Property and the Development. The Development Period is for a term of years and does not require that Declarant own any portion of the Property or the Development.

“Documents” means, singularly or collectively, as the case may be, this Covenant, the Certificate, Bylaws, the Community Manual, the Community Enhancement Covenant, the Design Guidelines (if adopted), any applicable Development Area Declaration, any applicable Notice of Applicability, and any Rules promulgated by the Association pursuant to this Covenant or any Development Area Declaration, as each may be adopted and amended from time to time, and all restrictions, covenants, and conditions contained therein. An appendix, exhibit, schedule, or certification accompanying a Document is part of a Document. See *Table 1* for a summary of the Documents.

“Homebuilder” refers to any Owner (other than Declarant) who is in the business of constructing single-family residences for resale to third parties and acquires all or a portion of the Property to construct single-family residences for resale to third parties.

“Improvement” means any and all physical enhancements and alterations to the Development, including but not limited to grading, clearing, removal of trees, alteration of drainage flow, and site work, and every structure and all appurtenances of every type and kind, whether temporary or permanent in nature, including, but not limited to, buildings, outbuildings, storage sheds, patios, tennis courts, sport courts, recreational facilities, swimming pools, putting greens, garages, driveways, parking areas and/or facilities, storage buildings, sidewalks, fences, walls, gates, signage, screening walls, retaining walls, alteration of drainage flow, drainage facilities, detention/retention ponds, water features, stairs, patios, decks, walkways, landscaping, trails, hardscape, mailboxes, exterior air conditioning equipment or fixtures, exterior lighting fixtures, water softener fixtures or equipment, poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

“Lot” means any portion of the Development designated by Declarant in a Recorded written instrument or as shown as a subdivided lot on a Plat other than Common Area, Special Common Area, or a Lot on which a condominium regime has been established and shall include both Commercial Lots and Residential Lots.

“Majority” means more than half.

“Manager” has the meaning set forth in *Section 3.08(h)*.

“Members” means every person or entity that holds membership privileges in the Association.

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

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

“Neighborhood” has the meaning set forth in *Section 3.02*.

“Neighborhood Delegate” means the representative elected by the Owners of Lots and Condominium Units in each Neighborhood pursuant to the Representative System of Voting (as further defined herein) which may be established by the Declarant to cast the votes of all Lots and Condominium Units in the Neighborhood on all matters requiring a vote of the membership of the Association, except for the following situations in which this Covenant specifically requires Members or Owners to cast their vote individually: (i) changes to the term of the Covenant as described in *Section 10.01*; (ii) amendments to the Covenant as described in *Section 10.03*; and (iii) initiation of any judicial or administrative proceeding as described in *Section 10.04*. Notwithstanding the foregoing, the Documents may set forth additional circumstances in which the Members or Owners are required to cast their vote individually, and voting by Neighborhood Delegates is prohibited.

“Woodson’s Reserve Reviewer” means Declarant or its designee until expiration or termination of the Development Period. Upon expiration or termination of the Development Period, the rights of the Woodson’s Reserve Reviewer will automatically be transferred to the architectural control committee appointed by the Board, as set forth in *Section 6.02* below.

“Notice of Applicability” means the Recorded notice executed by the Declarant for the purpose of adding all or any portion of the Property to the terms and provisions of this Covenant. In accordance with *Section 9.05*, a Notice of Applicability may also subject a portion of the Property to a previously Recorded Development Area Declaration.

“Occupant” means a resident, an occupant, or tenant of a Lot or Condominium Unit, regardless of whether the person owns the Lot or Condominium Unit.

“Owner” means the person(s), entity or entities, including Declarant, holding all or a portion of the fee simple interest in any Lot or Condominium Unit, but does not include the Mortgagee under a Mortgage prior to its acquisition of fee simple interest in such Lot pursuant to foreclosure of the lien of its Mortgage. Mortgagees who acquire title to a Lot or Condominium Unit through a deed in lieu of foreclosure or through foreclosure are Owners. Persons or entities having ownership interests merely as security for the performance of an obligation are not Owners. Every Owner is a Member of the Association.

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

“Property” means all of that certain real property described on Exhibit “A”, attached hereto, subject to such additions thereto and deletions therefrom as may be made pursuant to *Section 9.03* and *Section 9.04* of this Covenant.

“Record, Recording, Recordation and Recorded” means recorded in the Official Public Records of Montgomery County, Texas.

“Representative System of Voting” means the method of voting which may be established by Declarant pursuant to *Section 3.06* below.

“Residential Developer” refers to any Owner who acquires a Lot for the purpose of resale to a Homebuilder.

“Residential Lot” means a portion of the Development shown as a subdivided lot on a Plat, other than Common Area and Special Common Area, which is intended and designated solely for single-family residential use.

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

“Service Area” means a group of Lots and/or Condominium Units designated as a separate Service Area pursuant to this Covenant for purpose of receiving benefits or services from the Association which are not provided to all Lots and Condominium Units. A Service Area may be comprised of more than one type of use or structure and may include noncontiguous Lots. A Lot or Condominium Unit may be assigned to more than one Service Area. Service Area boundaries may be established and modified as provided in *Section 2.04*.

“Service Area Assessments” means assessments levied against the Lots and/or Condominium Units in a particular Service Area to fund Service Area Expenses, as described in *Section 5.06*.

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

“Special Common Area” means any interest in real property or improvements which is designated by Declarant in a Notice of Applicability Recorded which is Recorded pursuant to *Section 9.05*, in a Development Area Declaration or in any written instrument Recorded by Declarant (which designation will be made in the sole and absolute discretion of Declarant) as Special Common Area which is assigned for the purpose of exclusive use and/or the obligation to pay Special Common Area Assessments attributable thereto, to one or more, but less than all of the Lots, Condominium Units, Owners or Development Areas, and is or will be conveyed to the Association or as to which the Association will be granted rights or obligations, or otherwise held by the Declarant for the benefit of the Association. The Notice of Applicability, Development Area Declaration, or other written notice will identify the Lots, Condominium Units, Owners or Development Areas assigned to such Special Common Area and further indicate whether the Special Common Area is assigned to such parties for the purpose of exclusive use and the payment of Special Common Area Assessments, or only for the purpose of paying Special Common Area Assessments attributable thereto. By way of illustration and

not limitation, Special Common Area might include such things as private drives and roads, entrance facilities and features, monumentation or signage, walkways or landscaping.

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

“Special Common Area Assessments” means assessments levied against the Lots and/or Condominium Units as described in *Section 5.05*.

“Voting Group” has the meaning set forth in *Section 3.07* below.

TABLE 1: DOCUMENTS

Covenant (Recorded)	Creates obligations that are binding upon the Association and all present and future owners of Property made subject to the Covenant by the Recording of a Notice of Applicability.
Community Enhancement Covenant	Establishes fee payable to the Association for enhancement purposes within the Development.
Notice of Applicability (Recorded)	Describes the portion of the Property being made subject to the terms and provisions of the Covenant and any applicable Development Area Declaration.
Development Area Declaration (Recorded)	Includes additional covenants, conditions and restrictions governing portions of the Development.
Certificate of Formation (Filed with Secretary of State and Recorded)	Establishes the Association as a not-for-profit corporation under Texas law.
Bylaws (Recorded)	Governs the Association’s internal affairs, such as elections, meetings, etc.
Community Manual (Recorded)	Establishes rules and policies governing the Association.
Design Guidelines (if adopted, Recorded)	If adopted, governs the design and architectural standards for the construction of Improvements and modifications thereto. Neither the Declarant nor the Woodson's Reserve Reviewer shall have any obligation to adopt Design Guidelines.
Rules (if adopted, Recorded)	Rules regarding the use of property, activities, and conduct within the Development.
Board Resolutions (adopted by the Board of the Association)	Establishes rules, policies, and procedures for the Association.

ARTICLE 2
GENERAL RESTRICTIONS

2.01 General.

(a) Conditions and Restrictions. All Lots and Condominium Units within the Development to which a Notice of Applicability has been Recorded in accordance with *Section 9.05*, will be owned, held, encumbered, leased, used, occupied and enjoyed subject to the Documents. **NO PORTION OF THE PROPERTY WILL BE SUBJECT TO THE TERMS AND PROVISIONS OF THIS COVENANT UNTIL A NOTICE OF APPLICABILITY HAS BEEN RECORDED.**

(b) Compliance with the Documents and Applicable Law. Compliance with the Documents is mandatory. However, compliance with the Documents is not a substitute for compliance with Applicable Law. The Documents do not purport to list or describe each restriction which may be applicable to a Lot or Condominium Unit located within the Development. Each Owner is advised to review all ordinances, requirements, regulations and encumbrances affecting the use and improvement of their Lot or Condominium Unit prior to submitting plans to the Woodson's Reserve Reviewer for approval. Furthermore, an approval by the Woodson's Reserve Reviewer should not be construed by the Owner that any Improvement complies with the terms and provisions of all ordinances, requirements, regulations or encumbrances which may affect the Owner's Lot or Condominium Unit.

(c) Woodson's Reserve Reviewer Approval of Project Names. Each Owner is advised that the name used to identify a Development Area or any portion thereof for marketing or identification purposes must be approved in advance and in writing by the Woodson's Reserve Reviewer.

(d) Development Amenities. A Development Area may include common area, open space, water quality facilities, parkland, trails, landscape areas, roadways, driveways or easements which benefit the Development in addition to the Development Area, as reasonably determined by the Declarant during the Development Period, and a Majority of the Board after termination or expiration of the Development Period (the "**Development Amenities**"). Declarant, during the Development Period, and a Majority of the Board after termination or expiration of the Development Period, may require all or a portion of such Development Amenities be conveyed, transferred, or dedicated (by deed easement, or license) to: (i) the Association; or (ii) another entity designated by the Declarant or a Majority of the Board, as applicable. Alternatively, the Declarant, during the Development Period, and a Majority of the Board after termination or expiration of the Development Period, may require that all or a portion of such Development Amenities be owned and maintained by the Owner of all or a portion of a particular Development Area, subject to an easement in favor of other Owner(s) and Occupants, as

designated by the Declarant or a Majority of the Board, as applicable (e.g., ingress and egress over and across the driveways constructed within the Development Area).

The Development Amenities may not be conveyed or otherwise transferred unless the conveyance and transfer is approved in advance and in writing by the Declarant during the Development Period, and a Majority of the Board after expiration or termination of the Development Period.

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

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

The Development is a master planned community which will be developed over a number of years. The plans, land uses, projected Improvements, Assessments, and Documents are subject to change from time to time, without notice or obligation to notify.

2.04 Provision of Benefits and Services to Service Areas.

(a) Declarant, in a Notice of Applicability Recorded pursuant to *Section 9.05* or in any written Recorded notice, may assign Lots and/or Condominium Units to one or more Service Areas (by name or other identifying designation) as it deems appropriate,

which Service Areas may be then existing or newly created, and may require that the Association provide benefits or services to such Lots and/or Condominium Units in addition to those which the Association generally provides to the Development. Declarant may unilaterally amend any Notice of Applicability or any written Recorded notice, to re-designate Service Area boundaries. All costs associated with the provision of services or benefits to a Service Area will be assessed against the Lots and/or Condominium Units within the Service Area as a Service Area Assessment.

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

ARTICLE 3

WOODSON'S RESERVE MASTER COMMUNITY, INC.

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

3.02 Neighborhoods. Every Lot and Condominium Unit will be located within a "Neighborhood". A Neighborhood may be comprised of any number of Lots and/or Condominium Units and may include Lots or Condominium Units of more than one type, as well as Lots or Condominium Units that are not contiguous to one another. Each Notice of Applicability shall initially assign the portion of the Property described therein to a specific Neighborhood which may then exist (being identified and described in a previously Recorded

Notice of Applicability) or may be newly created. Declarant may Record an amendment to any previously Recorded Notice of Applicability to designate or change Neighborhood boundaries.

3.03 Membership.

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

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

(i) The right of the Declarant, or the Declarant's designee, during the Development Period, and the Board thereafter, to cause such Improvements and features to be constructed upon the Common Area, as determined from time to time by the Declarant, in the Declarant's, during the Development Period, and the Board's thereafter, sole and absolute discretion;

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

(iii) The right of the Declarant, during the Development Period, and the Board thereafter, to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for any purpose;

(iv) The right of the Declarant during the Development Period, and the Board thereafter, to grant easements or licenses over and across the Common Area;

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

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

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

(c) Easement of Enjoyment – Special Common Area. Each Owner of a Lot or Condominium Unit which has been assigned use of Special Common Area in a Notice of Applicability, Development Area Declaration, or other Recorded instrument, will have a right and easement of enjoyment in and to all of such Special Common Area for its intended purposes, and an access easement, if applicable, by and through such Special Common Area, which easement will be appurtenant to and will pass with title to such Owner's Lot or Condominium Unit, subject to *Section 3.03(b)* above and subject to the following restrictions and reservations:

(i) The right of the Declarant, or the Declarant's designee, during the Development Period, and the Board thereafter, to cause such Improvements and features to be constructed upon the Special Common Area, as determined from time to time by the Declarant, in the Declarant's sole and absolute discretion;

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

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

(iv) The right of the Declarant during the Development Period, and the Board thereafter, to grant easements or licenses over and across the Special Common Area;

(v) The right of the Declarant, during the Development Period, and the Board thereafter, to dedicate or transfer all or any part of the Special Common Area to any public agency, authority or utility for any purpose;

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

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

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

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

3.05 Voting Allocation. The number of votes which may be cast for election of members to the Board (except as provided by *Section 3.04*) and on all other matters to be voted on by the Members will be calculated as set forth below.

(a) **Residential Lot.** Each Owner of Residential Lot will be allocated one (1) vote for each Residential Lot so owned. In the event of the re-subdivision of any Residential Lot into two or more Residential Lots: (i) the number of votes to which such Residential Lot is entitled will be increased as necessary to retain the ratio of one (1) vote for each Residential Lot resulting from such re-subdivision, e.g., each Residential Lot resulting from the re-subdivision will be entitled to one (1) vote; and (ii) each Residential Lot resulting from the re-subdivision will be allocated one (1) Assessment Unit. In the event of the consolidation of two (2) or more Residential Lots for purposes of

construction of a single residence thereon, voting rights and Assessments will continue to be determined according to the number of original Residential Lots contained in such consolidated Residential Lot. Nothing in this Covenant will be construed as authorization for any re-subdivision or consolidation of Residential Lots, such actions being subject to the conditions and restrictions of the Woodson's Reserve Reviewer.

(b) Commercial Lot or Condominium Unit. Each Owner of a Commercial Lot or Condominium Unit will be allocated the number of votes for such Commercial Lot or Condominium Unit so owned as determined by Declarant, which determination will be set forth in the Notice of Applicability attributable to the Commercial Lot or Condominium Unit(s). Declarant will determine such votes in its sole and absolute discretion. Declarant's determination regarding the number of votes to which such Owners will be entitled will be final, binding and conclusive. The Notice of Applicability may include a provision with an alternative voting allocation in the event all or a portion of a Commercial Lot is submitted to the condominium form of ownership. Declarant, in its sole and absolute discretion, may modify and amend (which modification and amendment may be effected after Declarant's conveyance of any Commercial Lot or Condominium Unit to any person not affiliated with Declarant) the number of votes previously assigned to a Commercial Lot or Condominium Unit if the actual use of the Commercial Lot or Condominium Unit or the Improvements actually constructed on the Commercial Lot or Condominium Unit differ from the anticipated use of the Commercial Lot or Condominium Unit or Improvements contemplated to be constructed thereon at the time a notice allocating votes thereto was originally Recorded. In the event of a modification to the votes allocated to a Commercial Lot or Condominium Unit, Declarant will Record an amended Notice of Applicability setting forth the revised allocation of votes attributable to such Commercial Lot or Condominium Unit.

(c) Declarant. In addition to the votes to which Declarant is entitled by reason of *Section 3.05(a)* and *Section 3.05(b)*, for every one (1) vote outstanding in favor of any other person or entity, Declarant will have four (4) additional votes until the expiration or termination of the Development Period. Declarant may cast votes allocated to the Declarant pursuant to this Section and shall be considered a Member for the purpose of casting such votes, and need not own any portion of the Development as a pre-condition to exercising such votes.

(d) Co-Owners. If there is more than one Owner of a Lot or Condominium Unit, the vote for such Lot or Condominium Unit shall be exercised as the co-Owners holding a Majority of the ownership interest in the Lot or Condominium Unit determine among themselves and advise the Secretary of the Association in writing prior to the close of balloting. Any co-Owner may cast the vote for the Lot or Condominium Unit, and majority agreement shall be conclusively presumed unless another co-Owner of the Lot or Condominium Unit protests promptly to the President or other person presiding over the meeting or the balloting, in the case of a vote taken outside of a meeting. In the

absence of a majority agreement, the Lot's or Condominium Unit's vote shall be suspended if two or more co-Owners seek to exercise it independently. In no event will the vote for such Lot or Condominium Unit exceed the total votes to which such Lot or Condominium Unit is otherwise entitled pursuant to this *Section 3.05*.

3.06 Representative System of Voting. The Representative System of Voting shall only be established if the Declarant first calls for election of a Neighborhood Delegate for a particular Neighborhood. The Declarant shall have no obligation to establish the Representative System of Voting. In addition, Declarant may terminate the Representative System of Voting at any time prior to expiration of the Development Period by Recorded written instrument.

(a) Election of Initial Neighborhood Delegate. In the event that the Declarant chooses to establish a Representational System of Voting, the Owners of Lots and Condominium Units within each Neighborhood shall elect a Neighborhood Delegate and an alternate Neighborhood Delegate, in the manner provided below, to cast the votes of all Lots and Condominium Units in the Neighborhood on matters requiring a vote of the membership, except where this Covenant specifically requires the Owners or Members to cast their votes individually as more particularly described in the definition of "Neighborhood Delegate" in *Article 1* of this Covenant. In the event that a quorum is not met to elect a Neighborhood Delegate and an alternate Neighborhood Delegate by the Owners of Lots and Condominium Units within each Neighborhood, during the Development Period, Declarant shall have the right to appoint a Neighborhood Delegate until the next election is held as provided in *Section 3.06(c)* below. Notwithstanding the foregoing or any provision to the contrary in this Covenant, as provided in *Section 3.04* above, until the 10th anniversary of the date this Covenant is Recorded, Declarant will have the sole right to appoint and remove all members of the Board.

(b) Election of Successor Neighborhood Delegates. If the Declarant calls for the first election of a Neighborhood Delegate from a Neighborhood, subsequent elections shall, if necessary, be held within thirty (30) days of the same date each year.

(c) Term. The Neighborhood Delegate and the alternate Neighborhood Delegate shall be elected on a biennial basis (once every two years), by electronic and absentee ballot without a meeting of Owners, or at a meeting of the Owners within each Neighborhood where written, electronic, proxy, and absentee ballots (or any combination of the foregoing) may also be utilized, as the Board determines. If the Board determines to hold a meeting for the election of the Neighborhood Delegate and the alternate Neighborhood Delegate, the presence, in person or by proxy, absentee or electronic ballot, of Owners representing at least ten percent (10%) of the total votes in a Neighborhood shall constitute a quorum at such meeting. Notwithstanding the foregoing provision, the Declarant during the Development Period, and the Board thereafter, may elect to extend the term of a Neighborhood Delegate and alternate Neighborhood Delegate to the extent Declarant or the Board, as applicable, determines that such extension will result in administrative efficiencies by allowing elections within

different Neighborhoods to occur in close proximity to one another; provided, however, that the term of an existing Neighborhood Delegate and alternate Neighborhood Delegate shall not be extended for more than twelve (12) months.

(d) Election Results. At any Neighborhood election, the candidate for each position who receives the greatest number of votes shall be elected to serve as the Neighborhood Delegate and the candidate with the second greatest number of votes shall be elected to serve as the alternate Neighborhood Delegate. The Neighborhood Delegate and alternate Neighborhood Delegate shall serve until his or her successor is elected.

(e) Voting by the Neighborhood Delegate. The Neighborhood Delegate or, in his or her absence, the alternate Neighborhood Delegate, attends Association meetings and casts all votes allocated to Lots and Condominium Units in the Neighborhood that he or she represents on any matter as to which such Neighborhood Delegate is entitled to vote under this Covenant. A Neighborhood Delegate may cast all votes allocated to Lots and Condominium Units in the Neighborhood in such delegate's discretion and may, but need not, poll the Owners of Lots and Condominium Units in the Neighborhood which he or she represents prior to voting. Neither the Neighborhood Delegate nor the alternative Neighborhood Delegate may casts votes allocated to Lots and Condominium Units not owned by such Neighborhood Delegate in the Neighborhood that he or she represents for the purpose of amending this Covenant.

(f) Qualification. Candidates for election as the Neighborhood Delegate and alternate Neighborhood Delegate from a Neighborhood shall be Owners of Lots or Condominium Units in the Neighborhood, spouses of such Owners, Occupants of the Neighborhood, or an entity representative where an Owner is an entity.

(g) Removal. Any Neighborhood Delegate or alternate Neighborhood Delegate may be removed, with or without cause, upon the vote or written petition of Owners holding a Majority of the votes allocated to the Lots and Condominium Units in the Neighborhood that the Neighborhood Delegate represents or by the Declarant, until the expiration or termination of the Development Period. If a Neighborhood Delegate is removed in accordance with the foregoing sentence, the alternate Neighborhood Delegate shall serve as the Neighborhood Delegate unless also removed.

(h) Subordination to the Board. Neighborhood Delegates are subordinate to the Board and their responsibility and authority does not extend to policy making, supervising, or otherwise being involved in Association governance.

(i) Running for the Board. An Owner may not simultaneously hold the position of Neighborhood Delegate and be a member of the Board of Directors. In addition, if Neighborhood Delegates are established, a Neighborhood Delegate running

for the Board shall resign their position prior to casting any vote for a member of the Board. In such event, the alternate Neighborhood Delegate shall serve out the rest of the term as the former Neighborhood Delegate, and another alternate Neighborhood Delegate shall be elected by the Owners or Members in the Neighborhood to serve out the term as the successor alternate Neighborhood Delegate.

3.07 Voting Groups. Declarant may designate Voting Groups consisting of one or more Neighborhoods for the purpose of electing members of the Board. The purpose of Voting Groups is to provide groups with dissimilar interests the opportunity to be represented on the Board and to avoid a situation in which less than all the Neighborhoods are able to elect the entire Board. Voting Groups may be established by the Declarant without regard to whether the Representative System of Voting has been implemented in accordance with *Section 3.06* by the Declarant. If Voting Groups are established and the Representative System of Voting has been implemented, then a Neighborhood Delegate shall only vote on the slate of candidates assigned to the Neighborhood Delegate. If Voting Groups are established and the Representative System of Voting has not been implemented, then each Owner of a Lot or Condominium Unit shall only vote on the slate of candidates assigned to their Neighborhood.

(a) **Voting Group Designation.** Declarant shall establish Voting Groups, if at all, not later than the date of expiration of the Development Period by Recording a written instrument identifying the Neighborhoods within each Voting Group (the "**Voting Group Designation**"). The Voting Group Designation will assign the number of members of the Board which the Voting Group is entitled to exclusively elect.

(b) **Amendment of Voting Group Designation.** The Voting Group Designation may be amended unilaterally by the Declarant at any time prior to the expiration of the Development Period. After expiration of the Development Period, the Board shall have the right to Record or amend such Voting Group Designation upon the vote of a Majority of the Board and approval of Neighborhood Delegates representing a Majority of the Neighborhoods. Neither Recordation nor amendment of such Voting Group Designation shall constitute an amendment to this Covenant, and no consent or approval to modify the Voting Group Designation shall be required except as stated in this paragraph.

(c) **Single Voting Group.** Until such time as Voting Groups are established, all of the Development shall constitute a single Voting Group. After a Voting Group Designation is Recorded, any and all portions of the Development which are not assigned to a specific Voting Group shall constitute a single Voting Group.

3.08 Powers. The Association will have the powers of a Texas nonprofit corporation. It will further have the power to do and perform any and all acts that may be necessary or proper, for or incidental to, the exercise of any of the express powers granted to it by Applicable Law or this Covenant. Without in any way limiting the generality of the two preceding

sentences, the Board, acting on behalf of the Association, will have the following powers at all times:

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

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

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

(d) Assessments. To levy and collect Assessments and to determine Assessment Units, as provided in *Article V* below.

(e) Right of Entry and Enforcement. To enter at any time without notice in an emergency (or in the case of a non-emergency, after twenty-four (24) hours written notice), without being liable to any Owner, upon any Lot and into any Improvement thereon or into any Condominium Unit for the purpose of enforcing the Documents or for the purpose of maintaining or repairing any area, Improvement or other facility or removing any item to conform to the Documents. The expense incurred by the Association in connection with the entry upon any Lot or into any Condominium Unit and the removal or maintenance and repair work conducted therefrom, thereon or therein will be a personal obligation of the Owner of the Lot or the Condominium Unit so entered, will be deemed an Individual Assessment against such Lot or Condominium Unit, will be secured by a lien upon such Lot or Condominium Unit, and will be enforced in the same manner and to the same extent as provided in *Article V* hereof for Assessments. The Association will have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Documents. The Association is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce the Documents; provided, however, that the Board will never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, or its successors or assigns. The

Association may not enter into, alter or demolish any Improvements on any Lot, or any Condominium Unit, other than Common Area or Special Common Area, in enforcing this Covenant before a judicial order authorizing such action has been obtained by the Association, or before the written consent of the Owner(s) of the affected Lot(s) or Condominium Unit(s) has been obtained. **EACH OWNER AND OCCUPANT HEREBY RELEASES AND HOLDS HARMLESS THE ASSOCIATION, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 3.08(e) (INCLUDING ANY COST, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT TO THE EXTENT SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION RESULTED FROM THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.**

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

(g) Conveyances. To grant and convey to any person or entity the real property and/or other interest, including fee title, leasehold estates, easements, rights-of-way or mortgages, out of, in, on, over, or under any Common Area or Special Common Area for the purpose of constructing, erecting, operating or maintaining the following:

- (i) Parks, parkways or other recreational facilities or structures;
- (ii) Roads, streets, sidewalks, signs, street lights, walks, driveways, trails and paths;
- (iii) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;
- (iv) Sewers, water systems, storm water drainage systems, sprinkler systems and pipelines; and/or
- (v) Any similar improvements or facilities.

Nothing set forth above, however, will be construed to permit use or occupancy of any Improvement or other facility in a way that would violate applicable use and occupancy restrictions imposed by the Documents or Applicable Law. In addition, until expiration or termination of the Development Period, any grant or conveyance under

this *Section 3.08(g)* must be approved in advance and in writing by the Declarant. In addition, the Association (with the advance written approval of the Declarant during the Development Period) and the Declarant are expressly authorized and permitted to convey easements over and across Common Area or Special Common Area for the benefit of property not otherwise subject to the terms and provisions of this Covenant.

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

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

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

(k) Construction on Common Area and Special Common Area. To construct new Improvements or additions to Common Area and Special Common Area, subject to the advance written approval of the Board and the Declarant until expiration or termination of the Development Period.

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

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

(n) Authority with Respect to the Documents. To do any act, thing or deed that is necessary or desirable, in the judgment of the Board, to implement, administer or enforce any of the Documents. Any decision by the Board to delay or defer the exercise of the power and authority granted by this *Section 3.08(n)* will not subsequently in any way limit, impair or affect ability of the Board to exercise such power and authority.

(o) Membership Privileges. To establish Rules governing and limiting the use of the Common Area, Special Common Area, and any Improvements thereon as well as the use, maintenance, and enjoyment of the Lots and Condominium Units. All Rules governing and limiting the use of the Common Area, Special Common Area, and any Improvements thereon must be approved in advance and in writing by the Declarant during the Development Period.

3.09 Acceptance of Common Area and Special Common Area. The Association may acquire, hold, and dispose of any interest in tangible and intangible personal property and real property. Declarant and its assignees reserve the right, from time to time and at any time, to designate by written and Recorded instrument portions of the Property being held by the Declarant for the benefit of the Association. Upon the Recording of such designation, the portion of the Property identified therein will be considered Common Area or Special Common Area for the purpose of this Covenant. Declarant and its assignees may transfer or convey to the Association interests in real or personal property within or for the benefit of the Development and/or the general public, and the Association will accept such transfers and conveyances. Such property may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests. In addition, Declarant may reserve from any such property easements for the benefit of the Declarant, any third party, and/or property not otherwise subject to the terms and provisions of this Covenant. Such property will be accepted by the Association and thereafter will be maintained as Common Area or Special Common Area, as applicable, by the Association for the benefit of the Development and/or the general public subject to any restrictions set forth in the deed or other instrument transferring or assigning such property to the Association. Upon Declarant's written request, the Association will re-convey to Declarant any unimproved real property that Declarant originally conveyed to the Association to the extent conveyed in error or needed to make minor adjustments in property lines, as determined in the sole and absolute discretion of the Declarant. Declarant and/or its assignees may construct and maintain upon portions of the Common Area and/or the Special Common Area such facilities and may conduct such activities which, in Declarant's sole opinion, may be required, convenient, or incidental to the construction or sale of Improvements on the Development, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and its assignees shall have an easement over and across the Common

Area and the Special Common Area for access and shall have the right to use such facilities and to conduct such activities at no charge.

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

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

3.12 Bulk Rate Contracts. Without limitation on the generality of the Association powers set out in *Section 3.08* hereinabove (except that during the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Declarant), the Association will have the power to enter into Bulk Rate Contracts at any time and from time to time. During the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Declarant. The Association may enter into Bulk Rate Contracts with any service providers chosen by the Board (including Declarant, and/or any entities in which Declarant, or the owners or partners of Declarant are the owners or participants, directly or indirectly). The Bulk Rate Contracts may be entered into on such terms and provisions as the Board may determine in its sole and absolute discretion. The Association may, at its option and election add the charges payable by such Owner under such Bulk Rate Contract to the Assessments (Regular, Special, Service Area, Special Common Area, or Individual, as the case may be) against such Owner's Lot or Condominium Unit. In this regard, it is agreed and understood that, if any Owner fails to pay any charges due by such Owner under the terms of any Bulk Rate Contract, then the Association will be entitled to collect such charges by exercising the same rights and remedies it would be entitled to exercise under this Covenant with respect to the

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

3.13 Community Services and Systems. The Declarant, or any affiliate of the Declarant with the Declarant's consent, during the Development Period, and the Board, with the Declarant's consent during the Development Period, is specifically authorized, but not required to install, provide, maintain or furnish, or to enter into contracts with other persons to install, provide, maintain or furnish, central telecommunication receiving and distribution systems (e.g. cable television, high speed data/Internet/intranet services, and security monitoring) and related components, including associated infrastructure, equipment, hardware, and software, to serve all or any portion of the Development ("**Community Services and Systems**"). In the event the Declarant, or any affiliate of the Declarant, elects to provide any of the Community Services and Systems to all or any portion of the Development, the Declarant or affiliate of the Declarant may enter into an agreement with the Association with respect to such services. In the event Declarant, or any affiliate of the Declarant, enters into a contract with a third party for the provision any Community Services and Systems to serve all or any portion of the Development, the Declarant or the affiliate of the Declarant may assign any or all of the rights or obligations of the Declarant or the affiliate of the Declarant under the contract to the Association or any individual or entity. Any such contracts may provide for installation, operation, management, maintenance, and upgrades or modifications to the Community Services and Systems as the Declarant or the Board, as applicable, determines appropriate. Each Owner acknowledges that interruptions in Community Services and Systems and services will occur from time to time. The Declarant and the Association, or any of their respective affiliates, directors, officers, employees and agents, or any of their successors or assigns shall not be liable for, and no Community Services and Systems user shall be entitled to refund, rebate, discount, or offset in applicable fees for, any interruption in Community Services and Systems and services, regardless of whether or not such interruption is caused by reasons within the service provider's control.

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

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

ARTICLE 4 **INSURANCE AND RESTORATION**

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

ARE YOU COVERED?

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

4.02 Restoration Requirements. In the event of any fire or other casualty, unless otherwise approved by the Woodson's Reserve Reviewer, the Owner will: (i) promptly repair, restore and replace any damaged or destroyed structures to their same exterior condition existing prior to the damage or destruction thereof or (ii) in the case of substantial or total damage or destruction of any Improvement, remove all such damaged Improvements and

debris from the Development within sixty (60) days after the occurrence of such damage. Such repair, restoration or replacement will be commenced and completed in a good and workmanlike manner using exterior materials substantially similar to those originally used in the structures damaged or destroyed. To the extent that the Owner fails to commence such repair, restoration or replacement of substantial or total damage or destruction within one hundred and twenty (120) days after the occurrence of such damage or destruction, and thereafter prosecute the same to completion, or if the Owner does not clean up any debris resulting from any damage within sixty (60) days after the occurrence of such damage, the Association may commence, complete or effect such repair, restoration, replacement, removal, or clean-up, and such Owner will be personally liable to the Association for the cost of such work; provided, however, that if the Owner is prohibited or delayed by Applicable Law from commencing such repair, restoration, replacement or clean-up, the rights of the Association under this provision will not arise until the expiration of thirty (30) days after such prohibition or delay is removed. If the Owner fails to pay such cost upon demand by the Association, the cost thereof (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, than at the rate of one and one-half percent (1½%) per month) will be added to the Assessment chargeable to the Owner's Lot. Any such amounts added to the Assessments chargeable against a Lot or Condominium Unit will be secured by the liens reserved in this Covenant for Assessments and may be collected by any means provided in this Covenant for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot or Condominium Unit. **EACH OWNER WILL RELEASE AND HOLD HARMLESS THE ASSOCIATION AND ITS OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 4.02, EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR COST OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" AS USED HEREIN DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.**

4.03 Restoration - Mechanic's and Materialmen's Lien. Each Owner whose structure is repaired, restored, replaced or cleaned-up by the Association pursuant to the rights granted under this *Article 4*, hereby grants to the Association an express mechanic's and materialmen's lien for the reasonable cost of such repair, restoration, replacement or clean-up of the damaged or destroyed Improvement to the extent that the cost of such repair, restoration, replacement, or clean-up exceeds any insurance proceeds allocable to such repair, restoration, replacement, or clean-up which are delivered to the Association. Upon request by the Board, and before the commencement of any reconstruction, repair, restoration, replacement, or clean-up such Owner will execute all documents sufficient to effectuate such mechanic's and materialmen's lien in favor of the Association.

ARTICLE 5
COVENANT FOR ASSESSMENTS

5.01 Assessments.

(a) Established by the Board. Assessments established by the Board pursuant to the provisions of this *Article 5* will be levied against each Lot and Condominium Unit in amounts determined pursuant to *Section 5.09* below. The total amount of Assessments will be determined by the Board in accordance with the terms of this *Article 5*.

(b) Personal Obligation; Lien. Each Assessment, together with such interest thereon and costs of collection as hereinafter provided, will be the personal obligation of the Owner of the Lot or Condominium Unit against which the Assessment is levied and will be secured by a lien hereby granted and conveyed by Declarant to the Association against each such Lot and all Improvements thereon and each such Condominium Unit (such lien, with respect to any Lot or Condominium Unit not in existence on the date hereof, will be deemed granted and conveyed at the time that such Lot or Condominium Unit is created). The Association may enforce payment of such Assessments in accordance with the provisions of this Article. Unless the Association elects otherwise (which election may be made at any time), each residential condominium association established by a condominium regime imposed upon all or a portion of the Development Area will collect all Assessments levied pursuant to this Covenant from Condominium Unit Owners within such condominium regime. The condominium association will promptly remit all Assessments collected from Condominium Unit Owners to the Association. If the condominium association fails to timely collect any portion of the Assessments due from the Owner of the Condominium Unit, then the Association may collect such Assessments allocated to the Condominium Unit on its own behalf and enforce its lien against the Condominium Unit without joinder of the condominium association. The condominium association's right to collect Assessments on behalf of the Association is a license from the Association which may be revoked by written instrument at any time, and from time to time, at the sole and absolute discretion of the Board.

(c) Declarant Subsidy. Declarant may, but is not obligated to, reduce Assessments which would otherwise be levied against Lots and Condominium Units for any fiscal year by the payment of a subsidy to the Association. Any subsidy paid to the Association by Declarant may be treated as a contribution or a loan, in Declarant's sole and absolute discretion. Any subsidy and the characterization thereof will be disclosed as a line item in the annual budget prepared by the Board and attributable to such Assessments. The payment of a subsidy in any given year will not obligate Declarant to continue payment of a subsidy to the Association in future years.

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

5.03 Regular Assessments. Prior to the beginning of each fiscal year, the Board will prepare a budget for the purpose of determining amounts sufficient to pay the estimated net expenses of the Association (the "**Regular Assessments**") which sets forth: (i) an estimate of expenses to be incurred by the Association during such year in performing its functions and exercising its powers under this Covenant, including, but not limited to, the cost of all management, repair and maintenance, the cost of providing street and other lighting, the cost of administering and enforcing the Documents; and (ii) an estimate the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, and giving due consideration to any expected income and any surplus from the prior year's fund; and which (iii) excludes the operation, maintenance, repair and management costs and expenses associated with any Service Area and Special Common Area. Regular Assessments sufficient to pay such estimated net expenses will then be levied at the level set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any Individual Assessment by any Owner, the Association may at any time, and from time to time, levy further Regular Assessments in the same manner. All such Regular Assessments will be due and payable to the Association at the beginning of the fiscal year or during the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

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

5.05 Special Common Area Assessments. Prior to the beginning of each fiscal year, the Board will prepare a separate budget covering the estimated expenses to be incurred by the

Association to operate, maintain, repair, or manage any Special Common Area. The budget will be an estimate of the amount needed to operate, maintain, repair and manage such Special Common Area including a reasonable provision for contingencies and an appropriate replacement reserve, and will give due consideration to any expected income and surplus from the prior year's fund. The level of assessments levied to pay for expenses associated with a Special Common Area (the "**Special Common Area Assessments**") will be set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including non-payment of any individual Special Common Area Assessment, the Association may at any time, and from time to time, levy further Special Common Area Assessments in the same manner as aforesaid. All such Special Common Area Assessments will be due and payable to the Association at the beginning of the fiscal year or during the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

5.06 Service Area Assessments. Prior to the beginning of each fiscal year, the Board will prepare a separate budget for each Service Area reflecting the estimated Service Area Expenses to be incurred by the Association in the coming year. The total amount of assessments levied to pay for Service Area Expenses for each Service Area ("**Service Area Assessments**") will be allocated either: (i) equally; (ii) based on Assessment Units; or (iii) based on the benefit received among all Lots and Condominium Units in the benefited Service Area as determined in the absolute discretion of the Board, and will be levied as a Service Area Assessment. All amounts that the Association collects as Service Area Assessments will be expended solely for the benefit of the Service Area for which they were collected and will be accounted for separately from the Association's general funds.

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

5.08 Working Capital Assessment. Each Owner (other than Declarant) will pay a one-time working capital assessment (the "**Working Capital Assessment**") to the Association in such amount, if any, as may be determined by the Board from time to time in its sole and

absolute discretion. Such Working Capital Assessment need not be uniform among all Lots or Condominium Units, and the Board is expressly authorized to levy Working Capital Assessments of varying amounts depending on the size, use and general character of the Lots or Condominium Units then being made subject to such levy. The Association may use the working capital to discharge operating expenses. The levy of any Working Capital Assessment will be effective only upon the Recordation of a written notice, signed by a duly authorized officer of the Association, setting forth the amount of the Working Capital Assessment and the Lots or Condominium Units to which it applies.

Notwithstanding the foregoing provision, the following transfers will not be subject to the Working Capital Assessment: (i) foreclosure of a deed of trust lien, tax lien, or the Association's Assessment lien; (ii) transfer to, from, or by the Association; (iii) voluntary transfer by an Owner to one or more co-owners, or to the Owner's spouse, child, or parent. Additionally, an Owner who (iv) is a Homebuilder; or (v) a Residential Developer will not be subject to the Working Capital Assessment; however, the Working Capital Assessment will be payable by any Owner who acquires a Lot or Condominium Unit from a Homebuilder or Residential Developer for residential living purposes or by any Owner who: (vi) acquires a Lot or Condominium Unit and is not in the business of constructing single-family residences for resale to a third party; or (vii) who acquires the Lot or Condominium Unit for any purpose other than constructing a single-family residence thereon for resale to a third party. In the event of any dispute regarding the application of the Working Capital Assessment to a particular Owner, Declarant's determination regarding application of the exemption will be binding and conclusive without regard to any contrary interpretation of this *Section 5.08*. The Working Capital Assessment will be in addition to, not in lieu of, any other Assessments levied in accordance with this *Article 5* and will not be considered an advance payment of such Assessments. The Working Capital Assessment hereunder will be due and payable to the Association immediately upon each transfer of title to the Lot or Condominium Unit, including upon transfer of title from one Owner of such Lot or Condominium Unit to any subsequent purchaser or transferee thereof. The Declarant during the Development Period, and thereafter the Board, will have the power to waive the payment of any Working Capital Assessment attributable to a Lot or Condominium Unit (or all Lots and Condominium Units) by the Recordation of a waiver notice or in the Notice of Applicability, which waiver may be temporary or permanent.

5.09 Amount of Assessment.

(a) Assessments to be Levied. The Board will levy Assessments against each "**Assessment Unit**" (as defined in *Section 5.09(b)* below). Unless otherwise provided in this Covenant, Assessments levied pursuant to *Section 5.03* and *Section 5.04* will be levied uniformly against each Assessment Unit. Special Common Area Assessments levied pursuant to *Section 5.05* will be levied uniformly against each Assessment Unit allocated to a Lot or Condominium Unit that has been assigned the obligation to pay Special Common Area Assessments for specified Special Common Area. Service Area Assessments levied pursuant to *Section 5.06* will be levied either: (i) equally; (ii) based on

Assessment Units allocated to the Lots and/or Condominium Units within the Service Area; or (iii) based on the benefit received among all Lots and Condominium Units in the benefited Service Area that has been included in the Service Area to which such Service Area Assessment relates.

(b) Assessment Unit. Each Residential Lot will constitute one "Assessment Unit" unless otherwise provided in *Section 5.09(c)*. Each Commercial Lot and Condominium Unit will be allocated that number of "Assessment Units" set forth in the Notice of Applicability attributable to such Commercial Lot or Condominium Unit. Declarant will determine such Assessment Units in its sole and absolute discretion. Declarant's determination regarding the number of Assessment Units applicable to each Commercial Lot or Condominium Unit will be final, binding and conclusive. The Notice of Applicability may include a provision with an alternative Assessment Unit allocation in the event all or a portion of a Commercial Lot is submitted to the condominium form of ownership. Declarant, in its sole and absolute discretion, may modify and amend (which modification and amendment may be effected after Declarant's conveyance of any Commercial Lot or Condominium Unit to any person not affiliated with Declarant) the number of Assessment Units previously assigned to a Commercial Lot or Condominium Unit if the actual use of the Commercial Lot or Condominium Unit or Improvements actually constructed on the Commercial Lot or Condominium Unit differ from the anticipated use of the Commercial Lot or Condominium Unit or Improvements contemplated to be constructed thereon at the time the notice allocating Assessment Units thereto was originally Recorded. In the event of a modification to the Assessment Units allocated to a Commercial Lot or Condominium Unit, Declarant will Record an amended Notice of Applicability setting forth the revised allocation of Assessment Units attributable to the Commercial Lot or Condominium Unit.

(c) Residential Assessment Allocation. Declarant, in Declarant's sole and absolute discretion, may elect to allocate more than one Assessment Unit to a Residential Lot. An allocation of more than one Assessment Unit to a Residential Lot must be made in a Notice of Applicability or in a Development Area Declaration for the Development in which the Residential Lot is located. Declarant's determination regarding the number of Assessment Units applicable to a Residential Lot pursuant to this *Section 5.09(c)* will be final, binding and conclusive.

(d) Declarant Exemption. Notwithstanding anything in this Covenant to the contrary, no Assessments will be levied upon Lots or Condominium Units owned by Declarant.

(e) Other Exemptions. Declarant may, in its sole discretion, elect to: (i) exempt any un-platted or unimproved portion of the Development, Lot or Condominium Unit from Assessments; or (ii) delay the levy of Assessments against any un-platted, unimproved or improved portion of the Development, Lot or Condominium Unit; or (iii) reduce the levy of Assessments against any unplatted, unimproved or

improved portion of the Development, Lot or Condominium Unit. In the event Declarant elects to delay or reduce Assessments pursuant to this Section, the duration of the delay or the amount of the reduction will be set forth in a Recorded written instrument. Declarant may terminate, extend, or modify any delay or reduction set forth in a previously Recorded instrument by the Recordation of a replacement instrument. Declarant or the Board may also exempt any portion of the Property which is dedicated and accepted by public authority from Assessments.

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

5.11 Owner's Personal Obligation for Payment of Assessments. Assessments levied as provided for herein will be the personal and individual debt of the Owner of the Lot or Condominium Unit against which are levied such Assessments. No Owner may exempt himself from liability for such Assessments. In the event of default in the payment of any such Assessment, in addition to the late charge referred to in the preceding paragraph, the Owner of the Lot or Condominium Unit will be obligated to pay interest on the amount of the Assessment at the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date thereof (or if there is no such highest rate, then at the rate of 1½% per month), together with all late charges, costs and expenses of collection, including reasonable attorney's fees.

5.12 Assessment Lien and Foreclosure. The payment of all sums assessed in the manner provided in this *Article 5* is, together with late charges as provided in *Section 5.10* and interest as provided in *Section 5.11* hereof and all costs of collection, including attorney's fees, as herein provided, are secured by the continuing Assessment lien granted to the Association pursuant to *Section 5.01(b)* above, and will bind each Lot and Condominium Unit in the hands of the Owner thereof, and such Owner's heirs, devisees, personal representatives, successors or assigns. The aforesaid lien will be superior to all other liens and charges against such Lot or Condominium Unit, except only for (i) tax or governmental assessment liens; and (ii) all sums secured by a Recorded first mortgage lien or Recorded first deed of trust lien, to the extent such lien secures sums borrowed for the acquisition or improvement of the Lot or Condominium Unit in question; provided that, in the case of subparagraphs (ii) above, such Mortgage was Recorded, before the delinquent Assessment was due. The Association will have the power to subordinate the aforesaid Assessment lien to any other lien. Such power will be entirely discretionary with the Board, and such subordination may be signed by an authorized officer of the Association. The Association may, at its option and without prejudice to the priority or enforceability of the Assessment lien granted hereunder, prepare a written notice of Assessment

lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot or Condominium Unit covered by such lien and a description of the Lot or Condominium Unit. Such notice may be signed by an authorized officer of the Association and will be Recorded. Each Owner, by accepting a deed or ownership interest to a Lot or Condominium Unit subject to this Covenant will be deemed conclusively to have granted a power of sale to the Association to secure and enforce the Assessment lien granted hereunder. The Assessment liens and rights to foreclosure thereof will be in addition to and not in substitution of any other rights and remedies the Association may have pursuant to Applicable Law and under this Covenant, including the rights of the Association to institute suit against such Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien. In any foreclosure proceeding, such Owner will be required to pay the costs, expenses and reasonable attorney's fees incurred. The Association will have the power to bid (in cash or by credit against the amount secured by the lien) on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any Mortgagee, the Association will report to said Mortgagee any unpaid Assessments. The lien hereunder will not be affected by the sale or transfer of any Lot or Condominium Unit; except, however, that in the event of foreclosure of any lien superior to the Assessment lien, the lien for any Assessments that were due and payable before the foreclosure sale will be extinguished, provided that past-due Assessments will be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the indebtedness secured by the Mortgage. The provisions of the preceding sentence will not, however, relieve any subsequent Owner (including any Mortgagee or other purchaser at a foreclosure sale) from paying Assessments becoming due and payable after the foreclosure sale. Upon payment of all sums secured by a lien of the type described in this *Section 5.12*, the Association will upon the request of the Owner, and at such Owner's cost, execute an instrument releasing the lien relating to any lien for which written notice has been Recorded as provided above, except in circumstances in which the Association has already foreclosed such lien. Such release must be signed by an authorized officer of the Association and Recorded. In addition to the lien hereby retained, in the event of nonpayment by any Owner of any Assessment and after the lapse of at least twelve (12) days since such payment was due, the Association may, upon five (5) days' prior written notice (which may run concurrently with such 12-day period) to such Owner, in addition to all other rights and remedies available pursuant to Applicable Law, equity or otherwise, terminate, in such manner as the Board deems appropriate, any utility or cable services, provided through the Association and not paid for directly by an Owner or occupant to the utility or service provider. Such notice will consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of disconnection, with the title "termination notice" or similar language prominently displayed on the notice. The notice will include the office or street address where the Owner or the Owner's tenant can make arrangements for payment of the bill and for reconnection of service. Any utility or cable service will not be disconnected or terminated on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services. Except as otherwise provided by Applicable Law, the sale or transfer of a Lot or Condominium Unit will not relieve the Owner of such Lot or Condominium Unit or such Owner's transferee from liability for any Assessments

thereafter becoming due or from the lien associated therewith. If an Owner conveys its Lot or Condominium Unit and on the date of such conveyance Assessments against the Lot or Condominium Unit remain unpaid, or said Owner owes other sums or fees under this Covenant to the Association, the Owner will pay such amounts to the Association out of the sales price of the Lot or Condominium Unit, and such sums will be paid in preference to any other charges against the Lot or Condominium Unit other than liens superior to the Assessment liens and charges in favor of the State of Texas or a political subdivision thereof for taxes on the Lot or Condominium Unit which are due and unpaid. The Owner conveying such Lot or Condominium Unit will remain personally liable for all such sums until the same are fully paid, regardless of whether the transferee of the Lot or Condominium Unit also assumes the obligation to pay such amounts. The Board may adopt an administrative transfer fee to cover the administrative expenses associated with updating the Association's records upon the transfer of a Lot or Condominium Unit to a third party; provided, however, that no administrative transfer fee will be due upon the transfer of a Lot or Condominium Unit from Declarant to a third (3rd) party.

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

- (a) All area dedicated and accepted by a public authority;
- (b) The Common Area and the Special Common Area; and
- (c) Any portion of the Property or Development owned by Declarant.

No portion of the Property will be subject to the terms and provisions of this Covenant, and no portion of the Property (or any owner thereof) will be obligated to pay Assessments hereunder unless and until such Property has been made subject to the terms of this Covenant by the Recording of a Notice of Applicability in accordance with *Section 9.05* below.

5.14 Fines and Damages Assessment.

(a) **Board Assessment.** The Board may assess fines against an Owner for violations of the Documents which have been committed by an Owner, an Occupant, or the Owner's or Occupant's guests, agents or invitees. Any fine and/or charge for damage levied in accordance with this *Section 5.14* will be considered an Individual Assessment pursuant to this Covenant. Each day of violation may be considered a separate violation if the violation continues after written notice to the Owner. The Board may assess damage charges against an Owner for pecuniary loss to the Association from property damage or destruction of Common Area, the Special Common Area, or any facilities caused by the Owner, the Occupant, or their guests, agents, or invitees. The Manager will have authority to send notices to alleged violators, informing them of their violations and asking them to comply with the Documents and/or informing them of

potential or probable fines or damage assessments. The Board may from time to time adopt a schedule of fines.

(b) Procedure. Before levying a fine, the Association will give the Owner a written violation notice via certified mail, return receipt requested, and an opportunity to be heard, if requested by the Owner. This requirement may not be waived. The Association's written violation notice will contain the following items: (1) the date the violation notice is prepared or mailed; (2) a description of the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due to the Association from the Owner; (3) a reference to the rule or provision that is being violated; (4) a description of the action required to cure the violation; (5) the timeframe in which the violation is required to be cured to avoid the fine or suspension; (6) the amount of the fine; (7) a statement that no later than the thirtieth (30th) day after receiving the notice, the Owner may request a hearing pursuant to Section 209.007 of the Texas Property Code, and further, if the hearing held pursuant to Section 209.007 of the Texas Property Code is to be held by a committee appointed by the Board, a statement notifying the Owner that he or she has the right to appeal the committee's decision to the Board by written notice to the Board; and (8) a statement informing the Owner that they may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. section et seq.), if the Owner is serving on active military duty. The notice sent out pursuant to this paragraph is further subject to the following:

(i) First Violation. If the Owner has not been given notice and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months, the notice will state those items set out in (1) – (8) above, along with a specific timeframe by which the violation must be cured to avoid the fine. The notice must state that any future violation of the same rule may result in the levy of a fine.

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

(iii) Continuous Violation. After an Owner has been notified of a violation as set forth herein and assessed fines in the amounts set forth in the Schedule of Fines described in the Community Manual, if the Owner has never cured the violation in response to either the notices or the fines, in its sole discretion, the Board may determine that such a circumstance is a continuous

violation which warrants a levy of a fine based upon a daily, monthly, or quarterly amount as determined by the Board.

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

(d) Lien Created. The payment of each fine and/or damage charge levied by the Board against the Owner of a Lot or Condominium Unit is, together with interest as provided in *Section 5.11* hereof and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Association pursuant to *Section 5.01(b)* of this Covenant. Unless otherwise provided in this *Section 5.14*, the fine and/or damage charge will be considered an Assessment for the purpose of this Article and will be enforced in accordance with the terms and provisions governing the enforcement of assessments pursuant to this *Article 5*.

ARTICLE 6

WOODSON'S RESERVE REVIEWER

6.01 Architectural Control By Declarant. During the Development Period, neither the Association, the Board, nor a committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of any Improvements. Until expiration of the Development Period, the Woodson's Reserve Reviewer for Improvements is Declarant or its designee. No Improvement constructed or caused to be constructed by the Declarant will be subject to the terms and provisions of this *Article 6* and need not be approved in accordance herewith.

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

(b) Delegation by Declarant. During the Development Period, Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under this Article to an architectural control committee appointed by the Board or a committee comprised of architects, engineers, or other persons who may or may not be

members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant to: (i) revoke such delegation at any time and reassume jurisdiction over the matters previously delegated until expiration of twenty-four (24) months after the expiration of the Development Period; and (ii) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason. The Declarant is not responsible for: (i) errors in or omissions from the plans and specifications submitted to the Declarant; (ii) supervising construction for the Owner's compliance with approved plans and specifications; or (iii) the compliance of the Owner's plans and specifications with governmental codes and ordinances, state and federal laws.

6.02 Architectural Control by Association. Unless and until such time as Declarant delegates all or a portion of its reserved rights to the Board, or the Development Period is terminated or expires, the Association has no jurisdiction over architectural matters. On termination or expiration of the Development Period, or earlier if delegated in writing by Declarant, the Association, acting through an architectural control committee (the "ACC") will assume jurisdiction over architectural control and will have the powers of the Woodson's Reserve Reviewer hereunder.

(a) ACC. The ACC will consist of at least three (3) persons but not more than seven (7) persons appointed by the Board. Members of the ACC serve at the pleasure of the Board and may be removed and replaced at the Board's discretion. At the Board's option, the Board may act as the ACC, in which case all references in the Documents to the ACC will be construed to mean the Board. Members of the ACC need not be Owners or Occupants, and may but need not include architects, engineers, and design professionals whose compensation, if any, may be established from time to time by the Board.

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

6.03 Prohibition of Construction, Alteration and Improvement. No Improvement, or any addition, alteration, improvement, installation, modification, redecoration, or reconstruction thereof may occur unless approved in advance by the Woodson's Reserve Reviewer. The Woodson's Reserve Reviewer has the right but not the duty to evaluate every aspect of construction, landscaping, and property use that may adversely affect the general value or appearance of the Property and the Development. Notwithstanding the foregoing,

each Owner will have the right to modify, alter, repair, decorate, redecorate, or improve the interior of an Improvement, provided that such action is not visible from any other portion of the Development or Property.

6.04 Architectural Approval.

(a) Submission and Approval of Plans and Specifications. Construction plans and specifications or, when an Owner desires solely to plat, re-subdivide or consolidate Lots or Condominium Units, a proposal for such plat, re-subdivision or consolidation, will be submitted in accordance with the Design Guidelines, if any, or any additional rules adopted by the Woodson's Reserve Reviewer together with any review fee which is imposed by the Woodson's Reserve Reviewer in accordance with *Section 6.04(b)*. No plat, re-subdivision or consolidation will be made, nor any Improvement placed or allowed on any Lot or Condominium Unit, until the plans and specifications and the contractor which the Owner intends to use to construct the proposed Improvement have been approved in writing by the Woodson's Reserve Reviewer. The Woodson's Reserve Reviewer may, in reviewing such plans and specifications consider any information that it deems proper; including, without limitation, any permits, environmental impact statements or percolation tests that may be required by the Woodson's Reserve Reviewer or any other entity; and harmony of external design and location in relation to surrounding structures, topography, vegetation, and finished grade elevation. The Woodson's Reserve Reviewer may postpone its review of any plans and specifications submitted for approval pending receipt of any information or material which the Woodson's Reserve Reviewer, in its sole discretion, may require. Site plans must be approved by the Woodson's Reserve Reviewer prior to the clearing of any Lot or Condominium Unit, or the construction of any Improvements. The Woodson's Reserve Reviewer may refuse to approve plans and specifications for proposed Improvements, or for the plat, re-subdivision or consolidation of any Lot or Condominium Unit on any grounds that, in the sole and absolute discretion of the Woodson's Reserve Reviewer, are deemed sufficient, including, but not limited to, purely aesthetic grounds. Notwithstanding any provision to the contrary in this Covenant, the Woodson's Reserve Reviewer may issue an approval to Homebuilders or a Residential Developer for the construction of Improvements based on the review and approval of plan types and adopt a procedure which differs from the procedures for review and approval otherwise set forth in this Covenant.

(b) Design Guidelines. The Woodson's Reserve Reviewer will have the power, from time to time, to adopt, amend, modify, revoke, or supplement the Design Guidelines which may apply to all or any portion of the Development. In the event of any conflict between the terms and provisions of the Design Guidelines and the terms and provisions of this Covenant, the terms and provisions of this Covenant will control. In addition, the Woodson's Reserve Reviewer will have the power and authority to impose a fee for the review of plans, specifications and other documents and information submitted to it pursuant to the terms of this Covenant. Such charges will be

held by the Woodson's Reserve Reviewer and used to defray the administrative expenses and any other costs incurred by the Woodson's Reserve Reviewer in performing its duties hereunder; provided, however, that any excess funds held by the Woodson's Reserve Reviewer will be distributed to the Association at the end of each calendar year. The Woodson's Reserve Reviewer will not be required to review any plans until a complete submittal package, as required by this Covenant and the Design Guidelines, is assembled and submitted to the Woodson's Reserve Reviewer. The Woodson's Reserve Reviewer will have the authority to adopt such additional or alternate procedural and substantive rules and guidelines not in conflict with this Covenant (including, without limitation, the imposition of any requirements for a compliance deposit, certificates of compliance or completion relating to any Improvement, and the right to approve in advance any contractor selected for the construction of Improvements), as it may deem necessary or appropriate in connection with the performance of its duties hereunder.

(c) Failure to Act. In the event that any plans and specifications are submitted to the Woodson's Reserve Reviewer as provided herein, and the Woodson's Reserve Reviewer fails to either approve or reject such plans and specifications for a period of thirty (30) days following such submission, the plans and specifications will be deemed disapproved.

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

(e) Duration of Approval. The approval of the Woodson's Reserve Reviewer of any final plans and specifications, and any variances granted by the Woodson's Reserve Reviewer will be valid for a period of one hundred and eighty (180) days only. If construction in accordance with such plans and specifications or variance is not commenced within such one hundred and eighty (180) day period and diligently prosecuted to completion within either: (i) one year after issuance of approval of such

plans and specifications; or (ii) such other period thereafter as determined by the Woodson's Reserve Reviewer, in its sole and absolute discretion, the Owner will be required to resubmit such final plans and specifications or request for a variance to the Woodson's Reserve Reviewer, and the Woodson's Reserve Reviewer will have the authority to re-evaluate such plans and specifications in accordance with this *Section 6.04(e)* and may, in addition, consider any change in circumstances which may have occurred since the time of the original approval.

(f) No Waiver of Future Approvals. The approval of the Woodson's Reserve Reviewer to any plans or specifications for any work done or proposed in connection with any matter requiring the approval or consent of the Woodson's Reserve Reviewer will not be deemed to constitute a waiver of any right to withhold approval or consent as to any plans and specifications on any other matter, subsequently or additionally submitted for approval by the same or a different person, nor will such approval or consent be deemed to establish a precedent for future approvals by the Woodson's Reserve Reviewer.

6.05 Non-Liability of the Woodson's Reserve Reviewer. NEITHER THE DECLARANT, THE BOARD, NOR THE WOODSON'S RESERVE REVIEWER WILL BE LIABLE TO ANY OWNER OR TO ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR INJURY ARISING OUT OF THE PERFORMANCE OF THE WOODSON'S RESERVE REVIEWER UNDER THIS COVENANT.

ARTICLE 7

MORTGAGE PROVISIONS

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

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

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

(b) Any delinquency in the payment of assessments or charges owed for a Lot or Condominium Unit subject to the Mortgage of such Eligible Mortgage Holder, where such delinquency has continued for a period of sixty (60) days, or any other

violation of the Documents relating to such Lot or Condominium Unit or the Owner or occupant which is not cured within sixty (60) days after notice by the Association to the Owner of such violation; or

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

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

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

ARTICLE 8 EASEMENTS

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

from time to time, no person or entity described above shall in any manner be liable, and no user of any Community System shall be entitled to any refund, rebate, discount or offset in applicable fees, for any interruption in Community Services and Systems services, regardless of whether or not same is caused by reasons within the control of the then-provider of such services.

8.02 Reserved Easements. All dedications, limitations, restrictions and reservations shown on any Plat and all grants and dedications of easements, rights-of-way, restrictions and related rights made by Declarant or any third-party prior to any portion of the Property becoming subject to this Covenant are incorporated herein by reference and made a part of this Covenant for all purposes as if fully set forth herein, and will be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant. Declarant reserves the right to relocate, make changes in, and additions to said easements, rights-of-way, dedications, limitations, reservations and grants for the purpose of developing the Property and the Development.

8.03 Improvements, Roadway and Utility Easements. Declarant hereby reserves for itself and its successors and assigns, a perpetual non-exclusive easement over, under, and across the Development, as well as any portion of the Property owned by Declarant, or any areas owned or maintained by the Association, or any areas reserved or held as Common Area or Special Common Area, for the installation, use, operation, maintenance, repair, relocation, removal and/or modification of any Improvements, roadways, walkways, pathways, street lighting, sewer lines, water lines, utility lines, drainage and storm water lines, and/or other pipelines, conduits, wires, and/or any public utility function on, beneath or above the surface of the ground that serve the Development, the Property, and any other property owned by Declarant, with the right of access to the same at any time. Declarant will be entitled to unilaterally assign the easements reserved hereunder to any third party who owns, operates or maintains the infrastructure, facilities and Improvements described in this *Section 8.03*. The exercise of the easement reserved herein will not extend to permitting entry into any residence, nor will it unreasonably interfere with the use of any Lot or residence or Improvement constructed thereon. In addition, Declarant may designate all or any portion of the easements or facilities constructed therein as Common Area, Special Common Area, or a Service Area.

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

8.05 Sign, Monumentation, and Landscape Easement. Declarant hereby reserves for itself, its successors and assigns, and the Association an easement over and across the

Development for the installation, maintenance, repair or replacement of signs, monument signs and/or landscaping which serves the Development, the Property, and any other property owned by Declarant. Declarant will have the right, from time to time, to Record a written notice which identifies those portions of the Property or Development to which the easement reserved hereunder applies. Declarant may designate all or any portion of the easement areas reserved hereunder as Common Area, Special Common Area, or a Service Area. The exercise of the easements reserved hereunder will not extend to permitting entry into any residence, nor will it unreasonably interfere with the use of any Lot, Condominium Unit, or residence or Improvement constructed thereon.

8.06 Easement to Construct and Maintain Drainage Facilities. Declarant hereby reserves, for the benefit of the Property, perpetual, non-exclusive easement, over, upon, under and across any open space within the Development (the "**Easement Property**") for the following purposes:

(a) The construction, installation, placement, operation, maintenance, replacement, upgrade, and repair of drainage and stormwater facilities and related appurtenances in, upon, under and across the Easement Property, including but not limited to irrigation facilities, storm water detention ponds and water quality ponds, and;

(b) The construction, installation, placement, operation, maintenance, replacement, upgrade, and repair of water and wastewater lines and related appurtenances, or making connections thereto, in, upon, under, over, and across the Easement Property.

(c) Declarant may unilaterally assign the easements reserved hereunder to any third-party who owns, operates, manages or maintains the facilities and Improvements described in this *Section 8.06*. The assignment may be made: (i) unilaterally and without the consent or any further approval of any other party, (ii) exclusively or non-exclusively; and (iii) in whole or in part.

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

8.08 Declarant as Attorney in Fact. To secure and facilitate Declarant's exercise of the rights reserved by Declarant pursuant to the terms and provisions of the Documents, each Owner, by accepting a deed to a Lot or Condominium Unit and each Mortgagee, by accepting the benefits of a Mortgage against a Lot or Condominium Unit, and any other third party by acceptance of the benefits of a mortgage, deed of trust, mechanic's lien contract, mechanic's lien claim, vendor's lien and/or any other security interest against any Lot or Condominium Unit, will thereby be deemed to have appointed Declarant such Owner's, Mortgagee's, and third party's irrevocable attorney-in-fact, with full power of substitution, to do and perform, each and every act permitted or required to be performed by Declarant pursuant to the terms of the Documents. The power thereby vested in Declarant as attorney-in-fact for each Owner, Mortgagee and/or third party, will be deemed, conclusively, to be coupled with an interest and will survive the dissolution, termination, insolvency, bankruptcy, incompetency and death of an Owner, Mortgagee and/or third party and will be binding upon the legal representatives, administrators, executors, successors, heirs and assigns of each such party.

ARTICLE 9
DEVELOPMENT RIGHTS

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

9.02 Special Declarant Rights. Notwithstanding any provision of this Covenant to the contrary, until twenty-four (24) months after the expiration or termination of the Development Period, the Declarant for itself, and for its agents, employees, successors, and assigns, may construct, use, and maintain such facilities and conduct such activities upon portions of the Common Area and other property owned by the Declarant, in the Declarant's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Lots and Condominium Units in the Development or other property owned by the Declarant. Such permitted facilities and activities shall include business offices, signs, flags, (whether hung from flag poles or attached to a structure), model homes, construction offices, sales offices, parking facilities, exterior lighting features or displays, and special events, any or all of which may be located in permanent or temporary structures, or outside of any structure. The Declarant and authorized builders whom the Declarant may designate shall have easements for access to and use of such facilities at no charge. Such right shall specifically include the right of the Declarant and its designees to use Common Area facilities for an information center and/or for administrative, sales, and business offices at no charge and to restrict use or access to such

facilities by the Association, its members and others as long as they are being used for such purpose. There shall be no limit on the number or location of such facilities, except as otherwise restricted by Applicable Law.

9.03 Addition of Land. Declarant may, at any time and from time to time, add additional lands to the Property and, upon the Recording of a notice of addition of land, such land will be considered part of the Property for purposes of this Covenant, and upon the further Recording of a Notice of Applicability meeting the requirements of *Section 9.05* below, such added lands will be considered part of the Development subject to this Covenant and the terms, covenants, conditions, restrictions and obligations set forth in this Covenant, and the rights, privileges, duties and liabilities of the persons subject to this Covenant will be the same with respect to such added land as with respect to the lands originally covered by this Covenant. Such added land need not be contiguous to the Property. To add lands to the Property, Declarant will be required only to Record, a notice of addition of land (which notice may be contained within any Development Area Declaration affecting such land) containing the following provisions:

- (a) A reference to this Covenant, which reference will state the document number or volume and page wherein this Covenant is Recorded;
- (b) A statement that such land will be considered Property for purposes of this Covenant, and that upon the further Recording of a Notice of Applicability meeting the requirements of *Section 9.05* of this Covenant, all of the terms, covenants, conditions, restrictions and obligations of this Covenant will apply to the added land; and
- (c) A legal description of the added land.

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

- (a) A reference to this Covenant, which reference will state the document number or volume and page number wherein this Covenant is Recorded;
- (b) A statement that the provisions of this Covenant will no longer apply to the withdrawn land; and
- (c) A legal description of the withdrawn land.

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

- (a) A reference to this Covenant, which reference will state the document number or volume and page number wherein this Covenant is Recorded;
- (b) A reference, if applicable, to the Development Area Declaration which will apply to such portion of the Property (with any amendment, modification, or supplementation of the restrictions set forth in the Development Area Declaration which will apply to such portion of the Property), which reference will state the document number or volume and page wherein the Development Area Declaration is Recorded;
- (c) A statement that all of the provisions of this Covenant will apply to such portion of the Property;
- (d) A legal description of such portion of the Property; and
- (e) If applicable, a description of any Special Common Area which benefits the Property and the beneficiaries of such Special Common Area.

NOTICE TO TITLE COMPANY

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

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

ARTICLE 10
GENERAL PROVISIONS

10.01 Term. Upon the Recording of a Notice of Applicability pursuant to *Section 9.05*, the terms, covenants, conditions, restrictions, easements, charges, and liens set out in this Covenant will run with and bind the portion of the Property described in such notice, and will inure to the benefit of and be enforceable by the Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Covenant is Recorded, and continuing through and including January 1, 2089, after which time this Covenant will be automatically extended for successive periods of ten (10) years unless a change (the word "change" meaning a termination, or change of term or renewal term) is approved by Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Association, voting in person or by proxy at a meeting duly called for such purpose, written notice of which will be given to all Members at least thirty (30) days in advance and will set forth the purpose of such meeting; provided, however, that such change will be effective only upon the Recording of a certified copy of such resolution. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. It means sixty-seven percent (67%) of the total number of votes of the Association. The Representative System of Voting is not applicable to a change as contemplated in this *Section 10.01*, it being understood and agreed that any change must be approved by a vote of the Members, with each Member casting their vote individually. Notwithstanding any provision in this *Section 10.01* to the contrary, if any provision of this Covenant would be unlawful, void, or voidable by reason of any Applicable Law restricting the period of time that covenants on land may be enforced, such provision will expire twenty-one (21) years after the death of the last survivor of the now living, as of the date of the Recording of this document, descendants of Elizabeth II, Queen of England.

10.02 Eminent Domain. In the event it becomes necessary for any public authority to acquire all or any part of the Common Area or Special Common Area for any public purpose during the period this Covenant is in effect, the Board is hereby authorized to negotiate with such public authority for such acquisition and to execute instruments necessary for that purpose. Should acquisitions by eminent domain become necessary, only the Board need be made a party, and in any event the proceeds received will be held by the Association for the benefit of the Owners. In the event any proceeds attributable to acquisition of Common Area are paid to Owners, such payments will be allocated on the basis of Assessment Units and paid jointly to the Owners and the holders of first Mortgages or deeds of trust on the respective Lot or Condominium Unit. In the event any proceeds attributable to acquisition of Special

Common Area are paid to Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area, such payment will be allocated on the basis of Assessment Units and paid jointly to such Owners and the holders of first Mortgages or deeds of trust on the respective Lot or Condominium Unit.

10.03 Amendment. This Covenant may be amended or terminated by the Recording of an instrument executed and acknowledged by: (i) Declarant acting alone; or (ii) by the president and secretary of the Association setting forth the amendment and certifying that such amendment has been approved by Declarant (until expiration or termination of the Development Period) and Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Association. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. The Representative System of Voting is not applicable to an amendment as contemplated in this *Section 10.03*, it being understood and agreed that any amendment must be approved by a vote of the Members, with each Member casting their vote individually. No amendment will be effective without the written consent of Declarant during the Development Period.

10.04 Initiation of Litigation by Association.

The Association will not initiate any judicial or administrative proceeding unless first approved by Members entitled to cast at least seventy-five percent (75%) of the total number of votes of the Association (the foregoing shall in no way be interpreted to mean seventy-five percent (75%) of a quorum as established pursuant to the Bylaws), excluding the votes held by Declarant, except that no such approval will be required for actions or proceedings:

- (a) initiated while Declarant owns any portion of the Property or the Development; or
- (b) initiated to enforce the provisions of the Documents, including collection of assessments and foreclosure of liens; or
- (c) initiated to challenge ad valorem taxation or condemnation proceedings; or
- (d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or
- (e) to defend claims filed against the Association, the Declarant, the Association's Directors, employees, or agents or to assert counterclaims in proceedings instituted against it.

The Representative System of Voting is not applicable to initiating any judicial or administrative proceeding as contemplated in this *Section 10.04*, it being understood and agreed that any initiation of judicial or administrative proceeding required to be

approved by the Members, must be approved by a vote of the Members, with each Member casting their vote individually. This Section will not be amended unless such amendment is approved by the same percentage of votes necessary to institute judicial or administrative proceedings except any such amendment must also be approved in writing by Declarant until the expiration or termination of the Development Period.

10.05 Enforcement. Except as otherwise provided herein, any Owner of Lot, at such Owner's own expense, Declarant and the Association will have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, charges and other terms now or hereafter imposed by the provisions of the Documents. The Association and/or the Declarant may initiate, defend or intervene in any action brought to enforce any provision of the Documents. Such right of enforcement will include both damages for and injunctive relief against the breach of any provision hereof. Every act or omission whereby any provision of the Documents is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated by any Owner of a Lot (at such Owner's own expense), Declarant or the Association. Any violation of any Applicable Law pertaining to the ownership, occupancy, or use of any portion of the Property is hereby declared to be a violation of this Covenant and subject to all of the enforcement procedures set forth herein. Failure to enforce any right, provision, covenant, or condition set forth in the Documents will not constitute a waiver of the right to enforce such right, provision, covenants or condition in the future. Failure of the Declarant or the Association to enforce the terms and provisions of the Documents shall in no event give rise to any claim or liability against the Declarant, the Association, or any of their partners, directors, officers, or agents. EACH OWNER, BY ACCEPTING TITLE TO ALL OR ANY PORTION OF THE PROPERTY, HEREBY RELEASES AND SHALL HOLD HARMLESS EACH OF THE DECLARANT, THE ASSOCIATION, AND THEIR PARTNERS, DIRECTORS, OFFICERS, OR AGENTS FROM AND AGAINST ANY DAMAGES, CLAIMS, OR LIABILITY ASSOCIATED WITH THE FAILURE OF THE DECLARANT OR THE ASSOCIATION TO ENFORCE THE TERMS AND PROVISIONS OF THE DOCUMENTS.

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

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

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

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

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

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

10.12 Damage and Destruction.

(a) **Claims.** Promptly after damage or destruction by fire or other casualty to all or any part of the Common Area or Special Common Area covered by insurance, the Board, or its duly authorized agent, will proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair of the damage. Repair, as used in this *Section 10.12(a)*, means repairing or restoring the Common Area or Special Common Area to substantially the same condition as existed prior to the fire or other casualty.

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

(c) **Restoration.** In the event that it should be determined by the Board that the damage or destruction of the Common Area or Special Common Area will not be repaired and no alternative Improvements are authorized, then the affected portion of the Common Area or Special Common Area will be restored to its natural state and

maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition.

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

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

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

(g) Proceeds Payable to Owners Responsible for Special Common Area. In the event that any proceeds of insurance policies are paid to Owners as a result of any damage or destruction to Special Common Area, such payments will be allocated based on Assessment Units and will be paid jointly to the Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area and the holders of first Mortgages or deeds of trust on their Lots or Condominium Units.

10.13 No Partition. Except as may be permitted in this Covenant or amendments thereto, no physical partition of the Common Area or Special Common Area or any part thereof will be permitted, nor will any person acquiring any interest in the Development or any part thereof seek any such judicial partition unless all or the portion of the Development in question has been removed from the provisions of this Covenant pursuant to *Section 9.04* above. This *Section 10.13* will not be construed to prohibit the Board from acquiring and disposing of tangible personal property or from acquiring title to real property that may or may not be subject to this Covenant.

10.14 View Impairment. Neither the Declarant, the Woodson's Reserve Reviewer, nor the Association, guarantee or represent that any view over and across the Lots, Condominium Units, or any open space within the Development will be preserved without impairment. The Declarant, the Woodson's Reserve Reviewer, and the Association shall have no obligation to

relocate, prune, or thin trees or other landscaping. The Association (with respect to any Common Area or Special Common Area) will have the right to add trees and other landscaping from time to time, subject to Applicable Law. There shall be no express or implied easements for view purposes or for the passage of light and air.

10.15 Safety and Security. Each Owner and Occupant of a Lot or Condominium Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in the Development. The Association may, but shall not be obligated to, maintain or support certain activities within the Development designed to promote or enhance the level of safety or security which each person provides for himself or herself and his or her property. However, neither the Association nor the Declarant nor their Directors, employees, or agents shall in any way be considered insurers or guarantors of safety or security within the Development, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

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

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

right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days' notice to the Association.

10.17 Waiver of Environmental Conditions. THE TERM "DECLARANT" AS USED IN THIS SECTION 10.17 SHALL MEAN TOLL HOUSTON, TX, LLC, A TEXAS LIMITED LIABILITY COMPANY, AND SHALL FURTHER INCLUDE, WITHOUT LIMITATION, THE DECLARANT, ITS GENERAL PARTNER(S), PARTNERS, DIRECTORS, MANAGERS, OFFICERS, EMPLOYEES, AGENTS, CONTRACTORS, SUB-CONTRACTORS, DESIGN CONSULTANTS, ARCHITECTS, ADVISORS, BROKERS, SALES PERSONNEL AND MARKETING AGENTS. THE TERM "ASSOCIATION" AS USED IN THIS SECTION 10.17 SHALL HAVE THE MEANING SET FORTH IN ARTICLE 1 HEREOF AND SHALL FURTHER INCLUDE, WITHOUT LIMITATION, THE ASSOCIATION, ITS DIRECTORS, MANAGERS, EMPLOYEES, AND AGENTS. THE DECLARANT AND THE ASSOCIATION SHALL NOT IN ANY WAY BE CONSIDERED AN INSURER OR GRANTOR OF ENVIRONMENTAL CONDITIONS OR INDOOR OR OUTDOOR AIR QUALITY ON THE PROPERTY. NEITHER SHALL THE DECLARANT OR THE ASSOCIATION BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF ANY ADVERSE ENVIRONMENTAL CONDITION OR FOR FAILURE TO PROVIDE ADEQUATE INDOOR OR OUTDOOR AIR QUALITY. THE DECLARANT AND THE ASSOCIATION DO NOT REPRESENT OR WARRANT THAT ANY CONSTRUCTION MATERIALS, AIR FILTERS, MECHANICAL, HEATING, VENTILATING OR AIR CONDITIONING SYSTEMS AND CHEMICALS NECESSARY FOR CLEANING OR PEST CONTROL WITHIN THE IMPROVEMENTS OR ON THE PROPERTY WILL PREVENT THE EXISTENCE OR SPREAD OF BIOLOGICAL ORGANISMS, COOKING ODORS, ANIMAL DANDER, DUST MITES, FUNGI, POLLEN, TOBACCO SMOKE, DUST OR THE TRANSMISSION OF INTERIOR OR EXTERIOR NOISE LEVELS. THE DECLARANT AND THE ASSOCIATION ARE NOT AN INSURER OF THE INDOOR OR OUTDOOR AIR QUALITY AND/OR ENVIRONMENTAL CONDITIONS ON THE PROPERTY, AND EACH OWNER AND OCCUPANT OF ANY PORTION OF THE PROPERTY OR ANY IMPROVEMENTS, AS WELL AS EACH TENANT, GUEST AND INVITEE OF ANY OWNER OR OCCUPANT, ASSUMES ALL RISKS ASSOCIATED WITH THE INDOOR OR OUTDOOR AIR QUALITY AND/OR ENVIRONMENTAL CONDITIONS ON THE PROPERTY, AND ACKNOWLEDGES THAT THE DECLARANT AND THE ASSOCIATION HAVE MADE NO REPRESENTATIONS OR WARRANTIES, NOR HAVE ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES BY THE DECLARANT AND/OR THE ASSOCIATION, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY FOR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, IN RELATION TO THE INDOOR OR OUTDOOR AIR QUALITY OR ANY ENVIRONMENTAL CONDITION WITHIN THE IMPROVEMENTS OR ON THE PROPERTY. EACH OWNER AND OCCUPANT HEREBY RELEASES AND HOLDS HARMLESS THE DECLARANT AND THE ASSOCIATION FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE IN RELATION TO INDOOR OR OUTDOOR AIR QUALITY OR ANY ENVIRONMENTAL CONDITION WITHIN THE IMPROVEMENTS OR ON THE PROPERTY (INCLUDING ANY COST, EXPENSE, LIABILITY,

CLAIM OR CAUSE OF ACTION ARISING OUT OF THE DECLARANT'S OR THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT TO THE EXTENT SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION RESULTED FROM THE DECLARANT'S OR THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.

10.18 Mining and Drilling. Except for the Third Party Oil, Gas and Mineral Interests defined below, no other portion of the Development may be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate, or earth. This provision will not be construed to prevent the excavation of rocks, stones, sand, gravel, aggregate, or earth or the storage of such material for use as fill provided that such activities are conducted in conjunction with the construction of Improvements and/or the development of the Development by the Declarant. Furthermore, this provision will not be interpreted to prevent the drilling of water wells approved in advance by the Woodbridge Reviewer which are required to provide water to all or any portion of the Property. All water wells must also be approved in advance by the Woodson's Reserve Reviewer and any applicable regulatory authority. This *Section 10.18* shall not apply to minerals, resources and groundwater, or some portion thereof or some interest therein, that may have been conveyed or reserved by third parties prior to Declarant's ownership of the Property (the "**Third Party Oil, Gas and Mineral Interests**"). No representation or warranty, express or implied, is made as to the ownership of the minerals, resources and groundwater or any portion thereof or any interest therein.

ARTICLE 11 **DISCLOSURE**

11.01 Pipeline Disclosure. One or more drill sites (whether one or more, the "Drill Site") and one or more pipelines, pipeline right-of-ways and/or pipeline easements (whether one or more, the "Pipeline") may be located near or within the Property. Neither Declarant nor the Association owns or controls any Drill Site or Pipeline located near or within the Property. In connection with any Drill Site and/or Pipeline located near or within the Property: (1) there may be existing or abandoned wells, pipelines, equipment and/or facilities for the exploration, extraction and/or transportation of oil, natural gas, petroleum products or other gases or liquids located near or within the Drill Site and/or Pipeline; (2) there may be wells, pipelines, equipment and/or facilities placed near or within any Drill Site and/or Pipeline in the future; (3) portions of the Property within or near any Drill Site and/or the Pipeline may have restrictions and/or prohibitions on landscaping, planting of trees, fencing, paving, buildings, pools, sheds, or other improvements; (4) the owner(s) of the Drill Site and/or Pipeline may have access rights within the Property to the Drill Site, Pipeline, or related facilities to operate, inspect, install, maintain, repair, and/or remove such facilities; (5) the owner(s) of the Drill Site and/or Pipeline may have no obligation to repair damage to any Improvements or the Property caused by such owner(s), and Declarant and the Association expressly disclaims responsibility to repair, or

indemnify any Owner against, any such damage. This disclosure is not intended to be all-inclusive or to address every significant feature of any Drill Site or any Pipeline located near or within the Property, and each Owner should review any of the title documents they received when they purchased their Lot that relate to the Drill Site or Pipeline and note the location of any Drill Site, Pipeline, and/or related equipment and facilities relative to their Lot. Further, this disclosure (i) is not intended to, and does not, constitute a full disclosure of all conditions that might affect the Property, and (ii) does not impose upon Declarant or the Association any duty or obligation to make any further or future disclosures to any Owner concerning the Property.

[SIGNATURE PAGE FOLLOWS]

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

DECLARANT:

TOLL HOUSTON, TX, LLC,
a Texas limited liability company

By: Karl F. Mistry
Printed Name: KARL F. MISTRY
Title: DIVISION PRESIDENT

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me this 16 day of October, 2014 by KARL MISTRY, DIVISION PRESIDENT of Toll Houston, TX, LLC, a Texas limited liability company, on behalf of said limited liability company.

(SEAL)

Lucy Chalcraft
Notary Public Signature

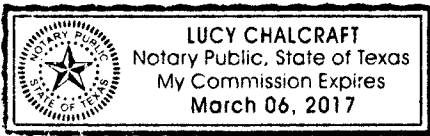


EXHIBIT "A"

DESCRIPTION OF PROPERTY

METES and BOUNDS DESCRIPTION

Of 692.342 Acres or 30,158,415 Square Feet of land being all of that certain 340.0 Acre Tract of land, and all of that certain 330.0 Acre Tract of land conveyed from Doris Beaman Burdoux to LMV MANAGEMENT CO., LTD. by a deed dated December 27, 1994 and recorded under Clerk's File No. 9471836, of the Deed Records of Montgomery County, Texas (M.C.D.R.), lying in the MONTGOMERY COUNTY SCHOOL LAND Survey, Abstracts 350 and 351, in Montgomery County, Texas, said 692.342 Acre tract is more particularly described by metes and bounds as follows:

BEGINNING at a 1/2" inch iron rod found at the Northwest Corner of said 340.0 Acre Tract of land, the East line of BENDERS LANDING, SECTION 1, according to the plat thereof recorded in Cabinet P, Page 140, of the Map Records of Montgomery County, Texas (M.C.M.R.), same being the Southwest Corner of that certain 369.0153 Acre Tract of land conveyed to BLAN LAND INVESTMENTS, L.P. by a deed recorded under Clerk's File No. 2001-0905588, M.C.D.R.;

THENCE North 49 deg. 58 min. 14 sec. East, along the Northwest line of said 340.0 Acre Tract of land, same being the Southeast line of said 369.0153 Acre Tract of land, a distance of 1253.27 feet to a 5/8 inch iron rod with a VTSM cap found at a point for corner, from which a 5/8 inch iron rod was found North, 4.98 feet, and West, 4.25 feet;

THENCE North 40 deg. 16 min. 48 sec. East, along the Northwest line of said 340.0 Acre Tract of land, same being the Southeast line of said 369.0153 Acre Tract of land, a distance of 141.84 feet to a point for corner, from which a 5/8 inch iron rod with a cap was found East, 0.09 feet;

THENCE South 41 deg. 21 min. 57 sec. East, along the Northwest line of said 340.0 Acre Tract of land, same being the Southeast line of that certain 217.02 Acre Tract of land conveyed to HOUSTON LIPAR, LTD., a distance of 15.93 feet to a point for corner, from which a 3/4 inch iron rod was found South, 0.13 feet, and East, 0.18 feet;

THENCE North 42 deg. 07 min. 44 sec. East, along the Northwest line of said 340.0 Acre Tract of land, same being the Southeast line of said 217.02 Acre Tract of land, a distance of 84.87 feet to a 3/4 inch iron rod with a cap found at a point for corner;

THENCE North 38 deg. 56 min. 40 sec. East, along the Northwest line of said 340.0 Acre Tract of land, same being the Southeast line of said 217.02 Acre Tract of land, a distance of 659.28 feet to a 3/4 inch iron rod with a cap found at a point for corner;

THENCE North 43 deg. 21 min. 07 sec. East, along the Northwest line of said 340.0 Acre Tract of land, same being the Southeast line of said 217.02 Acre Tract of land, a distance of 287.42 feet to a 5/8 inch iron rod with a VTSM cap found at a point for corner, from which a 1/2 inch iron pipe was found South, 2.77 feet, and East, 2.49 feet;

THENCE South 41 deg. 42 min. 40 sec. East, along the Northeast line of said 340.0 Acre Tract of land, same being the Southwest line of that certain 360.0 Acre Tract of land conveyed from Winnie Helen Hilliard Ratliff to Helen Hilliard Brame, etal by a deed dated August 14, 1987 and recorded under Clerk's File No. 8737411, M.C.D.R., a distance of 6268.91 feet to 3/4 inch iron pipe found at the Southeast corner of said 340.0 Acre Tract of land, the South corner of said 360.0 Acre Tract of land, the Northeast corner of said 330.0 Acre Tract of land, same being the Northwest corner of that certain 330.0 Acre Tract of land conveyed from Winnie Helen Hilliard Ratliff to Helen Hilliard Brame, etal by a deed dated October 1, 1980 and recorded under Clerk's File No. 8110058, M.C.D.R.;

THENCE South 41 deg. 28 min. 10 sec. East, along the Northeast line of said 330.0 Acre Tract of land, same being the Southwest line of said 330.0 Acre Tract of land, a distance of 4525.06 feet to a 1-1/2 iron pipe found at a point for corner;

THENCE North 49 deg. 33 min. 41 sec. East, along the Southeast line of said 330.0 Acre Tract of land, same being the most Southerly Northwest line of said 330.0 Acre Tract of land, a distance of 2802.67 feet to a 5/8 inch iron rod with a VTSM cap found at a point for corner, from which a 60d nail was found South, 1.82 feet, and East, 1.10 feet;

THENCE South 31 deg. 07 min. 23 sec. East, along the most Southerly Northeast line of said 330.0 Acre Tract of land, same being the Southwest line of that certain 967 Acre Tract of land conveyed from E.L. Bender to Edward Boettcher by a deed

dated November 16, 1954 and recorded in Volume 385, Page 629, M.C.D.R., a distance of 71.108 feet to a 5/8 inch iron rod with a VTSM cap found at a point for corner, from which a 3/8 inch iron rod was found South, 0.40 feet, and East, 0.24 feet;

THENCE South 49 deg. 33 min. 41 sec. West, along the Southeast line of said 330.0 Acre Tract of land, the Northwest line of that certain 2830.5689 Acre Tract of land conveyed from George F. Kirkpatrick, et al to SPRING CREEK JOINT VENTURE by a deed dated January 4, 1983 and recorded under Clerk's File No. 8500670, M.C.D.R., same being a common line between the said MONTGOMERY COUNTY SCHOOL LAND Survey, Abstract 351, and the R.N. Davis Survey, Abstract 161, a distance of 3217.09 feet to a 5/8 inch iron rod with a VTSM cap found at a point for corner, from which a 3 inch iron pipe was found North, 2.38 feet, and West, 2.07 feet;

THENCE North 40 deg. 57 min. 26 sec. West, along the Southwest line of said 330.0 Acre and 340.0 Acre Tracts of land, same being the Northwest line of BENDERS LANDING, SECTION 2, according to the plat thereof recorded in Cabinet R, Page 142, M.C.M.R., and the Northwest line of said BENDERS LANDING, SECTION 1, a distance of 11332.32 feet to the POINT OF BEGINNING, containing within these calls 692.342 Acres or 30,158,415 Square Feet of land, as depicted on a plat prepared by Donald K. Hall, R.P.L.S. No. 4070, dated December 29, 2004.

WITNESS MY HAND AND SEAL THIS THE 29TH DAY OF December, 2004.


Donald K. Hall Registered Professional Land Surveyor No. 4070



VALUE TECHNOLOGIES
SURVEYING & MAPPING

14306 Summerwood Lakes Drive
Houston, Texas 77044-5078

Phone: (281) 225-8876
Fax: (281) 225-8877
JOB No.: 1004#1068

E-FILED FOR RECORD
10/17/2014 1:06PM



COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY

I hereby certify this instrument was e-FILED in
file number sequence on the date and at the time
stamped herein by me and was duly e-RECORDED in
the Official Public Records of Montgomery County, Texas.

10/17/2014



County Clerk
Montgomery County, Texas