

**DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS FOR  
PROSPER FALLS HOMEOWNERS ASSOCIATION, INC.**

STATE OF TEXAS           §  
                                  §           KNOW ALL PERSONS BY THESE PRESENTS:  
COUNTY OF COLLIN       §

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR PROSPER FALLS (as may be amended from time to time, the "Declaration") is made by, PROSPER FALLS DEVELOPMENT, LLC, a Texas limited liability company ("Declarant").

**WITNESSETH:**

Declarant, as the owner of the real property described in Exhibit A, intends by recording this Declaration in the Official Public Records of Collin County, Texas, to create a general plan of development for a single-family home planned community known or to be known as the "Prosper Falls" (the "Subdivision"). This Declaration provides for the overall development, administration, maintenance, and preservation of the real property now and hereafter comprising the Property (as hereinafter defined). An integral part of the development plan is the creation of Prosper Falls Homeowners Association, Inc., a Texas non-profit corporation, or other named non-profit corporation formed to perform the duties of the "Association" hereunder, whose members shall be all owners of real property subject to this Declaration, to own, operate, and/or maintain various common areas and community improvements and to administer and enforce the covenants, conditions, restrictions, and easements set forth in this Declaration.

NOW, THEREFORE, Declarant hereby declares that the property described in Exhibit A, and any additional property which is subjected to this Declaration in the future in accordance with Article XIV of this Declaration, shall be owned, conveyed, used, occupied and otherwise encumbered subject to this Declaration, which shall run with the title to such property. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of the Property, their heirs, successors, successors-in-title, and assigns.

**ARTICLE I  
DEFINITIONS**

The terms used in this Declaration are intended to have their normal, commonly understood definitions, unless otherwise specified. In order to minimize repetition, avoid confusion, and explain key concepts, some terms are capitalized to indicate they have special definitions. Whenever used in capitalized form, those terms have the following meanings:

(a) "Architectural Control Committee" and/or "ACC" shall mean and refer to the architectural review body for the Property, as described in Article III. During the period of Declarant control, Declarant reserves certain rights.

(b) "Assessments" shall have the meaning ascribed to such terms in Section 10.1 below.

(c) "Association" shall mean and refer to Prosper Falls Homeowners Association, Inc., a Texas non-profit corporation, or other non-profit corporation formed by the Declarant to perform the duties of the "Association" hereunder, and which shall have the right to enforce this Declaration.

(d) "Board of Directors" or "Board" shall mean and refer to the body selected as provided in the Bylaws, being responsible for the general governance and administration of the Association and this Declaration. The initial Board shall be those individuals set forth in the Certificate of Formation for the Association. *During the time of Declarant control, Declarant has the sole right to appoint and remove all Directors to the Board*, provided that prior to the date which is the earlier of (i) one hundred-twenty (120) days after seventy-five (75%) of the Lots have been sold to non-Declarant Owners, or (ii) ten (10) years from the date on which the Declaration is recorded, at least 1/3 of the directors serving on the Board shall be person(s) elected by a majority vote of Class A Members at a meeting of the members at which quorum is present, as set forth in the Bylaws of the Association. Each Director, other than Directors appointed by Declarant, shall be a Member and resident, or in the case of corporate or partnership ownership of a Lot, a duly authorized agent or representative of the corporate or partnership Owner. The corporate, or partnership Owner shall be designated as the Director in all correspondence or other documentation setting forth the names of the Directors.

(e) "Builder" shall mean and refer to any person or entity who has acquired a Lot or Lots for the purpose of constructing a residence thereon for later sale to consumers.

(f) "Bylaws" shall mean and refer to the Bylaws of the Association, approved by the Board of Directors, as may be amended from time to time.

(g) "Common Properties" shall mean all real property (including improvements thereon) now or hereafter owned, leased or controlled by the Association, or to which the Association holds possessory or use rights, for the common use and enjoyment of the Owners (hereinafter defined) including, but not limited to such property which may be: (i) conveyed to the Association in fee simple title, (ii) leased to the Association, (iii) landscape or maintenance easements granted or dedicated to the Association by plat or other written instrument, including without limitation "Common Area A-1", "Common Area B-1", "Common Area C-1" and "Common Area D-1" shown on the Final Plat of the Subdivision, (iv) retention ponds within the Property, and (v) any other real property or improvement the Association, at the sole discretion of the Board, decides to maintain. The Common Properties shall include any and all fixtures and improvements on the land constituting common areas, including, without limitation, landscaping, buffering, screening, irrigation, and associated improvements that are Common Properties next to public thoroughfares. The Declarant is under no obligation to construct or provide common elements or amenities. Membership in the Association and payment of Assessments are not contingent upon the provision of or construction of any common element or amenity. Membership for all Lot Owners and payment of Assessments is mandatory. Provisions for Declarant vary, see Article 10, Section 10.18.

(h) "Community-Wide Standard" shall mean the standard of conduct, maintenance and appearance, including landscaping, generally prevailing throughout the Property or the minimum standards established pursuant to the Design Guidelines, Rules, Board resolutions, or any existing or future zoning ordinance to which the Association is subject to its design or development standards, whichever has the highest standard. Declarant initially shall establish such standard. The Association, through its Board, shall ensure that the Community-Wide Standard established by the Declaration for the Property shall continue after the termination or expiration of the Class B membership. The Community-Wide Standard may contain objective elements, such as specific common areas or elements, lawn or house maintenance requirements, and subjective elements, such as matters subject to the Board's discretion. The Community-Wide Standard may or may not be in writing. The Community-Wide Standard may evolve as development progresses and as the Property changes. The Community-Wide Standard shall not fall below the level established for the Property as of the date the Class B membership terminates or expires.

(i) "County" shall mean and refer to Collin County Texas, in which the Property is located, as the context may require.

(j) "Declarant" shall mean and refer to PROSPER FALLS DEVELOPMENT, LLC, a Texas limited liability company, but also any successor, alternate or additional Declarant as appointed by PROSPER FALLS DEVELOPMENT, LLC, as successor, alternate or additional Declarant by written instrument, filed of record in the office of the County Clerk, specifically setting forth that such successor, alternate or additional Declarant is to have, in whole or in part, together with PROSPER FALLS DEVELOPMENT, LLC, the Declarant rights, duties, obligations and responsibilities for all or a specific portion or Phase of the Property. The term "Declarant" shall not include any person or entity that purchases a Lot from Declarant unless such purchaser is specifically assigned, by a separate recorded instrument, some or all of the Declarant rights under this Declaration as to the conveyed property. Declarant shall have certain rights, representations and reservations which may be described throughout this Declaration or are represented in the Declarant's Reservations and Representations attached as Exhibit B.

(k) "Design Guidelines" shall mean and refer to the design standards and guidelines adopted by the Declarant, as may be amended in accordance with Article III, representing the minimum specifications for the construction of all residences, additions to such residences, and other improvements associated with each residence including, without limitation, other structures or improvements located on a residential Lot, and the minimum requirements for landscaping to be installed and maintained on each Lot. These standards may include building or development standards from the Town of Prosper, as applicable. The Design Guidelines are an integral part of this Declaration and the development plan of the Property and/or Subdivision. The initial Design Guidelines are attached hereto as Exhibit C and may be subject to amendment by the Declarant at any time and from time to time without the consent or joinder of the Members. All Builders and prospective Owners or those desirous of constructing a residence on a Lot are strongly encouraged to obtain a current copy of the Design Guidelines prior to preparing plans and specifications for submission to the Architectural Control Committee for approval.

(l) "Final Plat" shall mean, initially, the map or plat of the Property or any portion thereof, and recorded in the Plat Records of Collin County, Texas, and any future recorded subdivision maps or plats covering any portion of the Property or additional real property made subject to this Declaration, as such Final Plats may be amended from time to time.

(m) "Governing Documents" means, singly or collectively as the case may be, this Declaration, the Final Plat, the Bylaws, the Association's certificate of formation, and the rules of the Association, as any of these may be amended from time to time. An appendix, exhibit, schedule, or certification accompanying a Governing Document is a part of that Governing Document. All Governing Documents are to be recorded in every county in which all or a portion of the Property is located. The Governing Documents are Dedicatory Instruments as defined in Texas Property Code Section 202. The Bylaws of the Association are attached hereto as Exhibit D.

(n) "Lot" shall mean and refer to any one (1) of the enumerated plots or tracts of land shown upon a Final Plat, and "Lots" shall mean and refer to more than one (1) of same; provided, however, Common Properties shall in no event be treated as "Lot" for purposes of this Declaration, and are hereby specifically excluded from the term "Lot" as used hereunder.

(o) "Member" shall mean and refer to a member of the Association, as described in Article VIII.

(p) "Owner" shall mean and refer to each and every person or business entity (whether one or more), including Declarant (so long as applicable), that is a record owner of a fee or undivided fee interest in any Lot; provided, however, that (i) the term "Owner" or "Owners" shall not include any person or entity who holds a bona fide lien or interest in a Lot as security merely for the performance of an obligation (specifically including, but not limited to, any mortgagee or trustee under a mortgage or deed of trust) unless and until such mortgagee, beneficiary or trustee has acquired title to such Lot pursuant to foreclosure or any proceeding in lieu thereof; and (ii) with respect to any matter requiring the vote, consent, approval or other action of an Owner, each Lot shall be entitled to only one (1) vote except as provided for in Section 8.2 and Section 15.6 herein.

(q) "Phase" shall mean and refer to each separately developed residential area or addition as set forth and more fully described on a Final Plat depicting real property that has been subjected to the Declaration.

(r) "Planned Development Standards" The property shall be developed in accordance with the planned development standards as they exist or may be amended in PD-70 and Zoning Ordinance 05-20 per the Town of Prosper requirements.

(s) "Property" shall mean and refer to the real property described on Exhibit A, any improvements now or hereafter situated thereon, and any and all additional real property (and the improvements thereon) which Declarant hereafter subjects to this Declaration, in accordance with Article XIV hereof.

(t) "Supplemental Declaration" shall mean a recorded instrument which accomplishes one or more of the following purposes: (i) subjects additional real property to this Declaration, or (ii) imposes, expressly or by reference, additional restrictions, covenants, easements and/or rights and obligations on the land described.

## ARTICLE II CONSTRUCTION OF IMPROVEMENTS AND USE OF LOTS

### Section 2.1 Residential Use.

The Property shall be used for single-family residential purposes and home office only and accessory uses. No building or other structure shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single-family residence per Lot, which residence may not exceed two (2) stories in height, and a private garage as provided below. Any building or structure to be placed or constructed on a Lot is subject to approval in writing by the Architectural Control Committee under Article III.

### Section 2.2 Single-Family Use.

Except as otherwise provided in this Section 2.2, (i) each single family residence may be occupied only by persons living and cooking together as a single housekeeping unit, together with any household employees, and (ii) except for families consisting of persons related by blood, adoption, or marriage (a "Family Unit"), no more than two persons per bedroom may occupy the same residence on a regular and consistent basis.

Section 2.2.1 Leasing Homeowners who rent or lease their residence are required to execute a written lease agreement, signed by the tenant and a copy provided to the Association prior to the tenant's possession of the residence. The lease shall contain, at minimum, the following:

- a. Term of Lease. Initial term of the lease shall not be less than one (1) year.
- b. Entire Residence. The property leased includes the entire residence.
- c. Single Family. Lease is restricted to single family per Section 2.2 above. Owner shall provide to the Association or its Managing Agent the names and contact information for the tenants.
- d. Abide by Rules. The Owner must make available to the tenant copies of the CCR's, Rules and Regulations, and all amendments thereto. Tenant must agree to abide by all Association's rules and must acknowledge that failure to do so may constitute a default under the lease terms and agreement. Owner must obtain a signed acknowledgment from the tenant that this section of the CCR's has been explained in detail.
- e. No assignment or sub leasing is allowed.
- f. Tenant must carry renters insurance.



- g. Owner shall be responsible at all times for his tenant and the maintenance and upkeep of the home and lot. Should the tenant violate a rule and a violation notice is sent, the Owner shall be responsible for ensuring the tenant complies with the rules and the violation noted is immediately abated. Should a fine for non-compliance result, the Owner shall be responsible for payment to the Association for all fines or any monetary expense the Association may incur for the enforcement and abatement of a violation.

At the Board of Directors sole discretion, a Resolution may be adopted and thereafter amended or rescinded at any time and from time to time which may set limitations on the number of total leases or rentals allowed in the community and/or set limitations on the number of homes within the community any one Owner may lease or rent.

### Section 2.3 Garage Required.

Each residence shall have an enclosed garage and shall conform to the requirements set forth in the Design Guidelines. The garage shall conform in design and materials with the main structure. A minimum of ten percent (10%) of the homes in Prosper Falls shall have swing in garages. As part of zoning ordinance PD-70 for town of Prosper, garages shall provide an exterior lighting package see Section 2.4 below. Carports are prohibited.

Section 2.4 Exterior Lighting. All homes shall provide an exterior lighting package to illuminate front entrances, landscaping and trees located in the front yard and garages. Lighting shall be kept in good repair and working order at all times.

### Section 2.5 Driveways.

All driveways shall be surfaced with concrete. No designs, painting or staining of driveways is allowed without the express written permission of the ACC. No widening of the driveway is permitted without the express written permission of the ACC.

### Section 2.6 Uses Specifically Prohibited.

(a) No temporary dwelling, shop, storage building, trailer or mobile home of any kind or any improvement of a temporary character shall be permitted on any Lot except (i) children's playhouses and play sets (which may not exceed more than two feet (2') above the fence line, dog houses, greenhouses (which may not be visible over the fence line), gazebos and buildings for storage of lawn maintenance equipment (which may not exceed more than two feet (2') above the fence line), may be placed on a Lot. All structures are subject to approval in accordance with Article III and/or at the sole discretion of the Declarant or the Board of Directors, or the ACC. The addition or allowance of structures may be considered on a purely aesthetic or case by case basis, and (ii) the Builder or contractor may have temporary improvements (such as a sales office and/or construction trailer) on a given Lot during construction of the residence on that Lot or on a different Lot as agreed to between the Builder or contractor and Declarant and/or as otherwise set out in the Design Guidelines. No building

material of any kind or character shall be placed or stored upon the Property until the Owner thereof is ready to commence construction of improvements, and then such material shall be placed within the property lines of the Lot upon which the improvements are to be erected. Portable basketball goals shall be allowed by written consent of the ACC. Portable basketball goals must be kept in good repair, including the net, and may not be placed in the street, on a pedestrian sidewalk, or between the sidewalk and street. Portable basketball goals must be stored out of sight when not in use. No permanent basketball goals shall be allowed without the express written consent of the ACC.

(b) Except as otherwise provided in this Section, no vehicle may be parked or left upon any portion of a Lot except in a garage or on a driveway. Except as provided below, the following vehicles may **not** be parked on any street within the Property with the exception of temporary parking for loading, unloading or cleaning: recreational vehicles, mobile homes, trailers, campers, trucks with tonnage in excess of one (1) ton, semi-trucks and trailers, commercial vehicles (including all vehicles with commercial lettering or logos), and unlicensed or inoperable vehicles. Vehicles with commercial lettering or logos will be allowed to be parked in the garage of the Lot only. "Sports utility vehicles" and "mini-vans" are generally allowed but, shall be subject to removal based on size, height, weight, or at the sole discretion of the Board or the ACC. Pick-up trucks without commercial writing or logos shall be treated as automobiles and may be parked outside of enclosed garages. Inoperable vehicles are not allowed to be parked in the driveway or on the street at any time. The Declarant and Board of Directors reserves the right to exercise its rights by State and Local laws to enforce towing upon any vehicle that violates this section or any portion of this Declaration. This Section shall not apply to parking, for purposes of emergency vehicle repairs or to construction, service, and delivery vehicles for periods necessary to perform the services or make a delivery.

The Board, in its discretion, may enact additional rules governing such temporary, irregular use or, in the absence of specific rules, shall have discretion in determining what constitutes permissible parking under such circumstances. The Board shall have sole discretion in determining what constitutes a violation of Section 2.6(a) and (b).

As used in this Section, the term "vehicles" includes but, is not limited to, automobiles, trucks, boats, trailers, motorcycles, campers, vans, and recreational vehicles.

(c) No vehicle of any size which transports flammable or explosive cargo may be kept or parked on the Property at any time, except for use by or on behalf of Declarant in connection with the development of the Property or by a builder or contractor in connection with the construction of improvements on a Lot.

(d) No animals, livestock, snakes, rodents, swine, including pot bellied pigs, shall be raised, bred or kept on the Property for commercial purposes or for food. Domesticated animals such as dogs, cats or other household pets may be kept for the purpose of providing companionship for the private family; however, those pets which are permitted to roam free, or, in the sole discretion of the Board, constitute a nuisance or safety concern to the occupants of other Lots shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board

may, at its sole discretion, remove or otherwise provide for the removal of the pet. Notwithstanding anything contained herein to the contrary, the Board in its sole discretion and without incurring any further duty or obligation to owners and occupants within the Property may decide to take no action and refer complaining parties to the appropriate municipal or governmental authorities for handling and final disposition. Pets shall be kept on a leash or otherwise confined inside a fenced area whenever outside the residence. Pets shall be registered, licensed and inoculated as required by law and must be properly tagged for identification. *It is the Owner's responsibility to keep the front of their Lot clean and free of pet debris and to pick up and properly dispose of their pet's waste wherever deposited.* Notwithstanding anything seemingly herein to the contrary, no more than three (3) household pets will be permitted on each Lot.

(e) No Lot or other area on the Property shall be used as a dumping ground for rubbish or a site for the accumulation of unsightly materials of any kind, including, without limitation broken or rusty equipment, disassembled or inoperative cars, other vehicles or discarded appliances and furniture. Trash, garbage or other waste shall be kept in sanitary containers. Containers must be stored out of public view at all times and may only be brought out eight to twelve hours prior to scheduled waste pickup. Containers must be stored back out of public view within eight hours after the scheduled pick up. All incinerators or other equipment for the storage or other disposal of such material shall be kept in clean and sanitary condition. Materials incident to construction of improvements may be stored on Lots during construction so long as construction progresses without undue delay.

(f) No air-conditioning apparatus shall be installed on the ground in front of a residence. No air-conditioning apparatus shall be attached to any wall or window of a residence. All air-conditioning equipment must be installed in the rear yard, side yard or screened in a manner so as not to be seen.

(g) The erection, construction, placement or installation of any television, radio or other electronic tower, serial, antenna, satellite dish or device of any type for the reception or transmission of radio or television broadcast signals or other means of communication upon a Lot or upon any improvement thereon is prohibited, except that this prohibition shall not apply to those antennae specifically covered by 47 C.F.R. Part 1, Subpart S, Section 1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time. The Board shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae.

To the extent that reception of an acceptable signal would not be impaired or the cost of installation would not be unreasonably increased, an antenna permissible pursuant to the Declaration or the rules of the Association may only be installed in a side or rear yard location, not visible from the street or neighboring property, and integrated with the residence and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations, including zoning, land-use and building regulations.



(h) No Lot or improvement thereon shall be used for commercial or manufacturing purposes of any kind other than a small home office. Nothing in this subparagraph shall prohibit a builder's use of a residence as a sales office until such builder's last residence on the Property is sold and closed. Nothing in this subparagraph shall prohibit an Owner's use of a residence for quiet, inoffensive activities such as a small home office, tutoring or giving lessons such as art or music, so long as such activities are consistent with the residential character of the Property, do not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of others within the Property, as determined in the Board's discretion, and do not materially increase the number of cars parked on the street.

(i) No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between three feet (3') and six feet (6') above the roadway shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street right-of-way lines and a line connecting them at points ten feet (10') from the intersection of the street right-of-way lines, or, in the case of a rounded property corner, from the intersection of the street right-of-way lines as extended. The same sight-line limitations shall apply on any Lot within ten (10) feet from the intersection of a street right-of-way line with the edge of a private driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

(j) Except for children's playhouses, dog houses, greenhouses, gazebos and buildings for storage of lawn maintenance equipment which specifically conform to the Design Guidelines and the requirements of Section 2.6(a) herein, no building previously constructed elsewhere shall be moved onto any Lot, it being the intention that only new construction be placed and erected thereon.

(k) No sign of any kind with the exception of School Spirit signs or other similar signs displaying School related activities shall be displayed to the public view on any Lot, except: (i) political signs which may be placed on the Lot no earlier than six (6) weeks prior to an election and which must be removed within two (2) weeks after the election for which such sign is displayed; (ii) one (1) professional security service sign of not more than one square foot; (iii) one (1) sign of not more than five square feet advertising the property for rent or sale during any period that the Lot actually is for rent or sale; or (iv) signs used by a Builder to advertise the Property during the construction and sales period, each of which shall, in any event, comply with all statutes, laws or ordinances governing same. The Board of Directors or its agents shall have the right to remove any sign, billboard or other advertising structure that does not comply with the above, and in so doing shall not be subject to any liability for trespass or otherwise in connection with such removal.

(l) The drying of clothes in public view is prohibited. Clothes lines are prohibited.

(m) Wood used for fireplace, barbeque, or other use must be stacked neatly and screened from public view. The Owner is responsible for ensuring that such wood stack is kept free of rodents.

(n) No Owner shall perform, fail to perform, or permit anything to be done or not done on such Owner's Lot which would violate any laws, statutes, ordinances or regulations of any kind or character. No Owner shall perform or permit anything to be done that can be considered a nuisance or safety hazard to the surrounding neighbors or the community. If an Owner leases his home, the occupant / tenant shall be required to adhere to all governing documents, rules and regulations. It shall be the responsibility of the Owner to ensure the occupant / tenant is aware of all restrictions, rules and regulations. Violation infractions committed by an occupant / tenant, resident, guest or invitee will be the responsibility of the Owner to cure / abate. If a fine for non-compliance is levied, the Owner will be responsible for the payment in full of all fines, self-help remedies, or cost of repairs which may be incurred by the Association.

#### Section 2.7 Minimum Lot Depths, Floor Area and Setback Restrictions.

A minimum Lot depth for all Lots is 135 feet. The total air-conditioned living area of the main residential structure constructed on each Lot, as measured to the outside of exterior walls but exclusive of open porches, garages, patios and detached accessory buildings, shall be 3,000 square feet. The setback requirements are subject to the building line setbacks as outlined in the plat or Town of Prosper Zoning Ordinance.

#### Section 2.8 Fences and Walls.

Any fence or wall must be constructed of brick, wood, ornamental metal, wrought iron or decorative tubular steel or other material as may be approved by the Declarant or the ACC. No chain link or vinyl fences are permitted except chain link fencing shall be allowed for school property which may be located within the community. Fences on single family Lots shall be located ten (10) feet behind the front elevation of the main building. All side yard fencing on corner Lots shall run parallel to the curb and may be placed no nearer than five feet (5') inside the side Lot line and shall not extend beyond a point of five feet (5') behind the front of the residence on that side. Fences or walls erected by Declarant shall become the property of the Owner of the Lot on which the same are erected and as such shall be maintained and repaired by such Owner, except as is provided in Article IV and Article IX. Any fence or portion thereof that faces a public street shall be so constructed so that all structural members and posts will be on the side of the fence facing away from the street so that they are not visible from any street. The minimum height for wood fencing shall be six feet (6') and the maximum height of any fence shall not extend more than eight feet (8') in height. All wood fencing shall consist of cedar, board on board with top rail, and comply with the Town's fencing standards as they exist or may be amended. See the Design Guidelines for additional information on fencing requirements for Prosper Falls.

**Ornamental metal fencing shall be required on all lots adjacent to Highland Meadows and Whispering Meadows.**

**Section 2.9 Building Materials.**

The building materials to be used for each residence and other structure must conform to the requirements set out in the Design Guidelines. Allowed roofing materials shall be set forth exclusively in the Design Guidelines. The color of roofing shall be consistent throughout the Subdivision and shall otherwise conform to the Design Guidelines.

**Section 2.10 Mailboxes and Address Blocks.**

Mailboxes shall be standardized throughout the Subdivision and shall be constructed in accordance with the Design Guidelines. An address block shall be installed on the front facade of each residence. Mailboxes for Lots shall be cluster mailboxes of a standardized design approved in writing by the Architectural Control Committee prior to installation and shall conform to any applicable requirements of the City, the United States Postal Service or other applicable governmental authority, and shall be constructed in accordance with applicable Design Guidelines.

In the event that any cluster mailbox installed in the Subdivision requires maintenance, replacement or repairs, such maintenance, replacement and/or repairs shall be performed by the Association and the costs and expenses incurred by the Association in connection therewith shall be charged on a pro rata basis (based on the total number of mailbox units within such cluster mailbox) as a special individual assessment to the Owners with mailbox units within the cluster mailbox that has been maintained, repaired and/or replaced. The Association does not provide or maintain keys for the cluster mailboxes. Owners shall be responsible for obtaining keys at time of purchase of home.

**Section 2.11 Landscaping.**

Each Builder of a residence upon each Lot shall, upon or before the first occupancy of a house, sod grass in the front and side yards, plant the minimum size and number of trees and minimum size and number of shrubs in the front yard against the foundation of the house as required by either the Design Guidelines. All homes shall provide an exterior lighting package to illuminate front entrances, landscaping and trees located in the front yard. Thereafter, each Owner of a Lot shall have the responsibility to properly maintain such trees and landscaping and, if necessary, shall replace such trees or landscaping in accordance with the Design Guidelines. The Declarant and/or the Association shall have the right but not the obligation, to be exercised at its sole discretion, to remove and replace dead trees and landscaping and charge the costs thereof to the Owner's account as a Special Individual Assessment under Section 10.7 below. A minimum twenty foot (20') landscape buffer shall be provided adjacent to Prosper Trail. The buffer shall be located in a private "non-buildable" Lot that is owned and maintained by the HOA. All plantings, screening walls, and design elements shall comply with the Town of Prosper's Subdivision Ordinance as existing or as may be amended.

Section 2.12 Design Guidelines.

In addition to any requirements set forth in this Declaration, all Owners are required to comply with the Design Guidelines in the construction of improvements within the Property and the installation, maintenance and replacement of trees and landscaping within the Property. Exterior modifications of any kind require the prior written approval of the ACC. An owner may repaint the eaves or window sills / panes on the exterior of their home so long as the color of the paint is kept the same. Any variation or change in color must have the prior written approval of the ACC.

Section 2.13 Town Ordinance.

The Property and Lots are subject to a planned development Ordinance or other zoning or use ordinance adopted by the Town of Prosper with respect to the Property (herein referred to as the ("Town Ordinance")). No use shall be permitted on the Property which is not allowed under the Town Ordinance or other applicable public codes, ordinances and other laws either already adopted or as may be adopted by the Town or other controlling public authorities. Each Builder, Owner, occupant or other user of any portion of the Property, shall at all times comply with this Declaration, the Town Ordinance and with any and all other laws, ordinances, policies, rules, regulations and orders of all federal, state, county and municipal governments, and other agencies having jurisdictional control over the Property, specifically including, but not limited to, applicable zoning restrictions placed upon the Property as they exist from time to time. ***IN SOME INSTANCES REQUIREMENTS UNDER THE TOWN ORDINANCE OR OTHER GOVERNMENTAL REQUIREMENTS MAY BE MORE OR LESS RESTRICTIVE THAN THE PROVISIONS OF THIS DECLARATION. IN THE EVENT A CONFLICT EXISTS BETWEEN ANY SUCH REQUIREMENTS UNDER THE TOWN ORDINANCE OR OTHER GOVERNMENTAL REQUIREMENT AND ANY REQUIREMENT OF THIS DECLARATION, THE MOST RESTRICTIVE REQUIREMENT SHALL PREVAIL, EXCEPT IN CIRCUMSTANCES WHERE COMPLIANCE WITH A MORE RESTRICTIVE PROVISION OF THE DECLARATION WOULD RESULT IN A VIOLATION OF MANDATORY APPLICABLE TOWN ORDINANCE OR GOVERNMENTAL REQUIREMENTS, IN WHICH EVENT THOSE GOVERNMENTAL REQUIREMENTS SHALL APPLY. COMPLIANCE WITH THE TOWN ORDINANCE OR OTHER MANDATORY GOVERNMENTAL REQUIREMENTS WILL NOT RESULT IN THE BREACH OF THIS DECLARATION EVEN THOUGH SUCH COMPLIANCE MAY RESULT IN NON-COMPLIANCE WITH PROVISIONS OF THIS DECLARATION. WHERE A TOWN ORDINANCE OR ANY GOVERNMENTAL REQUIREMENT DOES NOT CLEARLY CONFLICT WITH THE PROVISIONS OF THIS DECLARATION BUT PERMITS ACTION THAT IS DIFFERENT FROM THAT REQUIRED BY THIS DECLARATION, THE PROVISIONS OF THIS DECLARATION SHALL PREVAIL AND CONTROL.*** All Lots shall be developed in accordance with this Declaration as this Declaration may be amended or modified from time to time as herein provided. The Town of Prosper reserves the right in the event of non-compliance to perform the work or needed maintenance to any Lot or Common Area in order to bring it into compliance with Town restrictions and applicable restrictions as set forth in this Declaration. Any such work performed by the Town of Prosper will be billed back to the responsible party and shall be due and payable by the Owner upon receipt, and such amounts due to the Town of Prosper may be assessed and levied hereunder by the Town of Prosper in the same manner as Special Assessments or Special Individual Assessments hereunder, and shall be secured by the assessment lien created under Section 10.1 hereof.

**ARTICLE III  
ARCHITECTURAL CONTROL**

Section 3.1 Review Authority.

(a) General. Declarant and the Association will, in all likelihood engage the services of third-party professionals which may include architects, engineers, or other persons to perform and administer the submission, review and inspection process which may be required or necessary under this Article. Declarant reserves the right to implement and enforce additional application, permitting, review, testing and inspection requirements and procedures not contained herein relating to national or uniform codes pertaining to building, electrical, plumbing and any other aspect of construction or development as deemed necessary by Declarant.

(b) Declarant. Declarant shall have exclusive authority to administer, review and act upon all applications for architectural and other improvements within the Property until all planned Lots have been conveyed to persons other than Declarant or a Builder and have been improved with a residence for which a certificate of occupancy has been issued, unless Declarant earlier terminates its rights in a recorded instrument. Declarant may designate or engage one or more persons or entities to act on its behalf with respect to some or all matters coming within the purview of this Article III who need not be Owners or Members. In reviewing and acting upon any request for approval, Declarant or its designee act solely in Declarant's interest and owe no duty to any other person. Declarant is not required to hold meetings or keep minutes relating to its review under this Article.

Declarant may from time to time delegate or assign all or any portion of its rights under this Article to any other person, entity or committee, including the Architectural Control Committee. Any such delegation shall be in writing, shall specify the delegated responsibilities, and shall be subject to (i) Declarant's right to revoke such delegation at any time and reassume its prior jurisdiction, and (ii) Declarant's right to veto any decision which it determines, in its discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of other entities shall be limited to such matters as Declarant specifically delegates.

(c) Architectural Control Committee. Upon Declarant's delegation or upon expiration or termination of Declarant's rights under this Article, the Association, acting through the ACC, shall assume jurisdiction over architectural matters. The ACC shall consist of at least three persons. Members of the ACC need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers, or similar professionals, who may be compensated in such manner and amount, if any, as the Board may establish. The ACC members shall be designated, shall serve, and may be removed and replaced in the Board's discretion.

For so long as Declarant owns any portion of the Property (and unless the Declarant notifies the ACC in writing to the contrary), the ACC shall notify Declarant in writing, no less than thirteen (13) business days prior to communicating any action (*i.e.*, approval, partial approval, or



disapproval) it intends to take under this Article. A copy of the application and any additional information that Declarant may require shall accompany the notice. During such time, Declarant shall have the right, in its sole and absolute discretion, to veto any ACC action; provided, Declarant's right to veto must be exercised within ten (10) business days after it receives notice of the ACC's proposed action. The party submitting the plans for approval shall not be notified of the ACC's proposed action until after Declarant's right to veto has expired.

The Board may create and appoint subcommittees of the ACC. Subcommittees may be established to preside over particular areas of review (e.g., landscape plans) and shall be governed by procedures the Board or the ACC may establish. Any subcommittee's actions are subject to review and approval by Declarant, for as long as Declarant may review the ACC's decisions, and the ACC. Notwithstanding the above, neither the ACC nor Declarant shall be obligated to review all actions of any subcommittee, nor shall the failure to take action in any instance be deemed a waiver of the right to act in the future.

Unless and until such time as Declarant delegates any of its reserved rights to the ACC or Declarant's rights under this Article expire or terminate, the Association shall have no jurisdiction over architectural matters.

(d) Reviewer. The entity having jurisdiction in a particular case, whether Declarant or its designee or the ACC, shall be referred to as the "Reviewer".

(e) Fees: Assistance. The Reviewer may establish and charge reasonable fees for its review of applications and shall require that such fees be paid in advance. If such fees or charges, including those set forth under Section 3.3 below, are not paid in advance, the Reviewer shall have no obligation whatsoever to review any such related application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers, or other professionals. The Board may include the compensation of such persons in the Association's annual operating budget.

### Section 3.2 Review Requirements.

No building, wall, pool or other structure shall be commenced, erected, installed, placed, or substantially altered on any Lot, nor shall any exterior painting (other than repainting a structure the same or similar color) of, exterior addition to, or substantial alteration of, such items be made until all plans and specifications and a plot plan have been submitted to and approved in writing by the Reviewer.

The Reviewer is authorized and empowered to consider and review any and all aspects of construction and landscaping which may, in the reasonable opinion of the Reviewer, adversely affect the living enjoyment of one (1) or more Owners or the general value of the Property. The reviewer shall have the right to render decisions based solely on aesthetic considerations.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed exterior design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner

acknowledges that aesthetic determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations are not subject to judicial review so long as they are made in good faith and in accordance with the required procedures.

Section 3.3 Procedure for Approval.

**PRIOR TO THE COMMENCEMENT OF ANY CONSTRUCTION BY ANY PERSON OR ENTITY, THE BUILDER SHALL OBTAIN FROM THE REVIEWER A BUILDING PERMIT AND SHALL PAY, IN ADVANCE, ANY RELATED INSPECTION FEES AND FEES OWING OR TO BE OWED AS DETERMINED BY THE REVIEWER. THIS REQUIREMENT NOT ONLY APPLIES TO ORIGINAL CONSTRUCTION BUT TO POOL INSTALLATIONS, MODIFICATIONS OR ADDITIONS TO EXISTING STRUCTURES OF IMPROVEMENTS. FAILURE TO OBTAIN SUCH PERMIT OR PAY SUCH FEES PRIOR TO INITIATION OF CONSTRUCTION SHALL BE CAUSE FOR THE REVIEWER OR THE ASSOCIATION TO REQUEST AND OBTAIN EMERGENCY TEMPORARY RELIEF TO RESTRAIN ALL ASPECTS OF CONSTRUCTION.**

In addition to the foregoing requirement, final plans and specifications shall be submitted in duplicate by certified mail, return receipt requested or hand delivery to the Reviewer. The plans and specifications shall show the nature, kind, shape, height, materials and location of all landscaping and improvements. The application shall specify in writing any requested variances from the requirements set forth in this Declaration, the Design Guidelines or any Community-Wide Standard. The Reviewer is authorized to request the submission of samples of proposed construction materials and such other information as they reasonably deem necessary to make their determination. At such time as the plans and specifications meet the approval of the Reviewer, one complete set of plans and specifications will be retained by the Association according to the records retention rules set forth for the Association and the other complete set of plans shall be marked "Approved" or "Disapproved", signed by a representative of the Reviewer and returned to the Lot Owner or his designated representative. If disapproved by the Reviewer, one set of such plans shall be returned marked "Disapproved" and shall be accompanied by a reasonable statement of the reasons for disapproval, which statement shall be signed by a representative of the Reviewer. Any modification of the approved set of plans and specifications must again be submitted to the Reviewer for its approval. The Reviewer's approval or disapproval, as required herein, shall be in writing. Any reliance upon a verbal approval of any plans by the Reviewer shall be wholly unjustified, at the risk of the Lot Owner and subject to any subsequent or otherwise conflicting written response by the Reviewer.

**If the Reviewer fails to approve or disapprove any such plans submitted by a Builder within seven (7) business days the plan shall be deemed to be approved notwithstanding, it shall be the sole responsibility of the Builder to ensure that all requirements and restrictions as set forth in this Declaration or the Design Guidelines are adhered to. If the Reviewer fails to approve or disapprove any other plans, other than Builders plans, and specifications or modification thereto within thirty (30) business days after the date of submission of all information the Reviewer requires, the submission shall be deemed to have been denied. If the Reviewer returns the ACC application or sends a communication to the Builder or Owner stating that additional information is needed, the countdown on the number of days the Reviewer has to complete the review is automatically placed on hold. The hold will remain until the Builder**

or Owner returns the additional information requested. If the information is not provided within fifteen (15) days of the date the request was made the Reviewer, at his sole discretion, has the right but, not the obligation to deem the application denied and may forward the Owner a notice of denial for lack of information requested. If denied for the lack of additional information, the Owner will then be required to submit a new application with plans included and the time frame the Reviewer has to review and respond to the request starts over from the date the date the new application is submitted.

Any Builder who is constructing residences on multiple Lots shall have the option of submitting a master set of final plans and specifications for all of the residences it intends to construct within the Property to the Reviewer in accordance with the provisions of this paragraph. Once the master set of plans has been approved, the Builder shall be allowed to construct residences in accordance with such approved plans and no further submittals shall be required unless material deviations have been made to such approved plans.

The Reviewer may, but is not obligated to, permit or require that plans be submitted or considered in stages, in which case, a final decision shall not be required until after the final, required submission stage. As part of any approval, the Reviewer may require that construction in accordance with approved plans commence within a specified time period. If construction does not commence within the required period, the approval shall expire and the Owner must reapply for approval before commencing any activities. Once commenced, construction must be diligently pursued to completion. All construction work shall be completed within one (1) year of commencement unless otherwise specified in the notice of approval or the Design Guidelines, or unless the Reviewer, in his discretion, grants an extension in writing. If approved work is not completed within the required time, it shall be in violation of this Article and shall be subject to enforcement action.

Also as a part of the review process, the Reviewer may require that the construction of any improvement be inspected on a periodic basis prior to completion for compliance with the plans, codes adopted by the Declarant and other matters relating to the quality or method of construction. The Association may conduct such inspections or, in the alternative, it may contract with third parties for such purposes. The Owner on whose Lot the construction is taking place shall be responsible for the payment of costs relating to any such inspection.

#### Section 3.4 Standards.

The Reviewer shall have sole discretion with respect to taste, design and all standards specified herein. One objective of the Reviewer is to prevent unusual, radical, curious, odd, bizarre, peculiar or irregular structures from being built on the Property. The Reviewer shall have the authority to interpret and amend the Design Guidelines, subject to Declarant's approval for so long as Declarant or any Builder owns any portion of the Property and, thereafter, subject to the approval of the Board. The Reviewer may from time to time publish and promulgate bulletins regarding architectural standards, which shall be fair, reasonable and uniformly applied and shall carry forward the spirit and intention of this Declaration.

### Section 3.5 Requests for Variance.

Upon submission of a written narrative request for same, the Reviewer may, from time to time, in his sole discretion, permit Owners and Builders to construct, erect or install improvements which are in variance from the requirements of this Declaration or which may be contained in the Design Guidelines. In any case, however, such variances shall be in basic conformity and shall blend effectively with the general architectural style and design of the community. No member of the ACC or the Board, or the Association or Declarant shall be liable to any Owner or other person claiming by, through, or on behalf of any Owner, for any claims, causes of action, or damages arising out of the granting or denial of, or other action or failure to act upon, any variance request by any Owner or any person acting for or on behalf of any Owner. Each request for a variance submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a variance to any Owner shall not constitute a waiver of the Reviewer's right to strictly enforce the Declaration, the Design Guidelines or the against any other Owner. Each such written request must identify and set forth in narrative detail the specific restriction or standard from which a variance is sought and describe in complete detail the exact nature of the variance sought. Any grant of a variance by the Reviewer must be in writing and must identify in narrative detail both the standard from which a variance is being sought and the specific variance being granted.

### Section 3.6 Liability of Reviewer.

*Neither Declarant, the Board of Directors, the Architectural Control Committee, nor any of their respective members, officers, employees, agents, designees, contractors, administrators, and inspectors shall have any liability whatsoever for decisions made in accordance with this Article so long as such decisions are made in good faith and are not arbitrary or capricious.* The plans or the site plan submitted to the Reviewer shall be the responsibility of the Owner of the Lot to which the improvements relate, and the Reviewer shall have no obligation to check for errors in or omissions from any such plans, or to check for such plans' compliance with the general provisions of this Declaration, or any codes, ordinances, regulations or other laws, whether statutory or not, and whether the same relate to Lot lines, building lines, easements or any other issue. Review and approval of any plans pursuant to this Article may be based on purely aesthetic considerations. The Reviewer is not responsible for the structural integrity or soundness of approved construction or modifications, for compliance with building codes and other governmental requirements, or for ensuring that every residence is of comparable quality, value, or size, of similar design, or aesthetically pleasing or otherwise acceptable to other Owners.

**THE ASSOCIATION HEREBY UNCONDITIONALLY AND PERPETUALLY INDEMNIFIES AND HOLDS DECLARANT, THE BOARD, THE ARCHITECTURAL CONTROL COMMITTEE, AND THEIR RESPECTIVE MEMBERS, EMPLOYEES, DESIGNEEES, ADMINISTRATORS, INSPECTORS, CONTRACTORS, AND AGENTS HARMLESS FROM AND AGAINST ANY CLAIMS, LIABILITIES, LOSS, DAMAGE, COSTS AND EXPENSES, INCLUDING BUT NOT LIMITED TO ATTORNEYS' FEES, IN CONNECTION WITH OR ARISING OUT OF ANY ACTIONS OR INACTIONS TAKEN HEREUNDER BY THE REVIEWER, IRRESPECTIVE OF WHETHER OR**

**NOT THE REVIEWER, ITS EMPLOYEES, CONTRACTORS, AGENTS AND OTHER INDIVIDUALS OR ENTITIES TO OR EMPLOYED BY THE REVIEWER ACTED NEGLIGENTLY OR WITH WILLFUL MISCONDUCT.**

Section 3.7 Special Rights of Declarant.

Notwithstanding anything to the contrary contained herein, any Lot owned by Declarant or its successor or assign, shall not be subject to the provisions of this Article III and Declarant shall not be required to submit plans and specifications, etc. to the Architectural Control Committee nor obtain the consent, permission or approval of the Architectural Control Committee for the matters otherwise required pursuant to this Article III, and the consent, permission or approval of the Architectural Control Committee shall be deemed given for plans and specifications, plot plans and the like to be used by Declarant, or Declarant's assigns, in the construction of any residence on any Lot owned or sold to a Builder by Declarant. **DECLARANT ALSO RETAINS SPECIAL AND UNIQUE RIGHTS AND PRIVILEGES IN ARTICLE XII THAT TAKE PRECEDENCE OVER ALL OTHER ARTICLES OR SECTIONS IN THIS DECLARATION.**

**ARTICLE IV  
SPECIAL FENCING AND LANDSCAPING**

Section 4.1 Fences, Walls and Screening Landscaping.

Declarant and/or the Association shall have the right, but not the obligation, to erect, install, maintain, repair and/or replace fences, walls and/or screening landscaping within that portion of any Lot situated along the perimeter of the Property or on Lots adjacent to Common Properties, as shown on a Final Plat, including without limitation, open space area for screening or buffering. Any such fence, wall or sprinkler system shall be the property of the Owner of the Lot on which such fence, wall or sprinkler system is erected or installed, subject to the easements and rights of Declarant and the Association set forth below. With respect to any fencing installed within a Lot that is adjacent to a thoroughfare, the Association shall have the exclusive right to stain the exterior of such fence facing the thoroughfare whenever, in the Board's sole and absolute discretion, it deems necessary. The Design Guidelines shall contain all construction and materials requirements for the walls adjacent to the Common Properties and any thoroughfare. The Association may include costs for maintenance, repairs and/or replacement required by this Section 4.1 to be included in the expenses of the Association to be paid by levying of Annual Assessments.

Section 4.2 Landscaping.

Declarant and/or the Association shall have the right to grade, plant and/or landscape and maintain, repair, replace and/or change such grading, planting and landscaping on any portion of the Property not comprising any portion of a Lot and to maintain all landscaping, buffering, screening, irrigation and associated improvements adjacent to the Subdivision along public thoroughfares as required by the Town of Prosper (and including without limitation, open space



area for screening or buffering), without limitation whatsoever, to do all things necessary within the Property to obtain full compliance with applicable Town ordinances. The Association may include costs for maintenance, repairs, replacement and/or changes required by this Section 4.2 to be included in the expenses of the Association to be paid by levying of Annual Assessments.

Section 4.3 Easement.

Declarant and the Association shall have, and hereby reserve, the right and easement to enter upon the Common Properties and those Lots which are situated along the perimeter of the Property and/or the Common Properties, as shown on a Final Plat, or the Lots adjacent to a thoroughfare, for the purpose of exercising the discretionary rights set forth in this Article IV.

Section 4.4 Declarant and the Association's Discretion.

Notwithstanding any provisions herein to the contrary, neither Declarant nor the Association shall ever be obligated to erect, install, maintain, repair or replace any fences, walls, sprinkler systems, grading, planting or landscaping on the Property.

Section 4.5 Fifteen (15) Year Limitation.

The provisions of this Article IV regarding Declarant's rights shall terminate and be of no further force and effect from and after that date which is fifteen (15) years after the recording of this Declaration. The rights of the Association shall continue throughout the term hereof.

**ARTICLE V  
LOT MAINTENANCE BY OWNERS**

Section 5.1 Lot Maintenance.

After the installation of the landscaping on a Lot by a builder, the Owner of the Lot shall thereafter maintain the yard in a sanitary and attractive manner, including adequate watering and immediate replacement of dead vegetation and trees, and shall edge the street curbs that run along the Lot boundary lines as well as around the front yard. Yards must be kept mowed, trimmed, and edged at regular intervals so as to maintain the Lot in a neat and attractive manner. No vegetables shall be grown in any portion of a Lot yard that faces a street or is not screened by fencing built in accordance with the terms hereof. Grass shall not be permitted to grow to a height of greater than four inches (4") upon any Lot. Dead grass/turf and unsightly weeds must be addressed and remedied. A weed treatment program is recommended. Lawn maintenance and a well-manicured lawn are important for maintaining an aesthetically pleasing appearance of and in the community therefore, lawn maintenance requirements will be regularly enforced.

**Section 5.2 Maintenance of Improvements.**

Each Owner shall maintain the exterior of all buildings, fences, walls and other improvements on his Lot in good condition and repair at all times, and shall replace worn and rotten parts, and shall regularly repaint all painted surfaces and shall not permit the roofs, rain gutters, down spouts, exterior walls, windows, doors, walks, driveways, parking areas or other exterior portions of the main residence, fencing, or other improvements to deteriorate or exist in an unattractive manner. All fences shall be kept neat, clean and in good repair at all times. Broken panels and pickets or fallen or leaning panels must be repaired or replaced immediately. No Owner is allowed to install or have only a portion of his Lot fenced (excluding the front yard or areas wherein fencing is prohibited).

**ARTICLE VI  
ENFORCEMENT**

**Section 6.1 Special Enforcement Rights of the Board of the Association.**

In the event an Owner or an Owners guests, invitees, or tenants, fails to comply with any provision of this Declaration, the Design Guidelines, including but not limited to any requirement contained in Article V, then, prior to the Board or the Association enforcing the compliance of such failure or seeking against such Owner remedies in accordance with this Declaration (or such other remedies as may be available to the Board and/or the Association at law or in equity), the Board shall first be obligated to give such Owner not less than one (1) notice of such failure and a reasonable time of not less than ten (10) days or as may be determined by the Board to cure said violation. If the Owner, the Owner's occupants or tenants in the event the home is leased or rented, shall not have corrected such failure within the time given, the Board of Directors shall have the right but not the obligation, to assess monetary fines and / or enter upon the Lot to bring the Lot, and any improvements thereon, into full compliance with this Declaration, the Design Guidelines, or any rules and regulations. All costs and expenses incurred by the Association in connection with correcting any such failure shall be borne by the Owner. If any Owner does not promptly reimburse the Association for all such costs, expenses and violation fines assessed after receipt of written request for same, the Board shall have the right to assess the Owner for same plus interest, such assessment, interest and fines being a Special Individual Assessment under the provisions of Section 10.6 below. Monetary fines may be levied in lump sums or in increments notwithstanding, there shall be a maximum fine of \$1,000.00 levied for each individual violation and a minimum fine of not less than \$50.00 regardless of whether the fine is levied in a lump sum or increments. Each occurrence shall constitute a new violation regardless of whether it is a repeat violation or not.

**Section 6.2 Enforcement.**

In addition to but not in lieu of the enforcement rights set forth in Section 6.1, the Board of Directors may impose sanctions for violation of this Declaration (including any rules, guidelines

or standards adopted pursuant to the Declaration) in accordance with the applicable procedures set forth in any policy or procedure adopted by the Board. Such sanctions may include all remedies available at law and/or in equity and all remedies herein, including, without limitation, the following:

(a) Fines. The Board of Directors may impose monetary fines which shall constitute a lien upon the Owner of the Lot related to or connected with the alleged violation. The Owner shall be liable for the actions of any occupant, guest, or invitee of the Owner of such Lot. The Board of Directors may but, is not required, to provide a copy of the notice of violation to any tenant notwithstanding, the Owner shall be responsible for the abatement of a violation and payment of any fine, if applicable.

(b) Suspension of Rights to Use the Common Properties. The Board of Directors may suspend any person's or entity's right to use any Common Properties; provided, however, nothing herein shall authorize the Board of Directors to limit ingress or egress to or from a Lot. Owners who lease or rent their homes shall be responsible for all occupants / tenants.

(c) Right to Require Removal. The Board of Directors may require an Owner, at the Owner's expense, to remove any dead tree or landscaping from an Owner's Lot and to restore or install the necessary trees or landscaping as required by the applicable Town ordinances or Association Rules, upon failure of the Owner to do so, the Board of Directors or its designee shall have the right to enter the Lot, remove and cure the violation without such action being deemed a trespass and charge the costs thereof to the Owner's account as a Special Individual Assessment in accordance with Section 10.6 below.

(d) Levy Special Individual Assessment. The Board of Directors may levy a Special Individual Assessment in accordance with Section 10.6 as a violation fine and/or to cover costs incurred by the Association in bringing a Lot into compliance with this Declaration or the Design Guidelines. Owners leasing or renting their homes shall be responsible for their occupants / tenants. All fines shall be the responsibility of the Owner to pay.

(e) Lawsuit; Injunction or Damages. The Board of Directors may bring a suit at law or in equity to enjoin any violation or to recover monetary damages, or both.

Failure by Declarant or the Board of Directors, to enforce any covenant, condition, agreement or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In addition to the Association's enforcement rights, this Declaration may be enforced by any aggrieved Owner.

The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case: (i) the Association's position is not strong enough to justify taking any or further action; (ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; (iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to

justify expending the Association's resources; or (iv) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

## **ARTICLE VII AMENDMENT AND TERMINATION**

### **Section 7.1 Amendment.**

This Declaration may be amended by Declarant at any time within seven (7) years from the date this Declaration is filed of record with the office of the County Clerk. Within such seven (7) year period, Declarant may amend the Declaration for any reason without the consent or joinder of any party or without the need to call a meeting of the Association. In addition to the foregoing, the Declaration may be amended by an instrument containing such amendment(s) and recorded in the Official Public Records of the County, provided, that (i) during the period Declarant owns at least one Lot, no such amendment shall be valid or effective without the joinder and consent of Declarant and (ii) such amendment shall first be approved by the affirmative vote or written consent of the Association's Members representing at least 51% of the votes in the Association voting, in person or by proxy, at a duly convened meeting of the Association. Furthermore, Declarant or the Board may, at its sole discretion and without a vote or the consent of any other party, modify, amend, or repeal this Declaration: (i) as necessary to bring any provision into compliance with any applicable statute, governmental rule, regulation, or judicial determination; (ii) as necessary to comply with the requirements of VA, or HUD (Federal Housing Administration), FHLMC or FNMA or any other applicable governmental agency or secondary mortgage market entity; or (iii) as necessary for clarification or to correct technical, typographical or scrivener's errors; provided, however, any amendment pursuant to clause (ii) and/or (iii) immediately above must not have a material adverse effect upon any right of any Owner. Any amendment to this Declaration must be recorded in the Real Property Records of the County.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class B Member without the written consent of Declarant or the Class B Member, respectively (or the assignee of such right or privilege). If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that the Owner has the authority to consent, and no contrary provision in any mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Notwithstanding anything to the contrary contained in this Section 7.1, any modification or amendment to the terms of this Declaration affecting the rights, duties or obligations of the Association to maintain and/or control Common Properties shall require the written approval and consent of the Town in order to be effective or enforceable hereunder.

### **Section 7.2 Termination.**

At any time, the Owners may terminate and extinguish this Declaration in its entirety by executing an instrument terminating this Declaration and recording same in the Official Public Records of the County, provided, however, that (i) for the period in which Declarant owns at least one Lot, no such termination shall be valid or effective without the joinder and consent of

Declarant and (ii) such termination and extinguishment shall first be approved in writing by the Town and by the affirmative vote or written consent of the Association's Members representing at least 75% of the votes in the Association.

## ARTICLE VIII MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

### Section 8.1 Membership.

Every Owner of a Lot shall automatically be a Member of the Association. Membership shall be appurtenant to each Lot, shall run with title to each Lot and may not be separated from ownership of any Lot which is subject to Assessment hereunder by the Association. Membership is mandatory and is not contingent upon the existence of or construction of any common element or amenity.

### Section 8.2 Classes of Membership.

The Association shall have two (2) classes of voting membership:

CLASS A. Class A Members shall all be Members with the exception of the Class B Member. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership; provided, however, that in the event that more than one (1) person holds such interest or interests in any Lot, even though all such persons shall be Members, there shall be only one (1) vote for such Lot, which shall be exercised as they, among themselves, determine (but in no event shall more than one (1) vote be cast with respect to any such Lot).

CLASS B. The Class B Member(s) shall be Declarant. Until such time as 99% of the maximum number of Lots planned or approved for the Property has been conveyed to Class A Members other than Builders who purchase Lots for development and sale, the Class B Member shall have twenty (20) votes for each Lot owned by such Declarant. Class B Membership shall expire after title to 99% of the maximum number of Lots planned or approved for the Property has been transferred to Class A Members other than Builders who purchase Lots for development and sale. After such time, the Class B Member shall be a Class A Member entitled to one (1) vote for each Lot it owns.

### Section 8.3 Quorum and Notice Requirements.

8.3.1. Except as expressly provided herein to the contrary, any action of the Members shall require the assent of a majority of the votes of those Association Members who are present at a meeting, in person or by proxy, written notice of which shall be given to all Members not less than ten (10) days nor more than sixty (60) days in advance of such meeting.

8.3.2. A quorum is required for any action referred to in Section 8.3.1 and, unless otherwise provided, for any action for which a percentage vote at a meeting is required. A



quorum shall be determined as set forth in this Section 8.3.2. The initial meeting, whether regular or special, whether Members present or of proxies, entitled to cast at least ten percent (10%) of all of the votes of the Association's Members, without regard to class, shall constitute a quorum. If the required quorum is not present at the initial meeting, additional meetings may be called, subject to the notice requirement hereinabove set forth, and the required quorum at such subsequent meeting(s) shall be one-half (1/2) of the quorum requirement for such prior meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum (although the quorum requirement shall be reduced for each such meeting, in no event shall a quorum be less than one-tenth (1/10) of the votes of the Association). At such adjourned or subsequent meeting at which a quorum shall be present or represented, any business may be transacted which may have been transacted at the meeting as originally notified.

8.3.3. Except as specifically set forth in this Declaration, notice, voting and quorum requirements of any action to be taken by the Association shall be set forth in its Bylaws, as same may be amended from time to time.

#### Section 8.4 Right of Inspection.

Each Owner shall have the right to inspect the financial records and books of the Association, during normal business hours and at the place where such books are kept, upon reasonable prior written notice to the Association stating a proper purpose in accordance with Section 209.005 of the Texas Property Code, as amended, and pursuant to the Open Records Policy established by the Association. Furthermore, at the request of the Town of Prosper, the Association shall provide to the Town of Prosper ongoing reports of budgetary actions, financial reports, and collection activity on Assessments. Should the funding of the maintenance of any Common Properties not support the level of maintenance required by the Town Ordinance or any other governmental Requirements, the Town of Prosper may require additional security or reserves be provided by the Association for the provision of such maintenance, and the Association may levy a Special Assessment therefor or the Declarant may, but is not obligated to, fund any deficit resulting therefrom in accordance with Section 10.17 hereof.

### ARTICLE IX THE COMMON PROPERTIES

#### Section 9.1 Initial Common Properties.

The Common Properties may include but are not limited to, and by way of illustration only, all aspects of the entry features, entry monuments and walls, landscaping, irrigation for same and the land on which such entry features are situated, retention ponds, screening walls, pocket parks, a clubhouse and associated recreational amenities, if any, gates, fences, fountains and other structures, whether or not shown on a Final Plat, or as deemed necessary by Declarant, each as may be leased, maintained or owned by the Association. The foregoing list is intended to illustrate examples of Common Properties and under no circumstance shall such list impose any obligation on the Declarant or the Association to purchase, install or construct any such

features or amenities. The Common Properties may hereafter include any neighborhood parks or other improvements or land conveyed to or leased by the Association for the use and benefit of the Owners. Declarant, at its sole discretion, may transfer to the Association, and the Association shall accept as Common Properties, Personal Property and/or fee title or other property interests any improved or unimproved real property included within the property described in Exhibit A.

Section 9.2 Additional Common Properties.

Additional property may be added to the Common Properties hereunder upon the sole discretion of Declarant during such time as Declarant owns at least one (1) Lot. Thereafter, additional property may be added to the Common Properties hereunder upon the affirmative vote of sixty percent (60%) of the votes of those Association Members who are voting, in person or by proxy, at a meeting duly called for such purpose.

Section 9.3 Acceptance and Control of Common Properties.

Declarant, or any third-party at the request of Declarant, may transfer to the Association, and the Association shall accept as Common Properties, personal property and/or fee title or other property interests in any improved or unimproved real property included within the property described in Exhibit A or any other real property made subject to this Declaration in the future. Upon Declarant's written request, the Association shall transfer back to Declarant any unimproved real property originally conveyed to the Association for no payment, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

Section 9.4 Extent of Members' Easement in the Common Properties.

Each Member shall have a right and easement of access, use and enjoyment in and to the Common Properties which is subject to the following:

9.4.1 The right of the Association to prescribe regulations governing the use, operation and maintenance of the Common Properties;

9.4.2 The right of the Association to take such steps as is reasonably necessary to protect the Common Properties against foreclosure;

9.4.3 The right of the Association to suspend the right of any individual including occupants / tenants to use any of the Common Properties and/or common facilities for any period during which any Assessment against a Lot resided upon or owned by such individual remains unpaid, and for any period not to exceed sixty (60) days for an infraction of the rules and regulations of the Association, the Declaration, or the Design Guidelines; and

9.4.4 The right of the Association to charge reasonable admission and other fees for the use of Common Properties, and any recreational facilities, if any such facilities are ever constructed.

Section 9.5 Dedication of the Common Properties.

The Board of Directors shall have the right at any time to dedicate or transfer all or any part of the Common Properties to any public agency, authority or utility for such purposes and upon such conditions as the Board of Directors may determine, provided that the Town has issued acknowledgement and agreement, in writing, to the proposed dedication or transfer.

**ARTICLE X  
COVENANT FOR ASSESSMENTS**

Section 10.1 Creation of the Lien and Personal Obligation of Assessments.

Each Owner hereby covenants and agrees, and each purchaser of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association (or to a mortgage company or other collection agency designated by the Association) the following: (a) annual assessments or charges ("Annual Assessments"); (b) assessments acquisition upon the acquisition of a Lot by an Owner other than Declarant for working capital or reserves ("Acquisition Assessment"); (c) special assessments for capital improvements and unanticipated costs of the Association or related to the performance of the Associations duties and responsibilities hereunder ("Special Assessments"); (d) individual special assessments (including, without limitation interest and fines) levied against individual Owners for violations of the Declaration, Design Guidelines or the Community-Wide Standard or to reimburse the Association for extra costs for maintenance and repairs caused by the willful or negligent acts of the individual Owner, his tenant(s) occupying his Lot, if applicable, and their respective family, agents, guests and invitees, or for costs incurred by the Association resulting from any Owner failing to comply with the terms and provisions hereof ("Individual Special Assessments"). The Annual Assessments, Acquisition Assessments, Special Assessments, and Individual Special Assessments are herein generally referred to as an "Assessment" and collectively (whether two or more) as the "Assessments." All such Assessments shall be fixed, established and collected as hereinafter provided.

The Assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon each Lot against which each such Assessment is made. Each such Assessment, together with late charges, collection costs, such interest thereon and cost of collection thereof, including attorneys' fees, as hereinafter provided, shall also be the continuing personal obligation of the person who was the Owner of such property at the time when the Assessment fell due.

Fines, not to exceed \$1,000.00 per occurrence shall be assessed as a Special Individual Assessment upon the expiration of a reasonable time after the date notice of such violation was sent to the violating Owner. In all instances of violations, the Owner shall be responsible for correcting such violation within a reasonable time after the date of such notice, a period of days that shall not exceed ten (10) days excluding violations that are deemed an emergency or may affect in the opinion of the Declarant or the Board of Directors, the health or safety of the Residents or the community, regardless as to whether the residence is occupied by the Owner or a

tenant. The lien provided for herein shall secure payment of fines not timely paid as a Special Individual Assessment and the Owner shall also have personal liability for the payment of same.

Section 10.2 Purpose of Assessments.

The Assessments levied by the Association shall be used as follows: (a) for the purpose of promoting the interests of the Association and the recreation, health and welfare of the residents of the Property, and in particular for the improvement and maintenance of the entry ways or any other properties, services and facilities devoted to this purpose and comprising or directly relating to the use and enjoyment of the Common Properties, including, but not limited, to the payment of taxes on and insurance in connection with the Common Properties, and the repair, replacement and additions thereto; (b) for paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties; (c) for carrying out the duties of the Board of Directors of the Association as set forth in Article XI hereafter including, but not limited to, the payment by the Association of all assessments and charges payable in connection with sewer, water and garbage pickup services and the installation and maintenance of lighting (if any) of the Common Properties; (d) for paying the cost of maintenance of the monument sign for the Property, if any, in the event the appropriate governmental authority refuses to maintain the same; or (e) for carrying out the purposes of the Association as stated in its Certificate of Formation. *The list above is not intended to be construed as an all-inclusive list but, is provided for informational purposes based on the most common expenses incurred by an Association.*

Section 10.3 Basis and Amount of Annual Assessments.

10.3.1 The Board of Directors may fix the Annual Assessment at any amount equal to or less than the Maximum Annual Assessment for that year, as herein below provided. The Annual Assessment for each Lot beginning with the year 2017 shall be **Five Hundred Fifty and No/100 Dollars (\$550.00), due annually.** Commencing with the year 2017 and each year thereafter, the Board of Directors may set the amount of the Annual Assessment for that year (and for following years) for each Lot provided that the Annual Assessment may not be increased more than twenty-five percent (25%) above the Annual Assessment for the previous year unless a greater increase of the Annual Assessment is approved by a vote of the membership taken in accordance with the provisions of Section 10.3.2 (such increased Annual Assessment as permitted or approved by the Members being referred to herein as the "Maximum Annual Assessment" for such calendar year).

10.3.2 Commencing with the year 2017, and in each year thereafter, the Board of Directors may set the Maximum Annual Assessment for the following year for each Lot at an amount in excess of twenty-five percent (25%) above the Maximum Annual Assessment for the previous year; provided that any such increase in excess of twenty-five percent (25%) shall require the affirmative vote of fifty-one percent (51%) of the votes of those Association Members who are voting, in person or by proxy, regardless of class, at a meeting duly called for such purpose.

#### Section 10.4 Acquisition Assessment.

At any time record title is transferred to any Owner (excluding a Builder), an Acquisition Assessment shall be paid to the Association by such Owner at closing in the amount of **Three Hundred Fifty And No/100 Dollars (\$350.00) for each Lot acquired.** Acquisition Assessments shall be in addition to, not in lieu of, any other Assessment provided for herein. Acquisition Assessments are not refundable and shall be available for all necessary expenditures of the Association as determined by the Board. In addition to the foregoing but still considered an Assessment hereunder, the Board may, at its sole discretion, enter into a contract with a Managing Agent to oversee the daily operation and management of the Association. The Managing Agent may, and probably will, have fees, which will be charged to an Owner for the transfer of a significant estate or fee simple title to a Lot and the issuance of a "Resale Certificate" (herein so called). The Association or its agent shall not be required to issue a Resale Certificate until payment for the cost thereof has been received by the Association or its agent. Transfer fees and fees for the issuance of a Resale Certificate shall in no event exceed the greater of (i) an amount equal to **Seven Hundred Fifty And No/100 Dollars (\$750.00)**, or (ii) an amount as set forth in a **Management Contract for each home being conveyed** and are not refundable and may not be regarded as a prepayment of or credit against any Assessments, and are in addition to the contribution to the Working Capital Contributions. Declarant or Board of Directors are not obligated to establish or fund a Working Capital Contribution or Reserve Fund during the period of Declarant control. This Section does not obligate the Board or any third party to levy such fees.

#### Section 10.5 Special Assessments.

The Association may also levy in any calendar year a Special Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the costs of any construction or reconstruction, maintenance, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto; provided that any such Special Assessment in excess of the then current Annual Assessment rate shall be approved by the affirmative vote of fifty-one percent (51%) of the votes of those Association Members who are voting, in person or by proxy, at a meeting duly called for such purpose.

#### Section 10.6 Special Individual Assessments, Interest and Fines.

In the event that any Owner fails to comply with the provisions of this Declaration, the Design Guidelines or the Community-Wide Standard and/or the Association incurs any cost or expense in either enforcing said provisions against any such Owner or in carrying out the obligations of any such Owner, the Association shall have the right to assess against such Owner and the Lot of such Owner a Special Individual Assessment in the amount of all such costs incurred by the Association plus interest and/or in the amount of any violation fine(s) levied by the Board. Special Individual Assessment, interest and fines to be paid by the applicable Owner upon demand by the Association.



Section 10.7 Uniform Rate of Assessments.

Both Annual Assessments and Special Assessments (excepting there from Special Individual Assessments) shall be fixed at a uniform rate for all Lots.

Section 10.8 Date of Commencement and Due Dates of Assessments.

The obligation to pay Assessments commences as to each Lot: (a) upon acquisition of record title to a Lot by the Owner thereof other than Declarant; the initial Annual Assessment levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Lot. Annual Assessments shall be payable in advance on the first (1st) business day of each January; provided, if the Board so elects, Annual Assessments may be paid in monthly, quarterly, or semi-annual installments. The Board may require advance payment of all or any portion of the Annual Assessment at closing of the transfer of title to a Lot. The due date or dates, if it is to be paid in installments, of any Special Assessment under Section 10.5 shall be fixed in the respective resolution authorizing such Special Assessment.

Section 10.9 Duties of the Board of Directors with Respect to Assessments.

10.9.1 The Board of Directors shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each calendar year in which such Annual Assessment shall apply and shall, at that time, prepare a roster of the Lots and Assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Owner.

10.9.2 Only if any Assessment is an amount different from that charged for the previous year, written notice of the Assessment shall thereupon be delivered or mailed to every Owner subject thereto (according the Association's then current records).

10.9.3 The Board of Directors shall, upon demand, cause to be furnished to any Owner liable for said Assessments a certificate in writing signed by an officer or agent of the Association, setting forth whether said Assessment has been paid. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid. A reasonable charge may be made by the Board or the Association's managing agent for the issuance of such certificates.

Section 10.10 Assessment Lien to Secure Charges and Assessments.

All Assessments, interest, late charges, collection fees and attorneys' fees, as provided for herein, shall constitute and be secured by a separate and valid and subsisting assessment lien, hereby created and fixed, and which shall exist upon and against each Lot and all improvements and fixtures thereon, for the benefit of the Association. Notwithstanding any other provision hereof, the lien to secure the payment of Assessments or any other sums due hereunder and any other lien which the Association may have on any Lot pursuant to this Declaration shall be subordinate to the lien or equivalent security interest of any first lien mortgage or deed of trust on any Lot. Any foreclosure of any such superior lien under the power of sale of any mortgage, deed

of trust or other security instrument, or through court proceedings in which the Association has been made a party, shall extinguish the liens securing maintenance charges or Assessments or any other sums due hereunder which became due and payable prior to such foreclosure date, but no such foreclosure shall free any Lot from the liens securing Assessments thereafter becoming due and payable, nor shall the liability of any Member personally obligated to pay maintenance charges or Assessments which become due prior to such foreclosure be extinguished by any foreclosure, nor shall the lien for future Assessments or charges be affected in any manner.

Section 10.11 Effect of Nonpayment of Assessment.

If any Assessment is not paid within thirty (30) days from the due date thereof, the same shall bear interest from time to time, at the sole discretion of the Board, from the due date until paid at the highest non-usurious rate allowed under the laws of the State of Texas, or other applicable law, or if no such limitation imposed then at the rate of fifteen percent (15%) per annum, and if placed in the hands of an attorney for collection or if collected through probate or other judicial proceedings, there shall be reimbursed to the Association its reasonable attorneys' fees. Should any Assessment provided for herein be payable in installments, the Association may accelerate the entire Assessment and demand immediate payment thereof. In addition, a late charge shall be assessed against the non-paying Owner for each month that any Assessment remains unpaid. The late charge shall be in the amount of **Twenty-Five and No/100 Dollars (\$25.00)** per month and shall serve to reimburse the Association for administrative expenses and time involved in collecting and processing delinquent Assessments. A minimum charge of **Twenty-Five and No/100 Dollars (\$25.00)** or an amount equal to the bank charges shall be assessed against an Owner for payment returned for insufficient funds or for any other reason. The Association's managing agent shall be entitled to charge an Owner monthly collection fee(s) to compensate managing agent for its efforts in collecting delinquent Assessments. The Managing Agent shall be entitled to additional reimbursement for collection efforts such as but, not limited to demand letters, routine monthly collection actions, payment plan set up and monthly monitoring, processing and handling of certified or certified, return receipt mailings, and credit reporting. The Association, in the Board's discretion, shall have the right to waive any part of or all of such interest and/or fees owed only to the Association.

Section 10.12 Collection and Enforcement.

The Association shall have a lien on each Lot securing payment of any Assessment, together with interest thereon as provided herein, reasonable attorneys' fees, late charges, collection fees and costs incurred in the collection of same and the enforcement of said lien. The Board of Directors shall take such action as it deems necessary and shall diligently pursue collection of Assessments and may settle and compromise the same if deemed appropriate in the exercise of the Board's business judgment. Such liens shall be effective as and in the manner provided for herein and shall have the priorities established in this Declaration.

The Board of Directors may bring an action at law against any Owner personally obligated to pay an Assessment or foreclose the lien against such Owner's Lot, or both, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such Assessment. Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Board of Directors

of the Association or its agent the right and power to bring all actions against such Owner personally for the collection of such Assessments as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including, but not limited to, nonjudicial foreclosure pursuant to Texas Property Code Section 51.002 in force and effect on the date of this Declaration, or in accordance with the prescribed manner for foreclosure of deed of trust liens provided by any future amendment to such Section 51.002 or any other statute or article enacted in substitution therefore, and such Owner hereby expressly grants to the Board of Directors a private power of sale in connection with said lien. The Board is hereby appointed trustee, unless and until the Board of Directors shall designate a substitute or successor trustee, as hereinafter provided, to post the required notices as provided by law and conduct such foreclosure sale. The lien provided for in this Section shall be in favor of the Association and shall have the same effect as though each Owner had expressly granted to the Association a deed of trust lien as well as a security interest in said Lot to secure the payment of the Assessments provided for herein. In addition to such notices as required by the aforesaid statute, the trustee shall mail to the Owner of a Lot for which the Assessment has not been paid, a copy of the notice of Assessment lien prior to the date any notice of sale is posted, by certified, return receipt requested, at the Lot or such other address as the Board has been advised in writing for receipt of notices under this Declaration. Notwithstanding the foregoing, any mandatory foreclosure requirements of Section 209 of the Texas Property Code shall be adhered to by the foreclosing entity.

At any foreclosure, judicial or nonjudicial, the Association shall be entitled to bid up to the amount of its lien, together with costs and attorneys' fees, and to apply as cash credit against its bid all sums due the Association covered by the lien foreclosed. All foreclosure sales provided for herein shall be subject to any then existing statutory right of redemption in favor of the former Owner. From and after any such foreclosure, the former Owner or Owners, their heirs and assigns, shall forthwith upon the making of such sale surrender and deliver possession of the property so sold to the purchaser at such sale, and in the event of their failure to surrender possession of said property upon demand, the purchaser, or his heirs or assigns, shall be entitled to institute and maintain an action for forcible detainer of said property in the Justice of the Peace Court in the Justice Precinct in which such Lot, or any part thereof, is situated. The Board of Directors in any event is hereby authorized to appoint a substitute trustee, or a successor trustee, to act in the place of the trustee without any formality other than the designation in writing of a substitute or successor trustee; and the authority hereby conferred by the Board of Directors shall extend to the appointment of other successor and substitute trustees successively until the delinquent Assessment or Assessments have been paid in full, or until said property is sold, and each substitute and successor trustee shall succeed to all the rights and powers of the original trustee appointed by the Board of Directors or its agents.

#### Section 10.13 Homestead.

By acceptance of a deed thereto, the Owner and spouse thereof, if married at the time of the conveyance or subsequently married, of a Lot shall be deemed to have waived any exemption from liens created by this Declaration or the enforcement thereof by foreclosure or otherwise, which may other be available by reason of the homestead exemption provisions of Texas law, if for any reason such are applicable. This Section is not intended to limit or restrict in any way the lien or rights granted to the Association by this Declaration, but construed in its favor.

Section 10.14 Omission of Assessments.

The omission of the Board of Directors, before the expiration of any calendar year, to fix the Assessments hereunder for that or the next calendar year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the Assessments, or any installment thereof for that or any subsequent calendar year, but the Assessment fixed for the preceding Assessment period shall continue until a new Assessment is fixed or levied by the Board.

Section 10.15 Maintenance Fund; Working Capital Fund.

10.15.1 The Association after the period of Declarant control shall establish and maintain a maintenance fund for the periodic maintenance of the Common Properties. Subject to the provisions of Section 10.3 above, the Board may at any time ratably increase or decrease the amounts of Annual Assessments in accordance with this Declaration to such level as shall be reasonably necessary in the judgment of the Board to cover obligations of the Association under this Declaration, including provisions for reasonable reserves. So long as the Board exercises business judgment in determining the amount or necessity of the reserve fund, the amount held in reserves shall be considered adequate, subject to the Town's approval of the level of common area maintenance being provided by the Association for the Common Properties. Pursuant to Town Code of Ordinance 142-107(f), the Town may require additional security and/or reserves to be collected by the Association as part of the Annual Assessments or as a Special Assessment hereunder, as determined in the sole judgment of the Town, and any such increase in the Annual Assessments or any Special Assessment so required by the Town to fund additional security and/or reserves pursuant hereto shall not be subject to approval of the Board, the Members or Declarant that may otherwise be required hereunder. Declarant is not obligated to establish or fund a Maintenance Fund or Working Capital Fund. Acquisition Assessments as described in Section 10.4 are not contributions to a Maintenance Fund or Working Capital Fund.

After the period of Declarant control the Board may transfer all or any portion of any funds available from Acquisition Assessments fund to a restricted Reserve or may create a new account for Maintenance Fund or Working Capital Fund using funds from the operating account. After the period of Declarant control, the Board shall endeavor to allocate at least ten percent (10%) of Assessment income or an amount that in good faith the Board considers adequate to a restricted Reserve set aside for the periodic maintenance of the Common Properties, major unbudgeted or unexpected repair expenses, or capital improvements.

10.15.2 The Association shall establish an operating account from which all normal and usual expenses and maintenance needs of the Association shall be paid.

Section 10.16 Exempt Property.

The following property subject to this Declaration shall be exempted from the Assessments, charges and liens created herein:

- 10.16.1 All properties dedicated and accepted by the local public authority and devoted to public use; and
- 10.16.2 All Lots and/or Property owned by Declarant, subject to the terms of Sections 10.17 and 10.18 below; and
- 10.16.2 All Common Properties.

**Section 10.17 Declarant Subsidy.**

Declarant may, but shall not be obligated to, pay a subsidy to the Association (in addition to any amounts paid by Declarant under Section 10.18 below) in order to reduce the total annual Assessment which would otherwise be necessary to be levied against all Lots to cover the estimated expenses of the Association (including reserve contributions, if any). Any such subsidy shall be disclosed as a line item in the income portion of the budget. The subsidy may be treated by the Declarant, in its sole discretion, as a loan from the Declarant to the Association or as an advance against future Assessments due or as a contribution.

**Section 10.18 Declarant's Assessment.**

Notwithstanding any provision of this Declaration or the Certificate of Formation or Bylaws to the contrary, so long as there is Class B membership in the Association, the Declarant may, on an annual basis, elect either to pay Annual Assessments on its unsold Lots or pay the difference between: (a) the Association's operating expenses otherwise to be funded by Annual Assessments and (after applying all income received by the Association from other sources); and (b) the sum of the revenues of the Association from all sources. Upon sixty (60) days' notice to the Association, the Declarant may change its election hereunder during the fiscal year. "All sources" includes, but is not limited to, revenues from the operation of Common Properties, acquisition assessments, capital contributions, accounting service fees, property management fees, guest fees, user fees, and the Assessments levied against the owners of Lots, other than the Declarant. Such difference, herein called the "deficiency", shall not include any reserve for replacements, operating reserves, depreciation reserves, capital expenditures or Special Assessments, and Declarant shall not be responsible, in any event, for any reserve for replacements, operating reserves, depreciation reserves, capital expenditures or Special Assessments. Any sums paid by the Declarant to the Association to fund the "deficiency" or any sums paid by the Declarant to the Association in excess of the Annual Assessment otherwise due on the Declarant's unsold Lots may be considered by the Declarant to be the payment of a subsidy to the Association pursuant to Section 10.17 of this Article. Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" consideration of services or materials, or by a combination of these. After termination of the Class B membership, Declarant shall pay Assessments on its unsold Lots in the same manner as any other Owner, except as otherwise expressly provided herein.



**ARTICLE XI  
GENERAL POWERS OF THE  
BOARD OF DIRECTORS OF THE ASSOCIATION**

**Section 11.1 Power and Duties.**

Except as provided in Article XII below, the Board, for the benefit of the Association, the Property and the Owners shall have the right to do all things which are necessary or advisable in connection with enforcing the provisions of this Declaration. Such powers shall include, but shall not be limited to, the following:

11.1.1 Paying assessments and charges for sewer, water and garbage pickup services for the Properties, if any, the installation and maintenance charges for street lighting for the Property, if any, and taxes, assessments and other charges which shall properly be assessed or charged against the Common Properties.

11.1.2 Performing maintenance on the Common Properties which may include, without limitation, the following: (a) maintenance of any driveways, private roadways, jogging paths, walkways and sidewalks; (b) maintenance of grounds, including care of trees, shrubs and grass, lighting systems, sprinkler systems (if installed) and similar facilities on the Common Properties; and (c) maintenance of the entry monument(s) and any screening walls or fences constructed around the perimeter of the Property; provided, further, that in the event that the need for maintenance or repair is caused through the willful or negligent act of any Owner, his family, his guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Lot is subject.

11.1.3 Managing and maintaining the Common Properties and full maintenance of any utility service for the Common Properties; the furnishing and upkeep of any desired personal property for use in the Common Properties.

11.1.4 Purchasing a policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association, in an amount not less than \$250,000.00 to indemnify against the claim of one person, \$500,000.00 against the claims of two or more persons in any one occurrence, and property damage insurance in an amount not less than \$50,000.00 per occurrence; which policy or policies shall contain an endorsement providing that the rights of the named insured shall not be prejudiced with respect to actions against other named insured's; provided, that under no circumstances shall the Board be authorized to provide or pay for fire, casualty, or other insurance insuring the interest of any Owner in his Lot.

11.1.5 Executing all replats of the Property and all declarations of ownership for tax assessment purposes with regard to the Common Properties on behalf of all Owners.

11.1.6 Borrowing funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit.

11.1.7 Entering into contracts, maintaining one or more bank accounts, and generally exercising all the powers necessary or incidental to the operation and management of the Association, expressly including the power to enter into management and maintenance contracts. Contracts entered into by the Declarant may have stricter or differing termination clauses. The Board may not terminate any contract during the period of Declarant control without the express written consent of the Declarant.

11.1.8 Protecting or defending the Common Properties from loss or damage by suit or otherwise, and to provide adequate reserves for replacements.

11.1.9 Making reasonable rules and regulations for the operation of the Common Properties and amend them from time to time, provided that any rule or regulation may be amended or repealed by the majority vote of the Board (without limiting the generality of the foregoing language, the rules and regulations may provide for limitations on use of the Common Properties during certain periods by youthful persons, visitors or otherwise).

11.1.10 Adjusting the amount, collecting and using any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, assessing the Members in proportionate amounts to cover the deficiency.

11.1.11 Enforcing the provisions of this Declaration, the Design Guidelines, any Community-Wide Standard, and any rules made hereunder, and to enjoining and seeking damages from any Owner for violation of such provisions or rules.

11.1.12 Exercising the rights granted to the Association in this Declaration, including, without limitation, all rights of the Board, the Association, and the ACC relating to architecture, design, and construction review and inspections under Article III.

The Association may exercise any right or privilege given to it expressly or by reasonable implication by this Declaration, the Bylaws, or the Certificate of Formation, and may take action reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in such documents or by law, all of the Association's rights and powers may be exercised by the Board without a vote of the membership.

The Board may institute, defend, settle, or intervene on the Association's behalf in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Common Properties, enforcement of this Declaration, or any other civil claim or action. However, the Board shall exercise business judgment in determining whether to take any such action under particular circumstance and shall have no legal duty to institute litigation under any circumstances on behalf of or in the name of the Association or the Members.

Section 11.2 Board Power, Exclusive.

The Board shall have the exclusive right to contract for all goods, services and insurance, payment for which is to be made from the maintenance fund, and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein.

Section 11.3 Owner's Obligations to Repair.

Except for those portions of each Lot constituting the Common Properties, each Owner shall at his sole cost and expense, maintain and repair his Lot and the improvements situated thereon, keeping the same in good condition and repair at all times. In the event that any Owner shall fail to maintain and repair his Lot and such improvements as required hereunder, the Association, in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternative remedies, shall have the right but not the obligation, subject to the notice and cure provisions of Section 6.1 above, through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon; and each Owner (by acceptance of a deed for his Lot) hereby covenants and agrees to repay to the Association the cost thereof immediately upon demand, and the failure of any such Owner to pay the same shall carry with it the same consequences as the failure to pay any Assessments hereunder when due.

Section 11.4 Maintenance Contracts with Owners.

The Board, on behalf of the Association, shall have full power and authority to contract with any Owner for the performance by or for the Association of services pursuant to the terms hereof (including, but not limited to, the maintenance and repair of fences owned by any such Owner), such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and to the best interest of the Association; provided, however, that same must be commercially reasonable in all circumstances.

Section 11.5 Liability of the Board of Directors.

The Association shall indemnify every officer, director, and committee member against all damages and expenses, including attorneys' fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding if approved by the Board of Directors at the time of such settlement) to which he or she may be a party by reason of being or having been an officer, director, or committee member.

**OFFICERS, DIRECTORS, AND COMMITTEE MEMBERS SHALL NOT BE LIABLE FOR ANY MISTAKE OF JUDGMENT, NEGLIGENCE OR OTHERWISE, EXCEPT FOR THEIR OWN INDIVIDUAL WILLFUL MISFEASANCE, MALFEASANCE, MISCONDUCT, OR BAD FAITH. The Association's officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association. The Association shall indemnify and forever hold each such officer, director, and committee member harmless from any and all liability to others on account of any such contract, commitment, or action.**

**This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as an Association expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.**

Section 11.6 Notice and Hearing Procedures Prior to the Initiation of Certain Types of Actions by the Association.

Except as set forth in paragraph (c) below, prior to filing suit to enforce the provisions of this Declaration, the Design Guidelines, any Community-Wide Standard or rules promulgated hereunder, the Association shall comply with the notice and hearing procedures set forth in subsections (a) and (b) below.

(a) Notice. The Association shall serve the alleged violator with a minimum of one (1) written notice describing (i) the nature of the alleged violation, (ii) the action which the Association proposes or intends to take unless the violation is corrected within a reasonable time (reasonable time being not less than ten (10) days and not more than twenty (20) days for each notice) after the date of the written notice, and (iii) a period of not less than thirty (30) calendar days within which the alleged violator may present a written request for a hearing. The Association may proceed with the action which may include the Association's right to initiate Self Help actions wherein the Association shall make the necessary repairs to correct the violation and all charges incurred by the Association in abating the violation shall be assessed to the Owner's account notwithstanding, if Owner presents a request for a hearing within the thirty (30) day time allotted, all fines for non-compliance shall be placed on hold and any further enforcement action shall be placed on hold until after the hearing date and the rendering of decision. Non-Payment of fines for non-compliance or charges assessed by the Association for Self Help remedies will be collected according to applicable law and per current Texas Property Code regulations. Charges will be subject to possible late and/or collection charges when applicable. If the violation is abated within the time period set forth in the written notice, the Association shall suspend the proposed action unless a similar violation occurs within six (6) months from the date of the written notice. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Owner. Recurring violations within a six (6) month period will not require the Association to issue again notices previously sent. If the required one (1) notice was previously sent, the Association may, at its discretion, send an immediate notice of fine warning to the Owner which must allow the Owner not less than ten (10) days to correct the violation. If Owner does not make the necessary corrections, the Association may begin fines or initiate Self Help action without further notice required. The above described process excludes situations considered to be an emergency or which in the Board's discretion is considered a threat to the health, welfare, and safety of Residents or the community. For all matters deemed to be an emergency the Association shall endeavor to notify the Owner by e-mail, telephone, by posting a notice to the door of the Owner's property, or by personal delivery.

(b) Hearing. If a hearing is requested within the allotted thirty (30) day period, the hearing shall be held before a committee appointed by the Board consisting of three (3) persons, all of whom shall be Owners or residents of the Subdivision or representatives of the Declarant. A representative of the Association shall be afforded a reasonable opportunity to make a statement

describing the alleged violation and to present any evidence or witnesses to support its statement. The alleged violator shall also be afforded a reasonable opportunity to be heard and to present any evidence or witnesses on his or her behalf. At the conclusion of all statements and presentations, the committee may close the hearing and retire to discuss the evidence and to render a judgment as to whether, in fact, a violation has occurred. The committee shall notify the Association and the alleged violator in writing of its determination within ten (10) days after the hearing. If the committee determines that a violation has occurred, the Association may pursue any and all remedies described in its original notice of the violation. The alleged violator shall have the opportunity to appeal the decision of the committee to the Board in accordance with Section 209.007 of the Texas Residential Property Owners Act, Texas Property Code, as it may be amended.

(c) Applicability. The notice and hearing procedures set forth in this Section shall not apply to any claim: (i) upon which the Board deems it necessary to obtain emergency injunctive relief; (ii) pertaining to the collection of Assessments; or (iii) where the Association decides to exercise its right of self-help to cure the violation after written notice to the Owner and an opportunity to cure.

## ARTICLE XII AUTHORITY AND CONTROL BY DECLARANT

### Section 12.1 Declarant Rights.

Notwithstanding anything herein to the contrary, so long as Declarant owns at least one (1) Lot, Declarant shall have the sole right, but not the obligation, in its sole discretion, at any time, effective as of the date hereof, to control, perform and/or conduct the following:

- (1) amend this Declaration, the Design Guidelines and/or the Community-Wide Standard, in whole or in part for any reason as the Declarant in its discretion, deems necessary without the consent or joinder of the Board or Members;
- (2) enforce the provisions of this Declaration;
- (3) review, determine and enforce the architectural control of the Lots; and
- (4) assigns its rights and obligations under this Declaration to any entity at any time, in whole or in part.

Declarant's rights set forth above are absolute in its sole discretion and do not require the approval, consent, or joinder of (i) any Owner, (ii) the Association, (iii) the Board of Directors, or (iv) any committees or other parties which may be established with respect hereto. At such time as Declarant no longer owns a Lot within the Property, all of such rights of enforcement shall revert to the Board of Directors of the Association notwithstanding, Declarant may still have certain Declarant rights so long as the period of Declarant control is still in effect. Declarant may but, is not obligated to limit the powers or duties of the Board of Directors during the period of Declarant control.



In the event any other provision in this Declaration is in contradiction to this Article XII, in whole or in part, this Article XII shall prevail.

Section 12.2 Easement to Inspect and Right to Correct.

Declarant reserves for itself and others it may designate the right, but not the obligation, to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the Property, including Lots, and a nonexclusive easement of access throughout the Property to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Lot shall be only after reasonable notice to the Owner and no entry into a residence or other structure on a Lot shall be permitted without the Owner's consent, which consent shall not unreasonably be withheld, conditioned, or delayed. The failure or refusal to permit reasonable access to the Lot for the purposes contemplated under this paragraph shall excuse Declarant or its designee from responsibility for repairs or damages relating to defective workmanship or materials.

Section 12.3 Right to Develop.

Declarant and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Property for the purpose of making, constructing, and installing such improvements to the Property, as Declarant deems appropriate in its discretion.

Section 12.4 Construction Activities.

**All Owners, occupants, and users of Lots are hereby placed on notice that Declarant, and/or its agents, contractors, subcontractors, licensees, and other designees, shall conduct development and construction activities within the Property and that such activities shall be conducted in phases and may cause disturbance and disruption which impact the use and enjoyment of a Lot. Declarant and builders will attempt to limit construction to reasonable hours and Declarant reserves the right to change or restrict hours or days of construction at any time.**

**By the acceptance of a deed or other conveyance or mortgage, leasehold, license, or other interest, and by using any portion of a Lot or the Property generally, the Owners and all occupants and users of Lots acknowledge, stipulate, and agree: (a) that such activities shall not be deemed nuisances, or noxious or offensive activities, under any applicable covenants or at law generally; (b) not to enter upon, or allow their children or other persons under their control or direction to enter upon, or allow their children or other persons under their control or direction to enter upon (regardless of whether such entry is a trespass or otherwise) any property within or in proximity to the Lot where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours); (c) that Declarant and all of its agents, contractors, subcontractors, licensees, and other designees, shall not be liable but, rather, shall be held harmless for any and all losses, damages (compensatory, consequential, punitive, or otherwise), injuries, or deaths arising from or relating to the aforesaid activities; (d) that any**

**purchase or use of any portion of a Lot has been and will be made with full knowledge of the foregoing; and (e) this acknowledgment and agreement is a material inducement to Declarant to sell, convey, lease, and/or allow the use of Lots within the Property.**

**Section 12.5 Changes in Master Plan.**

Each Owner acknowledges that Subdivision is a planned community, the development of which is likely to extend over many years, and agrees that the Association shall not engage in, or use Association funds to support any protest, challenge, or other form of objection to (a) changes in uses or density of property within the Property, or (b) changes in the master plan of Subdivision, including, without limitation, the enlargement of the master plan and the acquisition or revision of regulatory approvals to reflect the annexation of real property, without Declarant's prior written consent, which consent may be granted or withheld in Declarant's discretion.

Each Owner acknowledges and agrees that the present plans and themes for the Property's development may change and that it has not relied on any representation, warranty, or assurance by any person: (a) that any Lots, or other property or facilities will or will not be added, modified, or eliminated within the Property; or (b) as to the financial or other impact of such action on any Owner. Each Owner acknowledges and agrees that it is not entitled to rely upon and has not received or relied upon any representations, warranties, or guarantees whatsoever as to: (a) the design, construction, completion, development, use, benefits, or value of the Property; or (b) the number, types, sizes, prices, or designs of any residential structures or improvements built or to be built in any part of the Property.

**Section 12.6 Dispute Resolution Involving Declarant.**

(a) **Right to Correct.** Prior to the Association or any Member commencing any proceeding to which Declarant is a party, including but not limited to an alleged defect of any improvement, Declarant shall have the right to be heard by the Members, or the particular Member, and to access, inspect, correct the condition of, or redesign any portion of any improvement as to which a defect is alleged or otherwise correct the alleged dispute.

(b) **Alternative Method for Resolving Disputes.** Declarant, its officers, directors, employees and agents; the Association, its officers, directors and committee members; all persons subject to this Declaration; any Builder, its officers, directors, employees and agents; and any person not otherwise subject to this Declaration who agrees to submit to this Section 12.6 (each such entity being referred to as a "Bound Party") agree to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances or disputes described in Section 12.6 (c) (collectively, the "Claims") to the mandatory procedures set forth in Section 12.6 (d).

(c) **Claims.** Those Claims between any of the Bound Parties, regardless of how the same might have arisen, relating to the quality of design or construction of improvements within the Property including the Common Properties or based upon any statements, representations, promises, or warranties made by or on behalf of any Bound Party, shall be subject to the provisions of this Section 12.6.

(d) Mandatory Procedures.

(i) Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (the Claimant and Respondent referred to herein being individually, as a "Party", or, collectively, as the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

(a) the nature of the Claim, including the persons involved and Respondent's role in the Claim;

(b) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises;

(c) the proposed remedy; and

(d) the fact that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

(ii) Negotiations and Mediation.

(a) The parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.

(b) If the parties do not resolve the Claim within thirty (30) days after the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have two (2) days to submit the Claim to mediation under the auspices of the American Arbitration Association ("AAA") in accordance with the AAA's Commercial or Construction Industry Mediation Rules, as appropriate.

(c) If Claimant does not submit the Claim to mediation within such time, or does not appear for mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(d) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation, or within such other time as determined by the mediator or agreed to by the Parties, the mediator shall issue a notice of termination of the mediation proceedings

("Termination of Mediation"). The Termination of Mediation Notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator. If the Parties agree to a resolution of any Claim through negotiations or mediation in accordance with this Section and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate arbitration proceedings to enforce such agreement, without the need to again comply with the procedures set forth in this Section. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

(iii) Binding Arbitration.

(a) Upon Termination of Mediation, Claimant shall thereafter be entitled to initial final, binding arbitration of the Claim under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Arbitration Rules, as appropriate. Such Claims shall not be decided by or in a court of law. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. If the claimed amount exceeds \$250,000, the dispute shall be heard and determined by three (3) arbitrators. Otherwise, unless mutually agreed to by the Parties, there shall be one (1) arbitrator. Arbitrators shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.

(b) Each Party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees or arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the non-contesting Party shall be awarded reasonable attorneys' fees and expenses incurred in defending such contest. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator(s).

(c) The award of the arbitrator(s) shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties.

**ARTICLE XIII  
OBLIGATIONS OF BOARD OF DIRECTORS**

Section 13.1 Obligations of Board of Directors.

Notwithstanding anything herein to the contrary, and so long as Declarant is acting on behalf of the Board of Directors as further described in Section 13.2 below, the sole responsibility and obligation of the Board of Directors shall be to maintain the corporation books of the Association and maintain the Association in good corporate standing with Secretary of State of the State of Texas and in good standing with the Office of the Comptroller of Public Accounts of the State of Texas.

Section 13.2 Liability for Association Operations.

The Association shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless Declarant (including its successors, and assigns) from and against any and all losses, claims, demands, damages, costs, and expenses of whatever kind or nature (including, without limitation, reasonable attorneys' fees and costs at all tribunal levels and whether or not suit is instituted, including those incurred in establishing the right to be indemnified, defended, and held harmless pursuant hereto), which relate to or arise out of Association management and operations, including, without limitation, improvement, maintenance, and operation of amenities and other portions of the Common Properties and the collection of Assessments.

Section 13.3 No Liability for Acts of Third Party.

**OWNERS AND OCCUPANTS OF LOTS, AND THEIR RESPECTIVE GUESTS AND INVITEES, ARE RESPONSIBLE FOR THEIR OWN PERSONAL SAFETY AND FOR THEIR PROPERTY WITHIN THE PROPERTY. THE ASSOCIATION MAY BUT IS NOT OBLIGATED TO MAINTAIN OR SUPPORT CERTAIN ACTIVITIES WITHIN THE PROPERTY WHICH PROMOTE OR ENHANCE SAFETY OR SECURITY WITHIN THE PROPERTY. HOWEVER, THE ASSOCIATION, AND DECLARANT SHALL NOT IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SAFETY OR SECURITY WITHIN THE PROPERTY, NOR SHALL THEY 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 FIRE PROTECTION, BURGLAR ALARM, OR OTHER SECURITY MONITORING SYSTEMS, OR ANY MECHANISM OR SYSTEM FOR LIMITING ACCESS TO THE PROPERTY, CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR 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 ITS TENANTS AND ALL OCCUPANTS OF ITS**



**LOT THAT THE ASSOCIATION, THE BOARD AND ITS COMMITTEES, AND DECLARANT ARE NOT INSURERS OR GUARANTORS OF SECURITY OR SAFETY AND THAT EACH PERSON WITHIN THE PROPERTY ASSUMES ALL RISKS OF PERSONAL INJURY AND LOSS OR DAMAGE TO SELF AND PROPERTY, INCLUDING LOTS AND THE CONTENTS OF LOTS, RESULTING FROM ACTS OF THIRD PARTIES.**

**ARTICLE XIV  
EXPANSION OF THE PROPERTY**

Section 14.1 Expansion of the Property.

Declarant, in its sole discretion and without the approval of any other party, may from time to time subject this Declaration to additional real property by recording in the Real Property Records of the County, a Supplemental Declaration describing the additional real property to be subjected to this Declaration. Any such Supplemental Declaration which is executed by Declarant and the owner of such additional property, if other than Declarant, and recorded in the Real Property Records of the County shall not require the consent or approval of any other Owner or other person in order to be fully enforceable and effective to cause such additional real property to be incorporated herein. Nothing in this Declaration shall be construed to require Declarant to subject additional real property to this Declaration.

Section 14.2 Additional Covenants and Easements.

Declarant, in its sole discretion and without the approval of any other party, may from time to time subject any portion of the Property, whether now or hereafter a part of this Declaration, to additional covenants and easements, including, without limitation, covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through the Assessments, as described in Article X hereof. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the Property, whether now or hereafter a part of this Declaration, in order to reflect the different character and intended use of such Property. Any such Supplemental Declaration which is executed by Declarant and recorded in the Real Property Records of the County shall not require the consent or approval of any other Owner or other person in order to be fully enforceable and effective to cause such additional covenants and easements to be incorporated herein.

Section 14.3 Effect of Recording Supplemental Declaration.

A Supplemental Declaration shall be effective upon the recording of same in the Real Property Records of the County unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Association and Assessment liability in accordance with the provisions of this Declaration.

**ARTICLE XV  
GENERAL PROVISIONS**

Section 15.1 Mortgages.

It is expressly provided that the breach of any of the conditions contained herein shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value, as to the same premises or any part thereof encumbered by such mortgage or deed of trust, but said conditions shall be binding thereto as to Lots acquired by foreclosure, trustee's sale or otherwise, as to any breach occurring after such acquisition of title.

Section 15.2 Term.

This Declaration shall be enforceable by Declarant, the Association, any aggrieved Owner, and their respective legal representatives, heirs, successors, and assigns until December 31, 2050, after which time this Declaration shall extend automatically for successive 10-year periods unless at least sixty-seven percent (67%) of the then Owners have signed, within a six month period preceding the end of the initial term or any extension, an instrument which terminates this Declaration and such instrument is recorded in the Real Property Records of the County prior to the end of the term.

Section 15.3 Severability.

If any provision herein contained shall be invalid, which invalidity shall not be presumed until the same is determined by the final (*i.e.*, non-appealable) judgment or order of a court of competent jurisdiction, such invalidity shall in no way affect any other provision hereof, each of which shall remain in full force and effect.

Section 15.4 Binding Effect.

This Declaration is for the mutual benefit of, and shall be binding upon, each and every person acquiring any part of the Property, it being understood that the covenants, conditions, restrictions, easements, and other provisions contained in this Declaration are not for the benefit of the owner of any land except that which is a part of the Property. This Declaration, when executed, shall be filed of record in the Real Property Records of the County, so that each and every Owner or purchaser of any portion of the Property is on notice of the covenants, conditions, restrictions, easements, and other provisions herein contained.

#### Section 15.5 Notices.

Any notices or correspondence to an Owner shall be addressed to the street address of the Lot or to such other address as is specified by any such Owner in writing to the Association. The burden shall be on the Owner to prove that such written notification was duly given and delivered to the Association as provided below. Any notices or correspondence to the Association shall be addressed to the registered office of the Association as shown by the records of the Secretary of State for the State of Texas or to such other address as is specified by the Association in writing to the Owners.

Except as this Declaration or the Bylaws otherwise provide, all notices, demands, bills, statements, or other communications under this Declaration or the Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or by private carrier; if sent by United States mail; or, if the intended recipient has given its prior written authorization to use such method of delivery, by facsimile or electronic mail with written confirmation of transmission.

Notices sent in accordance with this Declaration shall be deemed to have been duly given and effective:

(i) sent by United States mail, when deposited with the U.S. Postal Service, correctly addressed, with first class postage prepaid;

(ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; or

(iii) if sent by facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation.

#### Section 15.6 Transfer Under Deed of Trust.

Upon any transfer of Declarant's interest in and to the Property, or any part thereof, under the terms of any deed of trust lien upon the Property, whether voluntary or involuntary, by foreclosure, deed in lieu of foreclosure or otherwise, all rights, title and interests of Declarant under this Declaration, shall be transferred to and devolve upon the party to whom the Property or any part thereof, is thereby conveyed.

#### Section 15.7 Notice of Transfer.

If at any time a Lot is sold, the new Owner shall have the sole obligation to promptly notify the Association of the name and address of the new Owner and shall be responsible for any cost, charge or expense added to the account of such Owner which may have otherwise been avoided if the above information was promptly delivered to the Association.

#### Section 15.8 No Liability for Trespass.

**Whenever the Association, the Board of Directors or Declarant exercises any right hereunder including but, not limited to, self-help actions or actions taken to abate a violation and in connection therewith enters upon any Lot, such parties shall not be liable for trespass upon such Lot.**

**Section 15.9 Lien Priority.**

Notwithstanding any other provision of the Declaration, the lien to secure the payment of Assessments and any other lien which the Association may have on any Lot pursuant to the Declaration for (a) Assessments or other charges becoming payable on or after the date of recordation of the first mortgage or deed of trust on any Lot, or (b) any fees, late charges, fines or interest that may be levied by the Association in connection with unpaid Assessments, shall be subordinate to the lien or equivalent security interest of any legitimate third-party first lien mortgage or deed of trust on any Lot, if any. Any foreclosure of any such superior lien under the power of sale of any mortgage, deed of trust or other security instrument, or through court proceedings in which the Association has been made a party, shall extinguish the liens securing maintenance charges or Assessments which became due and payable prior to such foreclosure date, but no such foreclosure shall free any Lot from the liens securing Assessments thereafter becoming due and payable, nor shall the liability of any Owner personally obligated to pay maintenance charges or Assessments which become due prior to such foreclosure be extinguished by any foreclosure, nor shall the lien for future Assessments or charges be affected in any manner. Any such maintenance charges or Assessments which are extinguished pursuant to the foregoing provision shall be reallocated and assessed to all Lots as a common expense.

**Section 15.10 Use of Common Properties.**

The property made subject to this Declaration will contain common property which may be available for the use and enjoyment of Owners of all or any part of the Property, including lots and homes, within the Subdivision, their families, tenants and other occupants of their property, and the guests of any such persons. **EACH OWNER, BY ACCEPTANCE OF A DEED TO ANY PORTION OF THE PROPERTY MADE SUBJECT TO THIS DECLARATION, ACKNOWLEDGES THAT THE USE AND ENJOYMENT OF ANY PORTION OF THE COMMON PROPERTIES INVOLVES RISK OF PERSONAL INJURY OR DAMAGE TO PROPERTY.**

Each Owner acknowledges, understands, and covenants to inform his or her family members, and tenants and other occupants of Owner's property that Declarant, the Association, the Board and any committees, and Builders constructing homes and other improvements within the Property are not insurers of personal safety. **EACH PERSON USING SUCH ANY PORTION OF THE COMMON PROPERTIES ASSUMES ALL RISKS OF PERSONAL INJURY, DEATH, AND LOSS OR DAMAGE TO PROPERTY, RESULTING FROM THE USE AND ENJOYMENT OF ANY PORTION OF THE COMMON PROPERTIES.** Each Owner agrees that Declarant, the Association, the Board and committees, and builders within the community shall not be liable to any person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury or death, destruction of property, trespass, loss of enjoyment, or any other wrong or entitlement to remedy based upon, due to, arising from, or otherwise relating to the use of any portions of the Common Properties, including, without limitation, any claim arising in whole

or in part from the negligence of Declarant, the Association, or any Builder within the community. THE FOREGOING RELEASE IS INTENDED TO RELEASE THE SPECIFIED PARTIES FROM LIABILITY FOR THEIR OWN NEGLIGENCE.

EACH OWNER ACKNOWLEDGES AND AGREES THAT THE ABOVE RELEASE FROM LIABILITY IS CONSIDERATION FOR, AND A CONDITION TO, THE USE AND ENJOYMENT OF THE COMMON PROPERTIES WITHIN THE SUBDIVISION AND THAT THIS ACKNOWLEDGMENT AND AGREEMENT IS A MATERIAL INDUCEMENT TO DECLARANT AND BUILDERS TO SELL, CONVEY, LEASE, AND/OR ALLOW THE USE OF LOTS WITHIN THE SUBDIVISION. ANY VIOLATION OF THIS RELEASE AGREEMENT BY AN OWNER, OR ANY OF OWNER'S FAMILY MEMBERS, TENANTS AND OTHER OCCUPANTS OF OWNER'S PROPERTY, OR THEIR RESPECTIVE GUESTS SHALL BE GROUNDS FOR THE SUSPENSION OR TERMINATION OF ALL OF SUCH PERSONS' USE PRIVILEGES IN SUCH FACILITIES.

Section 15.11 Construction of Declaration and All Association Documents.

The provisions of this Declaration and all other documents of the Association shall be liberally construed to give effect to its intended purpose. All doubts regarding the meaning, significance or effect of a provision in this Declaration or other documents of the Association, shall be resolved in favor of the operation of the Association and its enforcement of the Declaration.

Section 15.12 Town Right to Assume Association Rights and Responsibilities. In the event that the Association fails in its obligations hereunder to collect Assessments for maintenance of, or fails to maintain the Common Properties as required under the Town Code of Ordinance the Town may assume the rights of the Association hereunder to levy Assessments on the Owners and Lots within the Subdivision, and to maintain the Common Properties, as may be required to ensure compliance with such Town Code of Ordinance.

(Signature on next page)



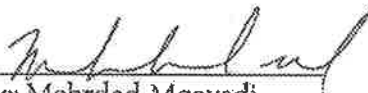
Prosper Falls Development, LLC,  
a Texas limited liability company

By: CADG Prosper Falls 85, LLC,  
a Texas limited liability company  
Its Manager

By: CADG Holdings, LLC,  
a Texas limited liability company  
Its Sole Member

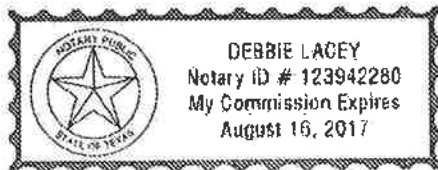
By: MMM Ventures, LLC,  
a Texas limited liability company  
Its Manager

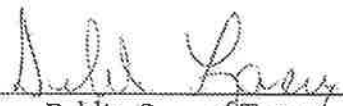
By: 2M Ventures, LLC,  
a Delaware limited liability company  
Its Manager

By:   
Name: Mehrdad Moayedi  
Its: Manager

STATE OF TEXAS §  
§  
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 23 day of MARCH 2017 by Mehrdad Moayedi, Manager of 2M Ventures, LLC, as Manager of MMM Ventures, LLC, as Manager of CADG Holdings, LLC, as Sole Member of CADG Prosper Falls 85, LLC, a Texas limited liability company, as Manager of Prosper Falls Development, LLC, a Texas limited liability company on behalf of said company.



  
Notary Public, State of Texas

**Exhibit "A"**  
**TO**  
**DECLARATION OF COVENANTS,**  
**CONDITIONS AND RESTRICTIONS FOR**  
**PROSPER FALLS**

**Property Description**

Being all that certain lot, parcel, or tract of land located in the ELISHA CHAMBERS SURVEY, Abstract No. 179, and the Collin County School Land, Abstract No. 172, Prosper, Collin County, Texas, and being the same tract of land described in deed to NW Coit / CR 81' LP, recorded in Volume 5895, Page 799, Deed Records, Collin County, Texas, and being a part of a tract of land described in deed to NW Coit Ten, LP, recorded in Instrument No. 20120803000955070, Official Public Records, Collin County, Texas, and being the same tract of land described in deed to Collin County Investments, Ltd., recorded in Volume 5984, Page 58, Deed Records, Collin County, Texas, and being more particularly described as follows:

Commencing at a Mag Nail set for corner at the intersection of the West line of said Coit Road, a variable width, right-of-way, with the North line of Prosper Trails, a variable width right-of-way;

Thence South  $88^{\circ}45'17''$  West, a distance of 302.62 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set for corner at the PLACE OF BEGINNING of the tract described herein:

Thence Westerly, along said North line, the following four (5) courses and distances:

1) Thence South  $88^{\circ}45'17''$  West, a distance of 147.40 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set for corner;

2) Thence South  $88^{\circ}45'00''$  West, a distance of 765.77 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set for corner;

3) Thence South  $88^{\circ}44'19''$  West, a distance of 1237.07 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set for corner;

4) Thence South  $89^{\circ}14'50''$  West, a distance of 210.96 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set for corner;

5) Thence South  $89^{\circ}09'19''$  West, a distance of 859.78 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set at the Southerly Southeast corner of a tract of land described in deed to Deion Sanders, recorded in Volume 4230, Page 140, Official Public Records, Collin County, Texas;

Thence North  $01^{\circ}16'07''$  East, a distance of 865.03 feet to a 1/2-inch iron rod found at an interior 'ell' corner of said Sanders tract;

Thence South  $88^{\circ}43'53''$  East, a distance of 832.06 to a 1/2-inch iron rod found at the Easterly Southeast corner of said Sanders tract;

Thence North  $00^{\circ}41'35''$  West, along the Northerly East line of said Sanders tract, a distance of 778.33 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set at the Southwest corner of HIGHLAND MEADOWS, PHASE 2, an Addition to the City of Prosper, Collin County, Texas, according to the plat thereof recorded in Volume N, Page 426, Map Records, Collin County, Texas;

Thence North  $89^{\circ}03'21''$  East, along the South line of said HIGHLAND MEADOWS PHASE 2, a distance of 713.91 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set at the Northwest corner of WHISPERING MEADOWS, NO. 2, an Addition to the City of

Prosper, Collin County, Texas, according to the plat thereof recorded in Volume 2013, Page 339, Map Records, Collin County, Texas;

Thence South  $19^{\circ}05'48''$  West, a distance of 534.57 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set at the Southwest corner of said WHISPERING MEADOWS, NO. 2;

Thence South  $89^{\circ}51'10''$  East, along the South line of said WHISPERING MEADOWS, NO. 2, a distance of 2123.74 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set for corner in the said West line of Coit Road;

Thence South  $01^{\circ}00'40''$  East, along said West line, a distance of 340.30 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set for corner;

Thence South  $88^{\circ}58'38''$  West, a distance of 304.84 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set for corner in the said West line of Coit Road;

Thence South  $01^{\circ}11'23''$  East, a distance of 717.70 feet to the PLACE OF BEGINNING and containing 3,708,013 square feet or 85.124 acres of land.

Being all that certain lot, parcel, or tract of land located in the ELISHA CHAMBERS SURVEY, Abstract No. 179, and being part of a tract of land described in deed to NW Coit Ten, LP, recorded in Instrument No. 20120803000955070, Official Public Records, Collin County, Texas, and being more particularly described as follows:

Beginning at a Mag Nail set for corner at the intersection of the West line of said Coit Road, a variable width, right-of-way, with the North line of Prosper Trails, a variable width right-of-way;

Thence South  $88^{\circ}45'17''$  West, a distance of 302.62 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set for corner;

Thence North  $01^{\circ}11'23''$  West, along said West line, a distance of 717.70 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set for corner;

Thence North  $88^{\circ}58'38''$  East, a distance of 304.84 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "RPLS 5310" set for corner in the said West line of Coit Road;

Thence South  $01^{\circ}00'40''$  East, along said West line, a distance of 716.52 feet to the PLACE OF BEGINNING and containing 217,800 square feet or 5.000 acres of land.



**Exhibit "B"**  
**TO**  
**DECLARATION OF COVENANTS,**  
**CONDITIONS AND RESTRICTIONS FOR**  
**PROSPER FALLS**

**Declarant's Reservations and Representations**

## APPENDIX "B"

### DECLARANT REPRESENTATIONS & RESERVATIONS

#### B. 1 . GENERAL PROVISIONS.

**B.1.1. Introduction.** Declarant intends the Declaration to be perpetual and understands that provisions pertaining to the initial development, construction, marketing, and control of the Property will become obsolete when Declarant's role is complete. As a courtesy to future users of the Declaration, who may be frustrated by then-obsolete terms, Declarant is compiling the Declarant-related provisions in this Appendix.

**B.1.2. General Reservation & Construction.** Notwithstanding other provisions of the Documents to the contrary, nothing contained therein may be construed to, nor may any mortgagee, other Owner, or the Association, prevent or interfere with the rights contained in this Appendix which Declarant hereby reserves exclusively unto itself and its successors and assigns. In case of conflict between this Appendix and any other Document, this Appendix controls. This Appendix may not be amended without the prior written consent of Declarant. To the extent any proposed amendment is for the purpose of either amending the provisions of this Declaration or the Association's Agreements pertaining to the use, operation, maintenance and/or supervision of any facilities, structures, improvements, systems, Common Areas, private Streets or grounds that are the responsibility of the Association, prior written consent of the Town may be required. The terms and provisions of this Appendix must be construed liberally to give effect to Declarant's intent to protect Declarant's interests in the Property.

**B.1.3. Purpose of Development and Declarant Control Periods.** This Appendix gives Declarant certain rights during the Development Period and the Declarant Control Period to ensure a complete and orderly build out and sellout of the Property, which is ultimately for the benefit and protection of Owners and mortgagees. Declarant may not use its control of the Association and the Property for an advantage over the Owners by way of retention of any residual rights or interests in the Association or through the creation of any contractual agreements which the Association may not terminate without cause with ninety days' notice.

**B.1.4. Definitions.** As used in this Appendix and elsewhere in the Documents, the following words and phrases, when capitalized, have the following specified meanings:

**a. "Builder"** means a person or entity which purchases, or contracts to purchase, a Lot from Declarant or from a Builder for the purpose of constructing a Single Family Residence for resale or under contract to an Owner other than Declarant. As used in this Declaration, Builder does not refer to Declarant or to any home building or home marketing company that is an affiliate of Declarant.

**b. "Declarant Control Period"** means that period of time during which Declarant controls the operation of this Association. The duration of the Declarant Control Period will be from the date this Declaration is recorded for a maximum period not to exceed the earlier of:

- (1) fifty (50) years from date this Declaration is recorded.

- (2) the date title to the Lots and all other portions of the Property has been conveyed to Owners other than Builders or Declarant.

B.1.5. Builders. Declarant, through its affiliates, intends to construct single family residences on the Lots in connection with the sale of the Lots. However, Declarant may, without notice, sell some or all of the Lots to one or more Builders to improve the Lots with single family residences to be sold and occupied.

**B.2. DECLARANT CONTROL PERIOD RESERVATIONS.** Declarant reserves the following powers, rights, and duties during the Declarant Control Period:

B.2.1. Officers & Directors. During the Declarant Control Period, the Board may consist of three persons. During the Declarant Control Period, Declarant may appoint, remove, and replace any officer or director of the Association, none of whom need be Members or Owners, and each of whom is indemnified by the Association as a "Leadert" provided, however, that on or before the date which is the earlier of (i) one hundred twenty (120) days after Declarant has sold seventy five percent (75%) of the Lots that may be developed within the Property, or (ii) ten (10) years after the date of recordation of this Declaration, at least one-third (1/3) of the directors on the Board shall be elected by non-Declarant Owners.

B.2.2. Weighted Votes. During the Declarant Control Period, the vote appurtenant to each Lot owned by Declarant is weighted twenty (20) times that of the vote appurtenant to a Lot owned by another Owner. In other words, during the Declarant Control Period, Declarant may cast the equivalent of twenty (20) votes for each Lot owned by Declarant on any issue before the Association. On termination of the Declarant Control Period and thereafter, the vote appurtenant to Declarant's Lots is weighted uniformly with all other votes.

B.2.3. Budget Funding. During the Declarant Control Period only, Declarant is responsible for the difference between the Association's operating expenses and the Regular Assessments received from Owners other than Declarant, and will provide any additional funds necessary to pay actual cash outlays of the Association for common operating expenses, excluding non-recurring expenses. At the Declarant's sole discretion, funds provided for the purpose of offsetting a deficit may be treated as a loan. On termination of the Declarant Control Period, Declarant will cease being responsible for the difference between the Association's operating expenses and the Assessments received from Owners other than Declarant.

B.2.4. Declarant Assessments. During the Declarant Control Period, any real property owned by Declarant is not subject to Assessments by the Association.

B.2.5. Builder Obligations. During the Declarant Control Period only, Declarant has the right but not the duty (1) to reduce or waive the Assessment obligation of a Builder, and (2) to exempt a Builder from any or all liabilities for transfer-related fees charged by the Association or its manager, provided the agreement is in writing. Absent such an exemption, any Builder who owns a Lot is liable for all Assessments and other fees charged by the Association in the same manner as any Owner.

B.2.6. Commencement of Assessments. During the initial development of the Property, Declarant may elect to postpone the Association's initial levy of Regular Assessments until a certain number of Lots are sold. During the Declarant Control Period, Declarant will determine

when the Association first levies Regular Assessments against the Lots. Prior to the first levy, Declarant will be responsible for all operating expenses of the Association.

B.2.7. Expenses of Declarant. Expenses related to the completion and marketing of the Property will be paid by Declarant and are not expenses of the Association.

B.2.8. Budget Control. During the Declarant Control Period, the right of Owners to veto Assessment increases or Special Assessments is not effective and may not be exercised.

B.2.9. Organizational Meeting. Within sixty days after the end of the Declarant Control Period, or sooner at the Declarant's option, Declarant will call an organizational meeting of the Members of the Association for the purpose of electing, by vote of the Owners, directors to the Board. Written notice of the organizational meeting must be given to an Owner of each Lot at least ten days but not more than sixty (60) days before the meeting. For the organizational meeting, Owners of ten percent (10%) of the Lots constitute a quorum. The directors elected at the organizational meeting will serve as the Board until the next annual meeting of the Association or a special meeting of the Association called for the purpose of electing directors, at which time the staggering of terms will begin. At this transition meeting, the Declarant will transfer control over all utilities related to the Common Areas owned by the Association and Declarant will provide information to the Association, if not already done so, relating to the total costs to date related to the operation and maintenance of the Common Areas and Areas of Common Responsibility.

B.3. DEVELOPMENT PERIOD RESERVATIONS. Declarant reserves the following easements and rights, exercisable at Declarant's sole discretion, at any time during the Development Period:

B.3.1. Chances in Development Plan. Declarant may modify the initial development plan to respond to perceived or actual changes and opportunities in the marketplace. Subject to approval by (1) a governmental entity, if applicable, and (2) the Owner of the land or Lots to which the change would directly apply (if other than Declarant), Declarant may (a) change the sizes, dimensions, and configurations of Lots and Streets; (b) change the minimum Single Family Residence size; (c) change the building setback requirements; and (d) eliminate or modify any other feature of the Property.

B.3.2. Builder Limitations. Declarant may require its approval (which may not be unreasonably withheld) of all documents and materials used by a Builder in connection with the development and sale of Lots, including without limitation promotional materials; deed restrictions; forms for deeds, Lot sales, and Lot closings. Without Declarant's prior written approval, a Builder may not use a sales office or model in the Property to market homes, Lots, or other products located outside the Property.

B.3.3. Architectural Control. During the Development Period, Declarant has the absolute right to serve as the Architectural Reviewer pursuant to Article 6. Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under Article 6 and this Appendix to (1) an ACC appointed by the Board, or (2) a committee comprised of architects, engineers, or other persons who may or may not be Members of the Association. Any such delegation is at all times subject to the unilateral rights of Declarant (1) to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (2) to

veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason. Declarant also has the unilateral right to exercise architectural control over vacant Lots in the Property. The Association, the Board of directors, nor a committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of new homes and related improvements on vacant Lots.

**B.3.4. Amendment.** During the Development Period, Declarant may amend this Declaration and the other Documents, without consent of other Owners or mortgagee, for any purpose, including without limitation the following purposes:

- c. To create Lots, easements, and Common Areas within the Property.
- d. To modify the designation of the Area of Common Responsibility.
- e. To subdivide, combine, or reconfigure Lots.
- f. To convert Lots into Common Areas and Common Areas back to Lots.
- g. To modify the construction and use restrictions of Article 7 of this Declaration.
- h. To merge the Association with another property owners association.
- i. To comply with the requirements of an underwriting lender.
- j. To resolve conflicts, clarify ambiguities, and to correct misstatements, errors, or omissions in the Documents.
- k. To enable any reputable title insurance company to issue title insurance coverage on the Lots.
- l. To enable an institutional or governmental lender to make or purchase mortgage loans on the Lots.
- m. To change the name or entity of Declarant.
- n. To change the name of the addition in which the Property is located.
- o. To change the name of the Association.
- p. For any other purpose, provided the amendment has no material adverse effect on any right of any Owner.



**B.3.5. Completion.** During the Development Period, Declarant has (1) the right to complete or make improvements indicated on the Plat; (2) the right to sell or lease any Lot owned by Declarant; and (3) an easement and right to erect, construct, and maintain on and in the Common Area, Area of Common Responsibility, and Lots owned or leased by Declarant whatever Declarant determines to be necessary or advisable in connection with the construction, completion, management, maintenance, leasing, and marketing of the Property, including, without limitation, parking areas, temporary buildings, temporary fencing, portable toilets, storage areas, dumpsters, trailers, and commercial vehicles of every type.

**B.3.6. Easement to Inspect & Right to Correct.** During the Development Period, Declarant reserves for itself the right, but not the duty, to inspect, monitor, test, redesign, correct, and relocate any structure, improvement or condition that may exist on any portion of the Property, including the Lots, and a perpetual nonexclusive easement of access throughout the Property to the extent reasonably necessary to exercise this right. Declarant will promptly repair, at its sole expense, any damage resulting from the exercise of this right. By way of illustration but not limitation, relocation of a screening wall located on a Lot may be warranted by a change of circumstance, imprecise siting of the original wall, or desire to comply more fully with public codes and ordinances. This Section may not be construed to create a duty for Declarant or the Association.

**B.3.7. Promotion.** During the Development Period, Declarant reserves for itself an easement and right to place or install signs, banners, flags, display lighting, potted plants, exterior decorative items, seasonal decorations, temporary window treatments, and seasonal landscaping on the Property, including items and locations that are prohibited to other Owners and Residents, for purposes of promoting, identifying, and marketing the Property and/or Declarant's homes, Lots, developments, or other products located outside the Property. Declarant reserves an easement and right to maintain, relocate, replace, or remove the same from time to time within the Property. Declarant also reserves the right to sponsor marketing events — such as open houses, MLS tours, and broker's parties — at the Property to promote the sale of Lots. During the Development Period, Declarant also reserves (1) the right to permit Builders to place signs and promotional materials on the Property and (2) the right to exempt Builders from the sign restriction in this Declaration.

**B.3.8. Offices.** During the Development Period, Declarant reserves for itself the right to use Single Family Residences owned or leased by Declarant as models, storage areas, and offices for the marketing, management, maintenance, customer service, construction, and leasing of the Property and/or Declarant's developments or other products located outside the Property. Also, Declarant reserves for itself the easement and right to make structural changes and alterations on and to Lots and Single Family Residences used by Declarant as models, storage areas, and offices, as may be necessary to adapt them to the uses permitted herein.

**B.3.9. Access.** During the Development Period, Declarant has an easement and right of ingress and egress in and through the Property for purposes of constructing, maintaining, managing, and marketing the Property and the Property Subject to Annexation (as hereinafter defined), and for discharging Declarant's obligations under this Declaration.

Declarant also has the right to provide a reasonable means of access for the home buying public through any existing or future gate that restricts vehicular access to the Property in connection

with the active marketing of Lots and homes by Declarant or Builders, including the right to require that the gate be kept open during certain hours and/or on certain days. This provision may not be construed as an obligation or intent to gate the Property.

**B.3.10. Utility Easements.** During the Development Period, Declarant may grant permits, licenses, and easements over, in, on, under, and through the Property for utilities, roads, and other purposes necessary for the proper development and operation of the Property. Declarant reserves the right to make changes in and additions to the easements on any Lot, as shown on the Plat, to more efficiently or economically install utilities or other improvements. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, television, cable, internet service, and security. To exercise this right as to land that is not a Common Area or not owned by Declarant, Declarant must have the prior written consent of the Owner.

**B.3.11 Assessments.** For the duration of the Development Period, any Lot owned by Declarant is not subject to mandatory assessment by the Association until the date Declarant transfers title to an Owner other than Declarant. If Declarant owns a Lot on the expiration or termination of the Development Period, from that day forward Declarant is liable for Assessments on each Lot owned by Declarant in the same manner as any Owner.

**B.3.12. Land Transfers.** During the Development Period, any transfer of an interest in the Property to or from Declarant is not subject to any transfer-related provision in the Documents, including without limitation on an obligation for transfer or Resale Certificate fees, and the transfer-related provisions of Article 8 of this Declaration. The application of this provision includes without limitation Declarant's Lot take-downs, Declarant's sale of Lots to Builders, and Declarant's sale of Lots to homebuyers.

**B.4. COMMON AREAS.** Declarant will convey title to the Common Areas, including any and all facilities, structures, improvements and systems of the Common Areas owned by Declarant, to the Association by one or more deeds — with or without warranty. Any initial Common Area improvements will be installed, constructed, or authorized by Declarant, the cost of which is not a Common Expense of the Association. At the time of conveyance to the Association, the Common Areas will be free to encumbrance except for the property taxes accruing for the year of conveyance the terms of this Declaration and the Master Declaration and matters reflected on the Plat. Declarant's conveyance of title is a ministerial task that does not require and is not subject to acceptance by the Association or the Owners. The transfer of control of the Association at the end of the Declarant Control Period is not a transfer of Common Areas requiring inspection, evaluation, acceptance, or approval of Common Area improvements by the Owners.

**B.5. WORKING CAPITAL FUND.** Declarant may (but is not required to) establish a working capital fund for the Association by requiring purchasers of Lots to make a one-time contribution to this fund, subject to the following conditions:

a. The amount of the contribution to this fund will be \$350.00 and will be collected on the closing of the sale of the Lot to any Owner other than Declarant, a Successor Declarant, Declarant-affiliate or a Builder.

b. Subject to the foregoing Builder provision, a Lot's contribution should be collected from the Owner at closing upon sale of Lot from Builder to Owner; Declarant

acknowledges that this condition may create an inequity among the Owners, but deems it a necessary response to the diversification of marketing and closing Lot sales.

d. Contributions to the fund are not advance payments of Regular Assessments or Special Assessments and are not refundable to the contributor by the Association or by Declarant. This may not be construed to prevent a selling Owner from negotiating reimbursement of the contribution from a purchaser.

c. Declarant will transfer the balance of the working capital fund to the Association on or before termination of the Declarant Control Period. Declarant may not use the fund to defray Declarant's personal expenses or construction costs however, Declarant may, if necessary, utilize funds for the Association's operating needs in the event of a deficit in the Association's operating budget. **The Declarant is not responsible for the funding of a Reserve or Working Capital Contribution.**

**B.6. SUCCESSOR DECLARANT.** Declarant may designate one or more Successor Declarants' (herein so called) for specified designated purposes and/or for specified portions of the Property, or for all purposes and all of the Property. To be effective, the designation must be in writing, signed and acknowledged by Declarant and Successor Declarant, and recorded in the Real Property Records of Collin County, Texas. Declarant (or Successor Declarant) may subject the designation of Successor Declarant to limitations and reservations. Unless the designation of Successor Declarant provides otherwise, a Successor Declarant has the rights of Declarant under this Section and may designate further Successor Declarants.

**B.7. Declarant's Right to Annex Adjacent Property.** Declarant hereby reserves for itself and its affiliates and/or any of their respective successors and assigns the right to annex any real property in the vicinity of the Property and subject to the Master Declaration (the "Property Subject to Annexation") into the scheme of this Declaration as provided in this Declaration. Notwithstanding anything herein or otherwise to the contrary, Declarant and/or such affiliates, successors and/or assigns, subject to annexation of same into the real property subject to the Master Declaration, shall have the exclusive unilateral right, privilege and option (but never an obligation), from time to time, for as long as Declarant owns any portion of the Property or Property Subject to Annexation, to annex (a) all or any portion of the Property Subject to Annexation owned by Declarant, and (b) subject to the provisions of this Declaration and the jurisdiction of the Association, any additional property located adjacent to or in the immediate vicinity of the Property (collectively, the "Annexed Land"), by filing in the Official Public Records of Collin County, Texas, a Supplemental Declaration expressly annexing any such Annexed Land. Such Supplemental Declaration shall not require the vote of the Owners, the Members of the Association, or approval by the Board or other action of the Association or any other Person, subject to the prior annexation of such Annexed Land into the real property subject to the Master Declaration. Any such annexation shall be effective upon the filing of such Supplemental Declaration in the Official Public Records of Collin County, Texas (with consent of Owner(s) of the Annexed Land, if not Declarant). Declarant shall also have the unilateral right to transfer to any successor Declarant, Declarant's right, privilege and option to annex Annexed Land, provided that such successor Declarant shall be the developer of at least a portion of the Annexed Land and shall be expressly designated by Declarant in writing to be the successor or assignee to all or any part of Declarant's rights hereunder.

Appendix "B"

**B.7.1. Procedure for Annexation.** Any such annexation shall be accomplished by the execution by Declarant, and the filing for record by Declarant (or the other Owner of the property being added or annexed, to the extent such other Owner has received a written assignment from Declarant of the right to annex hereunder) of a Supplemental Declaration which must set out and provide for the following:

- (i) A legally sufficient description of the Annexed Land being added or annexed, which Annexed Land must as a condition precedent to such annexation be included in the real property subject to the Master Declaration;
- (ii) That the Annexed Land is being annexed in accordance with and subject to the provisions of this Declaration, and that the Annexed Land being annexed shall be developed, held, used, sold and conveyed in accordance with, and subject to, the provisions of this Declaration as theretofore and thereafter amended; provided, however, that *if* any Lots or portions thereof being so annexed are to be treated differently than any of the other Lots (whether such difference is applicable to other Lots included therein or to the Lots now subject to this Declaration), the Supplemental Declaration should specify the details of such differential treatment and a general statement of the rationale and reasons for the difference in treatment, and if applicable, any other special or unique covenants, conditions, restrictions, easements or other requirements as may be applicable to all or any of the Lots or other portions of Annexed Land being annexed;
- (iii) That all of the provisions of this Declaration, as amended, shall apply to the Annexed Land being added or annexed with the same force and effect as if said Annexed Land were originally included in this Declaration as part of the Initial Property, with the total number of Lots increased accordingly;
- (iv) That an Assessment Lien is therein created and reserved in favor of the Association to secure collection of the Assessments as provided in this Declaration, and as provided for, authorized or contemplated in the Supplemental Declaration, and setting forth the first year Maintenance Assessments and the amount of any other then applicable Assessments (if any) for the Lots within the Annexed Land being made subject to this Declaration; and
- (v) Such other provisions as the Declarant therein shall deem appropriate.

**B.7.2. Amendment.** The provisions of this B.7. or its sub-sections may not be amended without the express written consent of Declarant (and Declarant's successors and assigns in accordance with the terms hereof).

**B.7.3. No Duty to Annex.** Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any Member to annex any property to this Declaration and no Owner of the property excluded from this Declaration shall have any right to have such property annexed thereto.

**B.7.4. Effect of Annexation on Class B Membership.** In determining the number of Lots owned by the Declarant for the purpose of Class B Membership status the total number of Lots covered by this Declaration and located in such Declarant's portion of the Property, including all Lots acquired by the Declarant and annexed thereto, shall be considered. If Class B Membership has previously lapsed but annexation of additional property restores the ratio of Lots owned by the Declarant to the number required by Class B Membership, such Class B Membership shall be reinstated until it expires pursuant to the terms of the Declaration.

*[End of Appendix B]*



Exhibit "C"

**TO  
DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS FOR  
PROSPER FALLS**

Design Guidelines

**PART ONE: LANDSCAPING, FENCES AND EXTERIOR ELEMENTS**

**SECTION 1.1 LANDSCAPING:**

Upon completion of each residence, each residence must comply with the landscaping requirements of any applicable Town of Prosper ordinances and Association Rules. Notwithstanding compliance with the foregoing, the following landscape elements shall be installed prior to occupancy of the residence:

- 1.1.1 Sod: Each residence shall have full sod installed for the entire front and rear yard and a minimum of ten (10) feet back from the front wall face for each side yard, or to the side yard fence, whichever is greater.
- 1.1.2 Trees: A.) Minimum 11 caliper inches total. For 9,000-19,999 sq. ft. lots a minimum of two (2) four inch (4") caliper trees shall be located in the front yard measured at a point six inches (6") above ground level and 10 to 12 feet in height at the time of planting shall be placed in the front yard of each lot. Corner lot shall plant one additional tree in the side yard.  
B.) Minimum 14 caliper inches total. For 20,000 + sq. ft. lots a minimum of two (2) four inch (4") caliper trees shall be located in the front yard measured at a point six inches (6") above ground level and 10 to 12 feet in height at the time of planting shall be placed in the front yard of each lot. Corner lot shall plant one additional tree in the side yard. Each homeowner shall be responsible for maintenance and preservation of trees located on their property and shall promptly replace dead trees within thirty (30) days of loss occurrence when favorable planting weather exists or sixty (60) days unless otherwise noticed by the ACC or compliance division. *The Town may have a tree ordinance or tree preservation ordinance in place. Owner should check with the Town before removing or replacing a tree.*
- 1.1.3 Shrubbery and Planting Beds: Each Residence shall have a minimum of fourteen (14) five (5) gallon shrubs and two (2) ten (10) gallon shrubs. A mulched planting bed with edging to separate the sod and bed mulch areas are preferred but, is not required. The homeowner shall be responsible for the maintenance a preservation of the shrubs and planting bed, and shall promptly replace dead shrubbery within thirty (30) days of loss occurrence when favorable planting weather exists or sixty (60) days unless otherwise noticed by the ACC or compliance division.

**SECTION 1.2 FENCES:** Fence height for wood fences shall be a minimum of six feet (6') and maximum of eight feet (8'). Heights greater than six feet shall require the prior written permission of the ACC. Fences may not be located closer than ten feet (10') to the front elevation of a main building / residence. All wood fencing shall consist of cedar, board on board with a top rail, and comply with the Town of Prosper's fencing standards as they exist or may be amended. Should these Design Guidelines have a higher standard than the fencing standards of the Town of Prosper, the higher standard shall prevail.

- 1.2.1 Major thoroughfares and Corner Lots: Portions of a fence that face a major thoroughfare or street including corner lots will be considered major thoroughfare fencing and shall be cedar or better, board-on-board, with a cap, and stained with a Seal Rite Medium Brown, and galvanized steel posts. The smooth side of the fence must always be facing outward. See Exhibit Attachment 1.2.1.1 for more information. Fencing must be kept in good repair at all times. Broken or missing pickets or panels must be promptly repaired or replaced. All leaning or fallen panels must be up righted, repaired or replaced. Fencing must be routinely stained and kept aesthetically pleasing at all times. All fencing shall be stained and preserved as follows:

Manufacturer: Seal Rite Medium Brown  
(any other stain color must be approved in advance, in writing, by the ACC prior to use)

- 1.2.2 Standard Side and Rear Yard Fences: Interior Lots - All wooden fencing must be six foot (6') cedar, board-to-board with top rail and galvanized steel posts, stained with Seal Rite Medium Brown. Fencing must be kept in good repair at all times. Broken or missing pickets or panels must be promptly repaired or replaced. All leaning or fallen panels must be up righted, repaired or replaced. Fencing must be routinely stained and kept aesthetically pleasing at all times.

*Per the Town of Prosper Zoning Ordinance, ornamental metal fencing shall be required on ALL lots adjacent to Highland Meadows and Whispering Meadows. Additionally, all Lots adjacent to open space shall consist of ornamental metal (wrought iron or decorative tubular steel). See Exhibit Attachment 1.2.3.2.*

**SECTION 1.3 MAIL BOXES:**

- 1.3.1 Standard Mail Boxes: All Lots shall utilize cluster mailboxes in accordance with the terms of the Declaration. Attached as Exhibit 1.3.1 is a sample of a product that may be utilized notwithstanding, the exhibit is for sample purposes only. Final product used as well as location of the pad and cluster mailboxes must receive the prior written approval of the Declarant, Architectural Control Committee, and United States Postal Service prior to installation.

- 1.3.2 Mail Box Location: Cluster mailboxes utilized by the Lots shall be located as and where required by the United States Postal Service or as otherwise approved by the Declarant and Architectural Control Committee.

#### **SECTION 1.4 FLAGS AND FLAGPOLES**

- 1.4.1 The only flags which may be displayed are: (i) the flag of the United States of America; (ii) the flag of the State of Texas; and (iii) an official or replica flag of any branch of the United States armed forces and School Spirit flags. No other types of flags, pennants, banners, kits or similar types of displays are permitted on a Lot if the display is visible from a street or Common Properties.
- 1.4.2 The flag of the United States must be displayed in accordance with 4 U.S.C. Sections 5-10.
- 1.4.3 The flag of the State of Texas must be displayed in accordance with Chapter 3100 of the Texas Government Code.
- 1.4.4 Any freestanding flagpole, or flagpole attached to a residence, shall be constructed of permanent, long-lasting materials. The materials used for the flagpole shall be harmonious with the residence, and must have a silver finish with a gold or silver ball at the top. The flagpole must not exceed three (3) inches in diameter.
- 1.4.5 The display of a flag, or the location and construction of the supporting flagpole, shall comply with applicable zoning ordinances, easements, and setbacks of record.
- 1.4.6 A displayed flag, and the flagpole on which it is flown, shall be maintained in good condition at all times. Any flag that is deteriorated must be replaced or removed. Any flagpole that is structurally unsafe or deteriorated shall be repaired, replaced, or removed.
- 1.4.7 Only one flagpole will be allowed per Lot. A flagpole can either be securely attached to the face of the residence (no other structure) or be a freestanding flagpole. A flagpole attached to the residence may not exceed 4 feet in length. A freestanding flagpole may not exceed 20 feet in height. Any freestanding flagpole must be located in either the front yard or backyard of a Lot, and there must be a distance of at least 5 feet between the flagpole and the property line.
- 1.4.8 Any flag flown or displayed on a freestanding flagpole may be no smaller than 3'x5' and no larger than 4'x6'.
- 1.4.9 Any flag flown or displayed on a flagpole attached to the residence may be no larger than 3'x5'.

- 1.4.10 Any freestanding flagpole must be equipped to minimize halyard noise. The preferred method is through the use of an internal halyard system. Alternatively, swivel snap hooks must be covered or "Quiet Halyard" Flag snaps installed. Neighbor complaints of noisy halyards are a basis to have flagpole removed until Owner resolves the noise complaint.
- 1.4.11 The illumination of a flag is allowed so long as it does not create a disturbance to other residents in the community. Solar powered, pole mounted light fixtures are preferred as opposed to ground mounted light fixtures. Compliance with all municipal requirements for electrical ground mounted installations must be certified by Owner. Flag illumination may not shine into another residence. Neighbor complaints regarding flag illumination are a basis to prohibit further illumination until Owner resolves complaint.
- 1.4.12 Flagpoles shall not be installed in Common Properties or any property maintained by the Association.
- 1.4.13 All freestanding flagpole installations must receive prior written approval of ACC.

#### **SECTION 1.5 RAIN BARRELS OR RAINWATER HARVESTING SYTEMS**

- 1.5.1 Rain barrels or rain water harvesting systems and related system components (collectively, "Rain Barrels") may only be installed after receiving the written approval of the Reviewer.
- 1.5.2 Rain Barrels may not be installed upon or within Common Properties.
- 1.5.3 Under no circumstances shall Rain Barrels be installed or located in or on any area within a Lot that is in-between the front of the property owner's home and an adjoining or adjacent street.
- 1.5.4 The rain barrel must be of color that is consistent with the color scheme of the property owner's home and may not contain or display any language or other content that is not typically displayed on such Rain Barrels as manufactured.
- 1.5.5 Rain Barrels may be located in the side-yard or back-yard of an owner's Residential Parcel so long as these may not be seen from a street, another Lot or any Common Properties.
- 1.5.6 In the event the installation of Rain Barrels in the side-yard or back-yard of an owner's property in compliance with paragraph 1.5.5 above is impossible, the Reviewing Body may impose limitations or further requirements regarding the size, number and screening of Rain Barrels with the objective of screening the Rain Barrels from public view to the greatest extent possible. The owner must have sufficient area on their Lot to accommodate the Rain Barrels.
- 1.5.7 Rain Barrels must be properly maintained at all times or removed by the owner.

- 1.5.8 Rain Barrels must be enclosed or covered.
- 1.5.9 Rain Barrels which are not properly maintained become unsightly or could serve as a breeding pool for mosquitoes must be removed by the owner from the Lot.

## **SECTION 1.6 RELIGIOUS DISPLAYS**

- 1.6.1 An owner may display or affix on the entry to the owner's or occupant's residence one or more religious items, the display of which is motivated by the owner's or resident's sincere religious belief.
- 1.6.2 If displaying or affixing of a religious item on the entry to the owner's or occupant's residence violates any of the following covenants, The Association may remove the item displayed:
- (1) threatens the public health or safety;
  - (2) violates a law;
  - (3) contains language, graphics, or any display that is patently offensive to a passerby;
  - (4) is in a location other than the entry door or door frame or extends past the outer edge of the door frame of the owner's or occupant's residence; or
  - (5) individually or in combination with each other religious item displayed or affixed on the entry door or door frame has a total size of greater than 25 square inches
- 1.6.3 No owner or resident is authorized to use a material or color for an entry door or door frame of the owner's or occupant's residence or make an alteration to the entry door or door frame that is not authorized by the Association, Declaration or otherwise expressly approved by the Architectural Control Committee.

## **PART TWO: RESIDENCES**

### **SECTION 2.1 ROOFS**

- 2.1.1 Roof Pitch: Roof Pitch for homes shall have a minimum of 8-in-12 slopes. Roof Pitch for porches and patios or certain types of roofs may have a lesser pitch but, shall be subject to prior written approval of the Declarant or ACC.
- 2.1.2 Roofing Materials: Roofing materials shall be asphalt shingles with a minimum 30-year rated shingle having a minimum weight of 220 pounds per square (100 square feet) and have a weatherwood or gray color. Other roofing materials or colors shall not be used without written approval from the Architectural Control Committee.

- 2.1.3 Dormers & Above Roof Chimneys: Dormers and Chimney Chases, above roof structure and roofing materials, may be finished with an approved exterior grade siding material. All Fireplace flues shall be enclosed and finished; exposed pre-fabricated metal flue piping is prohibited.
- 2.1.4 Roof Pitch for primary room shall conform to the Sections 2.1.1, 2.1.2 and 2.1.3 above. Exemptions allowing lower pitch pans in areas around windows, covered porches and patios are allowed and will be reviewed for approval by the ACC on a case by case basis.

## **SECTION 2.2 CERTAIN ROOFING MATERIALS**

- 2.2.1 Roofing shingles covered by this Section are exclusively those designed primarily to: (i) be wind and hail resistant; (ii) provide heating and cooling efficiencies greater than those provided by customary composite shingles; or (iii) provide solar generation capabilities (collectively, "Roofing Shingles").
- 2.2.2 Roofing Shingles allowed under this Section 2.2 shall:
- (1) resemble the shingles used or otherwise authorized for use in the Subdivision and/or Property;
  - (2) be more durable than and are of equal or superior quality to the shingles used or otherwise authorized for use in the Subdivision and/or Property.
  - (3) match the aesthetics of the property surrounding the property of the owner requesting permission to install the Roofing Shingles.
- 2.2.3 The owner requesting permission to install the Roofing Shingles will be solely responsible for accrediting, certifying and demonstrating to the Reviewer that the proposed installation is in full compliance with paragraphs a and b above.
- 2.2.4 Roofing Shingles shall be installed after receiving the written approval of the Reviewer.
- 2.2.5 Owners are hereby placed on notice that the installation of Roofing Materials may void or adversely other warranties.

## **SECTION 2.3 SOLAR PANELS**

- 2.3.1 Solar energy devices, including any related equipment or system components (collectively, "Solar Panels") may only be installed after receiving the written approval of the Architectural Control Committee.
- 2.3.2 Solar Panels may not be installed upon or within Common Properties or any area which is maintained by the Association.
- 2.3.3 Solar Panels may only be installed on designated locations on the roof of a home, on any structure allowed under any Association dedicatory instrument, or within



any fenced rear-yard or fenced-in patio of the owner's property, but only as allowed by the Reviewer. Solar Panels may not be installed on the front elevation of the home.

2.3.4 If located on the roof of a home, Solar Panels shall:

- (1) not extend higher than or beyond the roofline;
- (2) conform to the slope of the roof;
- (3) have a top edge that is parallel to the roofline; and
- (4) have a frame, support bracket, or wiring that is black or painted to match the color of the roof tiles or shingles of the roof. Piping must be painted to match the surface to which it is attached, i.e. the soffit and wall. Panels must blend with the color of the roof to the greatest extent possible.

2.3.5 If located in the fenced rear-yard or patio, Solar Panels shall not be taller than the fence line or visible from a Lot, Common Properties or street.

2.3.6 The Reviewer may deny a request for the installation of Solar Panels if it determines that the placement of the Solar Panels, as proposed by the property owner, will create an interference with the use and enjoyment of land of neighboring owners.

2.3.7 Owners are hereby placed on notice that the installation of Solar Panels may void or adversely affect roof warranties. Any installation of Solar Panels which voids material warranties is not permitted and will be cause for the Solar Panels to be removed by the owner.

2.3.8 Solar Panels must be properly maintained at all times or removed by the owner.

2.3.9 Solar Panels which become non-functioning or inoperable must be removed by the owner of the property.

## **SECTION 2.4 EXTERIOR WALLS**

2.4.1 Exterior Wall Materials: Exterior walls shall be a minimum of seventy-five percent (75%) brick and exterior-grade siding materials which may be cementitious siding or hardy board. All other materials must have the prior written permission of the Architectural Reviewer.

2.4.1.1 Front Walls: All front wall surfaces shall be full one hundred percent (100%) masonry, except siding may be used for hidden or concealed wall surfaces not directly visible from the lot front property line. Siding can be used in very limited quantities for upper gable areas that would create a "brick-on-wood" condition; this provision is for special conditions only and

is not intended to reduce the essential 100% masonry requirement for the front wall areas. Approval of the use of this provision is at the sole discretion of the Reviewer and ordinances of the Town of Prosper.

2.4.1.2 Side and Rear Walls: Side and rear wall surfaces of the first floor must be constructed using one hundred percent (100%) masonry; second floor side and rear wall surfaces can use cementitious fiber board siding to meet the overall requirements.

2.4.1.3 Chimneys: Chimney wall structures that are a direct extension of an exterior wall shall match the requirement of said wall.

2.4.1.4 Required masonry percentages shall be calculated excluding exterior wall areas built on top of a roof.

## **SECTION 2.5 WINDOWS**

2.5.1 Windows shall be constructed of vinyl, divided light on all front windows, divided light on all windows backing siding collectors, parks or open spaces. Reflective glass is prohibited.

## **SECTION 2.6 GARAGE**

2.6.1 The garage shall conform in design and materials with the main structure. A minimum of ten percent (10%) of the homes in Prosper Falls shall have swing in garages. As part of zoning ordinance PD-70 for Town of Prosper, garages shall provide an exterior lighting package see Section 2.4 of this Declaration. Carports are prohibited.

## **SECTION 2.7 ADDRESS BLOCKS AND EXTERIOR LIGHTING**

2.7.1 All address blocks shall be cast stone. All homes shall have an exterior lighting package to illuminate front entrances, landscaping, and trees located in the front yard and garages.

**SECTION 2.8 ELEVATION AND BRICK USAGE.** Per Town of Prosper, Plan elevations shall alternate at a minimum of every four (4) homes on the same side of a street and every three (3) homes on opposite sides of the street.

2.8.1 Repeat Brick Usage: All residence submittals shall calculate the percentage coverage for each material as follows:

2.8.2 Same Side of Street: Combination of brick color, mortar color, and sand color shall not be repeated for adjacent residences. Street and alley intersections may be an acceptable separation element.

- 2.8.3 **Opposite Side of Street:** There are no restrictions for the use of brick color, mortar color, and sand color for residences on opposing sides of the street.
- 2.8.4 **Exterior Material Area Calculations:** All residence plan submittals shall calculate the percentage coverage for each material as follows:
- 2.8.5 **Calculation Method:** Calculations for material coverage percentages shall include all exposed areas of the wall surface, excluding window and door openings.
- 2.8.6 **Calculation Format:** Calculations shall indicate the area coverage for front, side, and rear wall areas. Calculations shall be submitted in the following format:

**Brick Calculations**

<b><i>Overall</i></b>	
Total Wall Area	0 sf
Total Brick Area	0 sf
Total Brick Percentage	0%
<b><i>Front</i></b>	
Total Wall Area	0 sf
Total Brick Area	0 sf
Total Brick Percentage	0%
<b><i>Left</i></b>	
Total Wall Area	0 sf
Total Brick Area	0 sf
Total Brick Percentage	0%
<b><i>Right</i></b>	
Total Wall Area	0 sf
Total Brick Area	0 sf
Total Brick Percentage	0%
<b><i>Rear</i></b>	
Total Wall Area	0 sf
Total Brick Area	0 sf
Total Brick Percentage	0%

**\*\* Openings removed from areas in all calculations**

Exhibits to Design Guidelines:

Exhibit Attachment 1.2.1.1

Exhibit Attachment 1.2.2.1

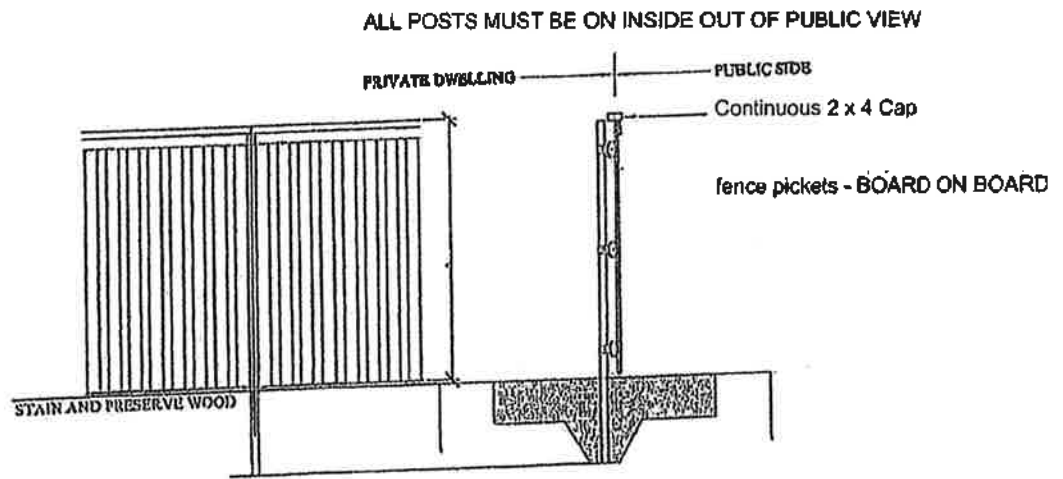
Exhibit Attachment 1.2.3.2

Exhibit Attachment 1.3.1

**Exhibit Attachment 1.2.1.1**

**Major Thoroughfare and Corner Lot Fence Details**

# EXHIBIT ATTACHMENT 1.2.1.1



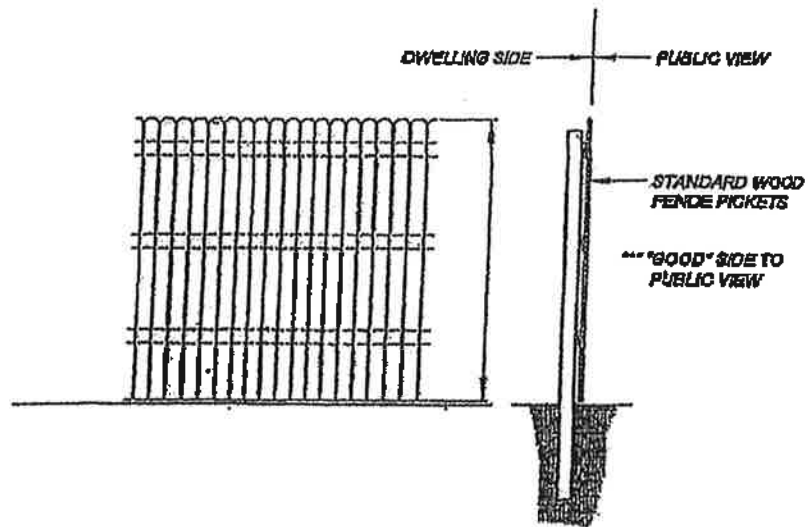
**Attachment 1.2.1.1  
Major Thoroughfare and Corner Lot  
Fence Details**

**Exhibit Attachment 1.2.2.1**

**Standard Lot Side & Rear Fence Details**



## EXHIBIT ATTACHMENT 1.2.2.1



Transitions between intersecting fences of differing heights shall comply with the restrictions set forth in Section 1.2.2 of the Design Guidelines. Fencing for interior lots may be board to board.

### ATTACHMENT: 1.2.2.1 STANDARD LOT SIDE & REAR FENCE DETAILS

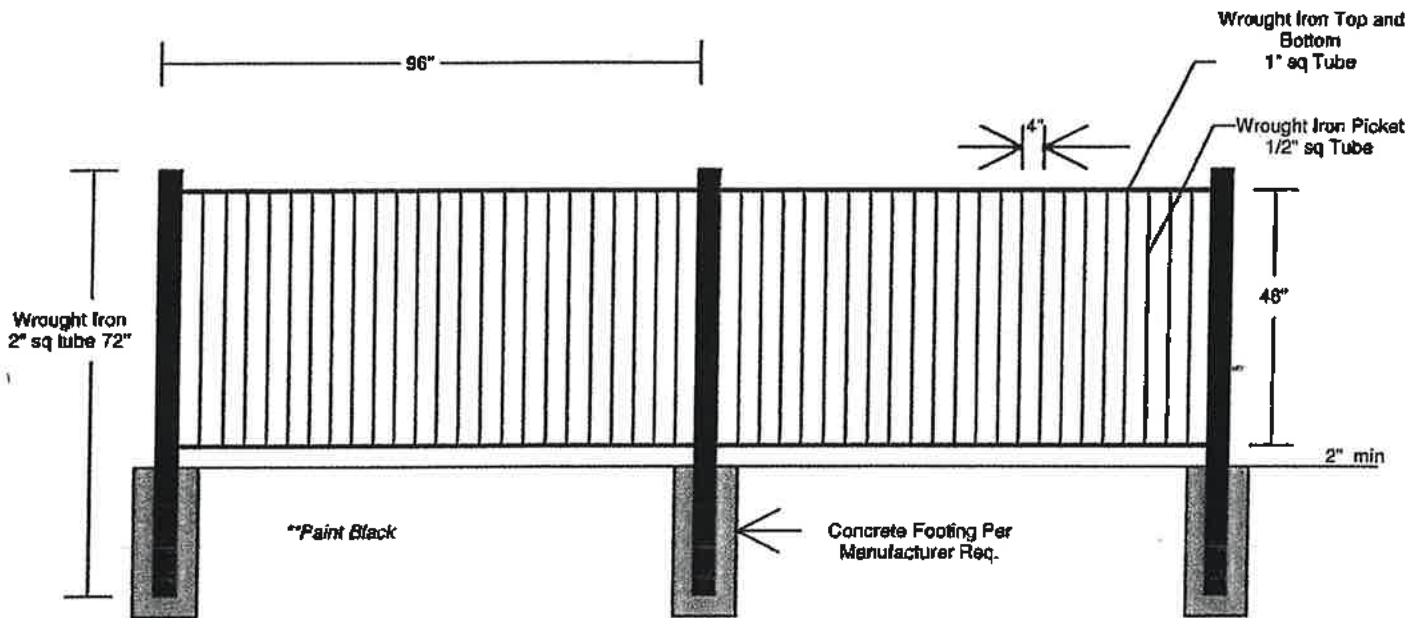
**Exhibit Attachment 1.2.3.2**

**Greenbelt Areas, Open Spaces, and Parks  
Side and Rear Yard Fencing Requirements**

EXHIBIT ATTACHMENT 1.2.3.2

**Greenbelt Areas, Open Spaces, and Parks  
Side and Rear Yard Fencing Requirements**

**Iron Fence Detail**



Attachment: 1.2.3.2

**Exhibit Attachment 1.3.1**

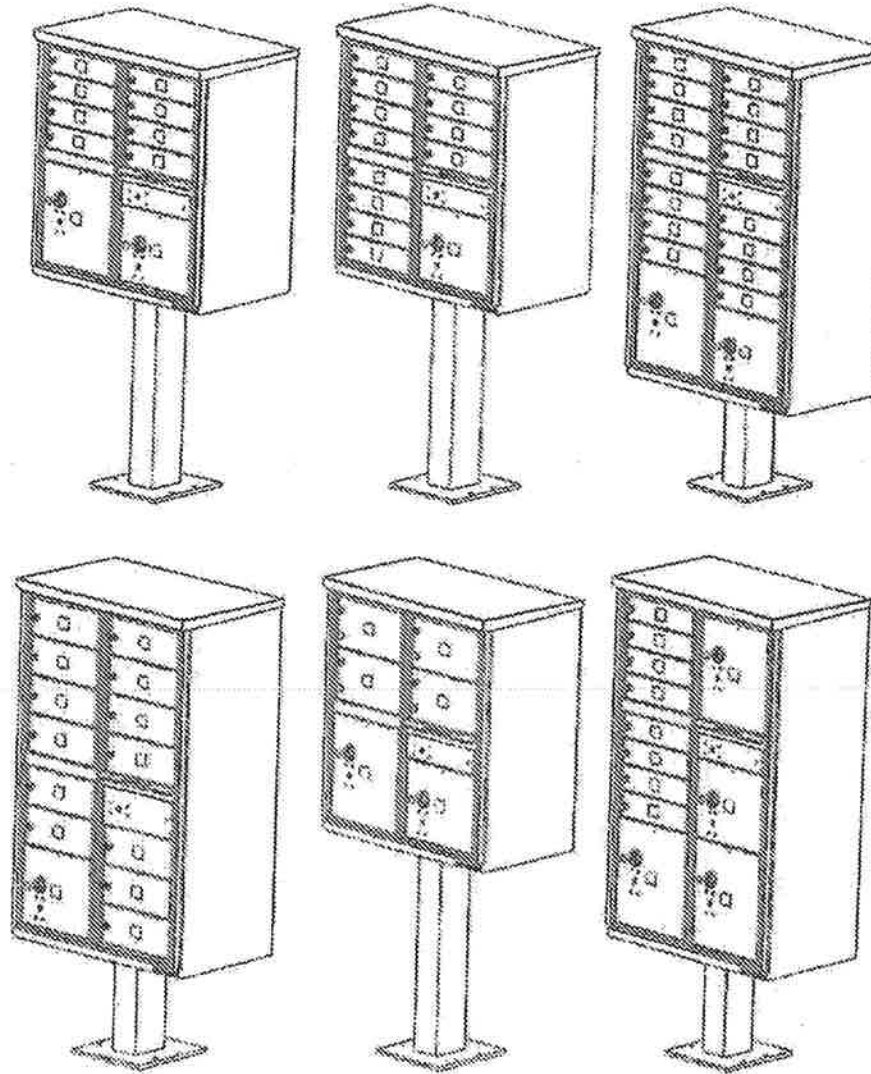
**Cluster Style Mail Box Details – Sample Purposes Only**

EXHIBIT ATTACHMENT 1.3.1

# INSTALLATION MANUAL

## vital™ cluster box units All Types - 1570 "F" Series

THIS EXHIBIT IS FOR SAMPLE PURPOSES ONLY. DECLARANT OR BUILDER MAY INSTALL THIS OR A SIMILAR PRODUCT HOWEVER, REGARDLESS OF THE PRODUCT USED, THE PRIOR WRITTEN APPROVAL OF THE DECLARANT, ACC, AND THE U.S. POST OFFICE SHALL BE REQUIRED. LOCATION OF THE PADS AND CLUSTER BOXES MUST ALSO HAVE THE PRIOR WRITTEN APPROVAL OF THE DECLARANT, ACC, AND U.S. POST OFFICE.



**AF FLORENCE**  
manufacturing company  
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www.florencemailboxes.com • 800.275.1747



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## GENERAL INFORMATION AND ADVISORIES



### ATTENTION!

#### CAUTION -- Transportation

- Lay boxes flat. Do not stand on end as box could fall over and cause injury.
- Cluster Box Units (CBU) are heavy. Use caution when lifting and carrying to avoid injury.

#### CAUTION -- Handling

- Use caution when lifting and carrying Cluster Box Units (CBU) to avoid injury.
- Pinch hazard exists when placing unit on foundation.
- Keep fingers and hands clear to avoid injury.

#### CAUTION -- Installation

- Cluster Box Units (CBU) are heavy. Do not stand CBU up without support to prevent tipping.
- Units may tip off unsecured anchors, possibly resulting in the CBU colliding with a person and causing serious injury.
- CBU is also front-heavy when master load doors are open. Unit should be anchored or held in place until secured to foundation. Installer should support unit or have assistance holding the unit in place before opening the master load doors. Failure to do so could result in serious injury.



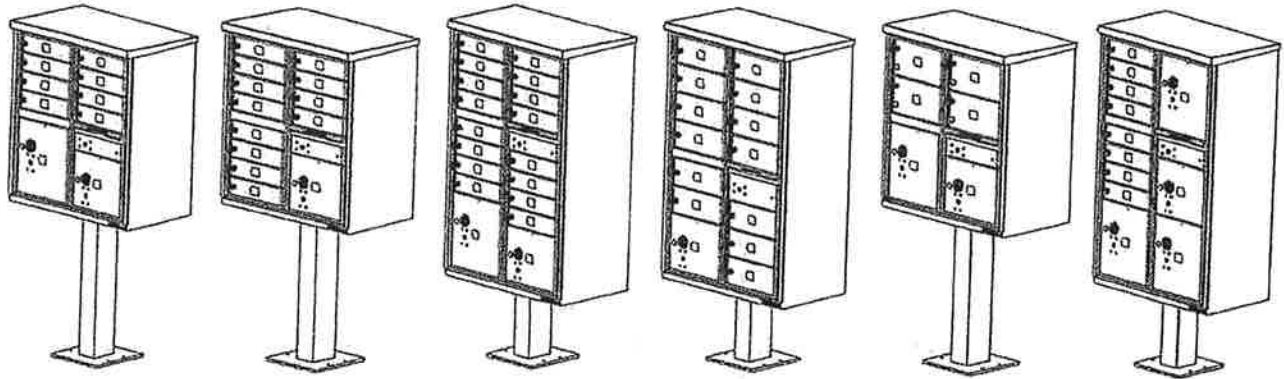
# CBU PRODUCT INFORMATION

## vital™ cluster box units - 1570 Series



Florence vital™ cluster box units are an officially licensed product of the US Postal Service for centralized mail delivery.

License # 1CDSEQ-08-B-0012



1570-8 (TYPE I)    1570-12 (TYPE II)    1570-16 (TYPE III)    1570-13 (TYPE IV)    1570-4T5 (TYPE V)    1570-8T6 (TYPE VI)

	TYPE I	TYPE II	TYPE III	TYPE IV	TYPE V	TYPE VI
INSTALLED HEIGHT	62"	62"	62"	62"	62"	62"
DEPTH	18"	18"	18"	18"	18"	16"
WIDTH	30 - 1/2"	30 - 1/2"	30 - 1/2"	30 - 1/2"	30 - 1/2"	30 - 1/2"
PEDESTAL HEIGHT	28 - 1/2"	28 - 1/2"	14 - 1/2"	14 - 1/2"	28 - 1/2"	14 - 1/2"
WEIGHT (WITHOUT PEDESTAL)*	107 LBS	111 LBS	147 LBS	137 LBS	112 LBS	148 LBS
WEIGHT (WITH PEDESTAL)*	125 LBS	129 LBS	162 LBS	152 LBS	130 LBS	163 LBS
QTY OF STANDARD COMPARTMENTS	8	12	16	13	4	8
STANDARD COMPARTMENT HEIGHT	3 - 1/4"	3 - 1/4"	3 - 1/4"	5"	6 - 1/2"	3 - 1/4"
QTY OF PARCEL COMPARTMENTS	2	1	2	1	2	4
PARCEL COMPARTMENT HEIGHT	10", 13"	10"	10", 13"	10"	10", 13"	10", 13"

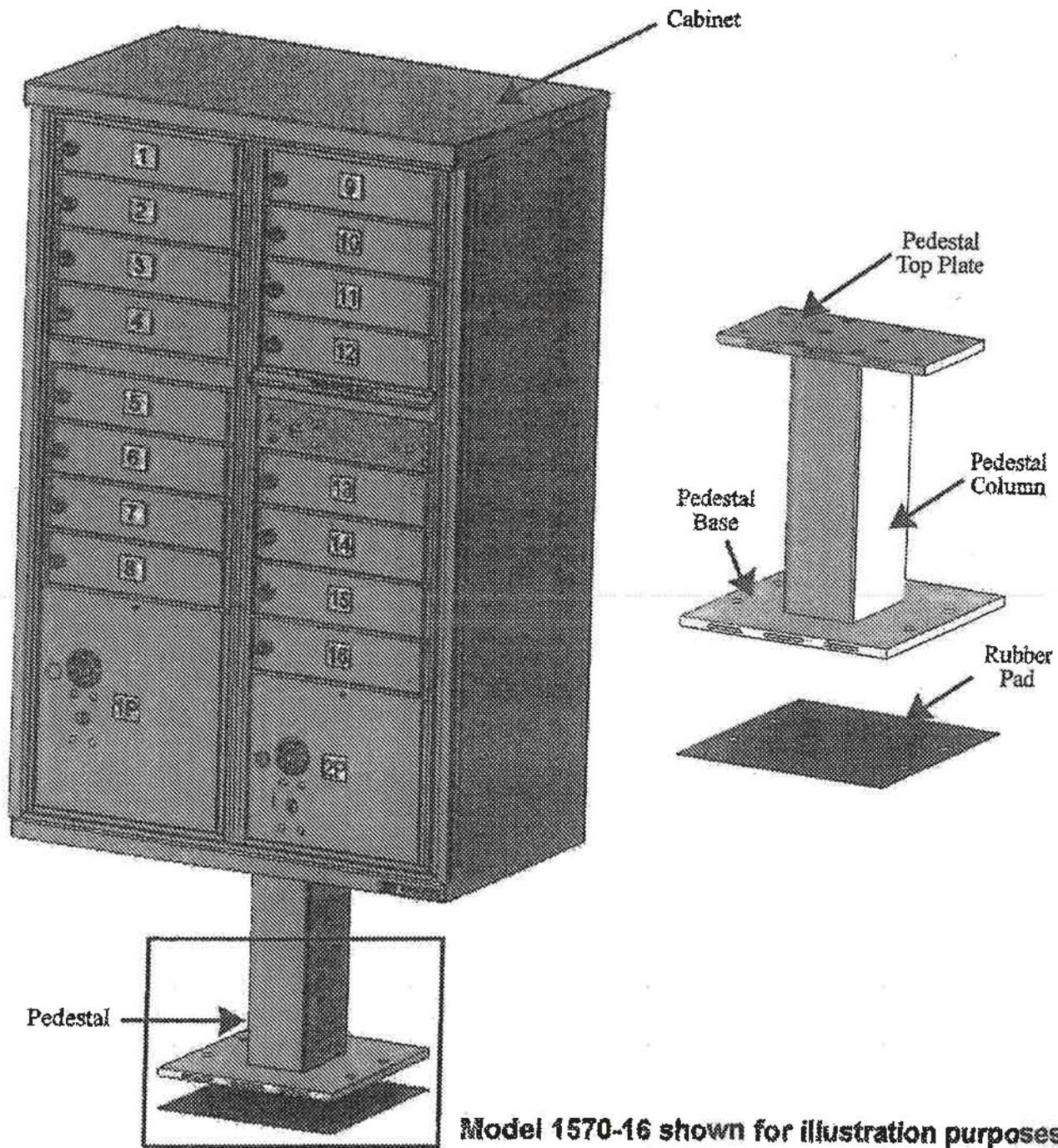
\* Weights do **NOT** include packaging - product only.

**Note:** For installation of Florence vogue™ decorative CBU accessories, please refer to manual located within the vogue™ product packaging.

# GET TO KNOW YOUR FLORENCE CBU

## vital™ cluster box unit - 1570 "F" Series

Before the assembly process begins, please review the illustration below. The major components that you will be working with, and that are referred to in this instruction manual, are identified so as you are installing your vital™ cluster box unit (CBU), you will be familiar with the terms that are used.



**Model 1570-16 shown for illustration purposes**



# HARDWARE AND COMPONENTS

## vital™ cluster box unit - 1570 "F" Series

The CBU cabinet and pedestal are packaged separately. Below is a list of components and hardware you will receive in each package.

- **Pedestal Package**
  - Template - guide to locate pedestal base anchors
  - Rubber Pad - installed between ground and pedestal base
  - Pedestal - fully assembled
  
- **Cabinet Package**
  - CBU mailboxes and parcel lockers in protective cabinet
  - Hardware kit in plastic bag (shipped inside unit compartment) that includes:
    - Pedestal hardware
    - Tenant keys
    - Parcel keys and tags
    - Installation manual
    - Cleaning instructions
    - Parcel door hardware (in plastic bag inside cabinet) - (2) McGard and (3) two-way screws; (4) Arrow Lock nuts; and panel lock covers attached with temporary plastic fasteners.

**NOTE:** Anchors are not included with this product. Anchoring system selection coincides with type of installation planned and should be purchased separately.

- Outdoor Installation – anchoring systems for concrete pads are discussed in the next section, "Concrete Foundation Preparation".

**Exhibit "D"**  
**TO**  
**DECLARATION OF COVENANTS,**  
**CONDITIONS AND RESTRICTIONS FOR**  
**PROSPER FALLS**

**BYLAWS**

**BYLAWS**

**PROSPER FALLS HOMEOWNERS ASSOCIATION, INC.**

**(a Texas non-profit Corporation)**

**PROSPER FALLS HOMEOWNERS ASSOCIATION, INC.**  
**(a Texas non-profit corporation)**

**BYLAWS**

**ARTICLE I**  
**INTRODUCTION**

The name of the corporation is Prosper Falls Homeowners Association, Inc., a Texas non-profit corporation, hereinafter referred to as the "Association". The principal office of the Association shall be located in Collin County, Texas, but meetings of Members and Directors may be held at such places within the State of Texas, as may be designated by the Board of Directors.

The Association is organized to be a nonprofit corporation.

Notwithstanding anything to the contrary in these Bylaws, a number of provisions are modified by the Declarant's reservations in that certain Declaration of Covenants, Conditions and Restrictions for Prosper Falls recorded in the Official Public Records of Collin County, Texas, including the number, qualification, appointment, removal, and replacement of Directors.

**ARTICLE II**  
**DEFINITIONS**

Unless the context otherwise specifies or requires, the following words and phrases when used in these Bylaws shall have the meanings hereinafter specified:

**Section 2.1. Assessment.** "Assessment" or "Assessments" shall mean assessment(s) levied by the Association under the terms and provisions of the Declaration.

**Section 2.2. Association.** "Association" shall mean and refer to Prosper Falls Homeowners Association, Inc., a Texas non profit corporation.

**Section 2.3. Association Property.** "Association Property" shall mean all real or personal property now or hereafter owned by the Association, including without limitation, all easement estates, licenses, leasehold estates and other interests of any kind in and to real or personal property which are now are hereafter owned or held by the Association.

**Section 2.4. Association Restrictions.** "Association Restrictions" shall mean the Declaration of Covenants, Conditions and Restrictions for Prosper Falls as the same may be amended from time to time, together with the Certificate, Bylaws, and Association Rules from time to time in effect.



**Section 2.5. Association Rules.** "Association Rules" shall mean the rules and regulations adopted by the Board pursuant to the Declaration, as the same may be amended from time to time.

**Section 2.6. Board.** "Board" shall mean the Board of Directors of the Association.

**Section 2.7. Bylaws.** "Bylaws" shall mean the Bylaws of the Association which may be adopted by the Board and as the same may be amended from time to time.

**Section 2.8. Certificate.** "Certificate" shall mean the Certificate of Formation of Prosper Falls Homeowners Association, Inc., a Texas non-profit corporation, filed in the office of the Secretary of State of the State of Texas, as the same may from time to time be amended.

**Section 2.9. Declarant.** "Declarant" shall mean PROSPER FALLS DEVELOPMENT, LLC, a Texas limited liability company, and its duly authorized representatives or their successors or assigns; provided that any assignment of the rights of Declarant must be expressly set forth in writing and the mere conveyance of a portion of the Property without written assignment of the rights of Declarant shall not be sufficient to constitute an assignment of the rights of Declarant hereunder.

**Section 2.10. Declaration.** "Declaration" shall mean the "Declaration of Covenants, Conditions and Restrictions for Prosper Falls", recorded in the Official Public Records of Collin County, Texas, as the same may be amended from time to time.

**Section 2.11. Development.** "Development" shall mean and refer to the property subject to the terms and provisions of the Declaration.

**Section 2.12. Manager.** "Manager" shall mean the person, firm, or corporation, if any, employed by the Association pursuant to the Declaration and delegated the duties, powers, or functions of the Association.

**Section 2.13. Member.** "Member" or "Members" shall mean any person(s), entity or entities holding membership privileges in the Association as provided in the Declaration.

**Section 2.14. Mortgage.** "Mortgage" or "Mortgages" shall mean any mortgage(s) or deed(s) of trust covering any portion of the Property given to secure the payment of a debt.

**Section 2.15. Mortgagee.** "Mortgagee" or "Mortgagees" shall mean the holder or holders of any lien or liens upon any portion of the Property.

**Section 2.16. Owner.** "Owner" or "Owners" shall mean the person(s), entity or entities, including Declarant, holding a fee simple interest in any Lot, but shall not include the Mortgagee of a Mortgage.

## ARTICLE III MEETING OF MEMBERS

**Section 3.1. Annual Meetings.** The first annual meeting of the Members shall be held on such date as selected by the Board of Directors which is on or before the earlier of (i) the date which is one hundred twenty (120) days after seventy-five percent (75%) of the Lots have been sold to non-Declarant Owners, or (ii) ten (10) years from the date on which the Declaration is recorded in the Official Public Records of Collin County, Texas, and each subsequent regular annual meeting of the Members shall be held on a day and month as may be determined by the Board of Directors. The Annual Meeting shall not be held on Sunday, or legal holiday.

**Section 3.2. Special Meetings.** Special meetings of the Members may be called at any time by the President or by a majority vote of the Board of Directors, or upon written request of the Members who are entitled to vote fifty-one percent (51%) or more of the votes of the Association.

**Section 3.3. Place of Meetings.** Meetings of the Association may be held at the Development or at a suitable place convenient to the Members, as determined by the Board.

**Section 3.4. Notice of Meetings.** At the direction of the Board, written notice of meetings of the Association will be given to the Members at least ten (10) days but not more than sixty (60) days prior to the meeting. Notices of meetings will state the date, time, and place the meeting is to be held. Notices will identify the type of meeting as annual or special, and will state the particular purpose of a special meeting. Notices may also set forth any other items of information deemed appropriate by the Board.

**Section 3.5. Voting Member List.** The Board will prepare and make available a list of the Association's voting Members in accordance with the Texas Business Organization Code.

**Section 3.6. Quorum.** The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, ten percent (10%) of the total votes of the membership without regard to class shall constitute a quorum for any action, except as otherwise provided in the Certificate, the Declaration, or these Bylaws. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) that of the initial meeting quorum. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. If the required quorum is not present or represented at the first reconvene meeting then a follow up meeting shall be held and the quorum shall be reduced to one-tenth (1/10<sup>th</sup>) of the initial required quorum amount notwithstanding, in no event shall the quorum be less than one-tenth (1/10<sup>th</sup>) of the votes of the Association. Members entitled to vote at the meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

**Section 3.7. Proxies.** Votes may be cast in person or by written proxy. To be valid, each proxy must: (i) be signed and dated by a Member or his attorney-in-fact; (ii) identify the Lot to which the vote is appurtenant; (iii) name the person or title (such as "presiding officer") in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (iv) identify the meeting for which the proxy is given; (v) not purport to be revocable without notice; and (vi) be delivered to the secretary, to the person presiding over the Association meeting for which the proxy is designated, or to a person or company designated by the Board. Unless the proxy specifies a shorter or longer time, it terminates eleven (11) months after the date of its execution. Perpetual or self-renewing proxies are permitted, provided they are revocable. To revoke a proxy, the granting Member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated. Unless revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled is valid when the meeting reconvenes. A proxy may be delivered by fax. However, a proxy received by fax may not be counted to make or break a tie-vote unless: (a) the proxy has been acknowledged or sworn to by the Member, before and certified by an officer authorized to take acknowledgments and oaths; or (b) the Association also receives the original proxy within five (5) days after the vote.

**Section 3.8. Conduct of Meetings.** The president, or any person designated by the Board, presides over meetings of the Association. The secretary keeps, or causes to be kept, the minutes of the meeting which should record all resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting. The person presiding over the meeting may appoint a parliamentarian. Votes should be tallied by tellers appointed by the person presiding over the meeting.

**Section 3.9. Order of Business.** Unless the notice of meeting states otherwise, or the assembly adopts a different agenda at the meeting, the order of business at meetings of the Association is as follows:

- Determine votes present by roll call or check-in procedure
- Announcement of quorum
- Proof of notice of meeting
- Approval of minutes of preceding meeting
- Reports of Officers (if any)
- Election of Directors (when required)
- Unfinished or old business
- New business

**Section 3.10. Adjournment of Meeting.** At any meeting of the Association, a majority of the Members present at that meeting, either in person or by proxy, may adjourn the meeting to another time and place.

**Section 3.11. Action without Meeting.** Subject to Board approval, any action which may be taken by a vote of the Members at a meeting of the Association may also be taken without a meeting by written consents. The Board may permit Members to vote by any method allowed by the Texas Business Organization Code, which may include hand delivery, United States Mail, facsimile, e-mail, or any combination of these. Written consents by Members representing at least a majority of votes in the Association, or such higher percentage as may be required by the Documents, constitutes approval by written consent. This Section may not be used to avoid the requirement of an annual meeting and does not apply to the election of Directors.

**Section 3.12. Telephone Meetings.** Members of the Association may participate in and hold meetings of the Association by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in the meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

#### **ARTICLE IV BOARD OF DIRECTORS**

**Section 4.1. Authority; Number of Directors.**

(a) The affairs of the Association shall be governed by a Board of Directors. The number of Directors shall be fixed by the Board of Directors from time to time. The initial Directors shall be three (3) in number and shall be those Directors named in the Certificate. The initial Directors shall serve until their successors are elected and qualified. Except as is provided in the Declaration and in Sections 4.1(b) and 4.1(c) below, Declarant shall have the absolute right to appoint and remove members of the Board of Directors.

(b) From and after the first annual meeting of Members and until the date (the "Transition Date") which is the earlier of (i) one hundred-twenty (120) days after seventy-five (75%) of the Lots have been sold to non-Declarant Owners, or (ii) ten (10) years from the date on which the Declaration is recorded in the Official Public Records of Collin County, Texas, the Board of Directors shall consist of three (3) persons appointed by Declarant who need not be Members of the Association. On and after the Transition Date, the Board of Directors shall include two (2) persons appointed by Declarant and one (1) person elected by a majority vote of Class A Members ("Non-Declarant Director") at such meeting at which quorum is present, which Non-Declarant Member shall serve for a period which is the shorter of one (1) year, or until the next annual meeting of the Members at which the Non-Declarant Member (or replacement thereof) shall be elected. The Non-Declarant Director shall be elected at the first annual meeting (or special meeting called for such purpose by the President of the Association) of Members held on or after the Transition Date. On and after the date on which the last Lot is sold to a non-Declarant Owner (the "Declarant Turnover Date"), the President of the Association will call a meeting of the Members of the Association where the Members



will elect one (1) Director for a three (3) year term, and two (2) Directors for a two (2) year term. The member obtaining the most votes will serve the three (3) year term and the remaining two (2) will serve a term of two (2) years. Upon expiration of the term of a Director elected by the Members pursuant to this Section 4.1(b), his or her successors shall serve the same term as the expiring member notwithstanding, no term after the initial Board elected after the Declarant Turnover Date shall serve a term of more than two (2) years. A Director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed. . The Board of Directors shall have the power and authority when it is deemed in the best interest of the Association to change or alter the terms of office or increase the number of Directors which shall be done by Board resolution notwithstanding, terms must remain staggered for the purpose of continuity and the maximum number of Directors shall be five (5).

(c) Each Director, other than Directors appointed by Declarant, shall be a Member and resident of the Association or in the case of corporate or partnership ownership of a Lot, a duly authorized agent or representative of the corporate or partnership Owner. The corporate, or partnership Owner shall be designated as the Director in all correspondence or other documentation setting forth the names of the Directors. Any discrepancy between this Section and the Covenants, Conditions, and Restrictions, the Covenants, Conditions, and Restrictions shall prevail.

**Section 4.2. Compensation.** The Directors shall serve without compensation for such service as is conducted in the service related to Board of Director notwithstanding, this section does not prohibit a Board of Director from providing services to or on behalf of the Association for which the Director may be compensated so long as those services are not related to his/her office as a Board of Director.

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

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

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

**Section 4.4. Removal of Directors for Cause.** If a Director breaches such Director's duties hereunder or violates the terms of the Declaration, the Certificate, the Association Rules or these Bylaws, such Director may be removed by Declarant unless Declarant no longer has the right to appoint and remove Directors in accordance with Section 4.1 of these Bylaws, and then by a majority vote of the remaining Directors after Declarant's right to appoint and remove Directors has expired. No Director shall have any voting rights nor may such Director participate in any meeting of the Board of Directors at any time that such Director has an open violation which has not been

resolved and abated. Any Director that misses three (3) consecutive meetings without a valid excuse shall be removed as a Director.

**Section 4.5. Vacancies on Board of Directors.** At such time as Declarant's right to appoint and remove Directors has expired or been terminated, if the office of any elected Director shall become vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors, at a special meeting duly called for this purpose, shall choose a successor who shall fill the unexpired term of the directorship being vacated. If there is a deadlock in the voting for a successor by the remaining Directors, the one Director with the longest continuous term on the Board shall select the successor. At the expiration of the term of his position on the Board of Directors, the successor Director shall be re-elected or his successor shall be elected in accordance with these Bylaws.

**Section 4.6. Removal of Directors by Members.** Subject to the right of Declarant to nominate and appoint Directors as set forth in Section 4.1 of these Bylaws, an elected Director may be removed, with or without cause, by a majority vote of the Members which may be presented by way of a petition from the Members or at any special meeting of the Members of which notice has been properly given as provided in these Bylaws; provided the same notice of this special meeting has also been given to the entire Board of Directors, including the individual Director whose removal is to be considered at such special meeting.

**Section 4.7. Consent in Writing.** Any action by the Board of Directors, including any action involving a vote on a fine, damage assessment, appeal from a denial or architectural control approval, or suspension of a right of a particular Member before the Member has an opportunity to attend a meeting of the Board of Directors to present the Member's position on the issue, may be taken without a meeting if all of the Directors shall unanimously consent in writing to the action. Such written consent shall be filed in the Minute Book. Any action taken by such written consent shall have the same force and effect as a unanimous vote of the Directors.

## ARTICLE V MEETINGS OF DIRECTORS

**Section 5.1. Regular Meetings.** Regular meetings of the Board shall be held annually or such other frequency as determined by the Board, without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

**Section 5.2. Special Meetings.** Special meetings of the Board shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

**Section 5.3. Quorum.** A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.



**Section 5.4. Telephone Meetings.** Members of the Board or any committee of the Association may participate in and hold meetings of the Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

**Section 5.6. Action without a Meeting.** Any action required or permitted to be taken by the Board at a meeting may be taken without a meeting, if all Directors individually or collectively consent in writing to such action. The written consent must be filed with the minutes of Board meetings. Action by written consent has the same force and effect as a unanimous vote.

## **ARTICLE VI POWERS AND DUTIES OF THE BOARD**

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

(a) adopt and publish the Association Rules, including regulations governing the use of the Association Property and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

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

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

(d) to enter into any contract or agreement including with a municipal agency or utility company to provide electric utility service to all or any portion of the Property. Contracts entered into by Declarant during the period of Declarant control may have more strict or varying clauses than other contracts. The Board of Directors shall be obligated to honor and carry out the terms of any contract entered into by the Declarant after the period of Declarant control ends;

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

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

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

(1) fix the amount of the Assessments against each Lot in advance of each annual assessment period and any other assessments provided by the Declaration; and

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

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

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

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

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

**Section 6.2. Duties.** It shall be the duty of the Board to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members who are entitled to cast fifty-one percent (51%) of all outstanding votes; and

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

## ARTICLE VII OFFICERS AND THEIR DUTIES

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

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

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

of Officers may be held in conjunction with a Board meeting or may be held in a Special Meeting called specifically for that purpose.

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

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

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

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

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

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

(b) **Vice President.** The Vice President or Vice Presidents (including, without limitation, Executive Vice Presidents and Senior Vice Presidents), if any, shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President or the Board. In the event the President were to resign or be unable or unwilling to perform his/her duties at any time, the Vice President shall perform all the duties of the President until such a time that the President is able to resume his/her duties or in the case of death or resignation, a new Director is appointed at which time the Board shall hold a Special Meeting to determine the Officers of the Board.

(c) **Secretary.** The Secretary shall record or caused to be recorded the votes and keep or cause to be kept the minutes of all meetings and proceedings of the Board and of the Members; serve notice or caused to be served notice of meetings of the Board and of the Members; keep or cause to be kept appropriate current records showing the Members of the Association together with their addresses; and shall perform, instruct, and oversee such other duties as required by the Board.

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

(e) Treasurer. The Treasurer shall be responsible to oversee the receipts and deposits in appropriate bank accounts all monies of the Association and shall oversee the disbursement such funds which may be done by the monthly review of the Association's financials so long as such is being performed by a Managing Agent or Accountant; if required, the Treasurer shall be the Officer to sign all checks and promissory notes of the Association; keep or cause to be kept proper books of account in appropriate form such that they could be audited by a public accountant whenever ordered by the Board or the membership; and shall prepare or caused to be prepared an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver or caused to be delivered a copy of each the Members. So long as an Association website is available for posting of such documents, the Association's website shall be used as the mode of delivery of budgets, financials, and other related documents of the Association.

With the exception of the Office of President, at any time an Officer resigns or leaves office or is unable to fulfill his/her duties, the Board shall ensure the duties of that Office are completed by one of more other Directors or Officers or shall appoint Special Officers according to Section 7.4 above in order to ensure the duties and responsibilities of the Board of Directors and its Officers are able to be carried out without interruption.

#### **ARTICLE VIII OTHER COMMITTEES OF THE BOARD OF DIRECTORS**

The Board may, by resolution adopted by affirmative vote of a majority of the number of Directors fixed by these Bylaws, designate two or more Directors (with such alternates, if any, as may be deemed desirable) to constitute another committee or committees for any purpose; provided, that any such other committee or committees shall have and may exercise only the power of recommending action to the Board of Directors and of carrying out and implementing any instructions or any policies, plans, programs and rules theretofore approved, authorized and adopted by the Board. Notwithstanding the foregoing or anything to the contrary contained herein, the Architectural Control Committee (as defined in the Declaration) shall be established by Declarant and comprised of members appointed by Declarant during the Declarant Period (as defined in the Declaration) in accordance with Section 8.1 of the Declaration, as amended from time to time.

#### **ARTICLE IX BOOKS AND RECORDS**

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Association

Restrictions shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

#### **ARTICLE X ASSESSMENTS**

As more fully provided in the Declaration, each Member is obligated to pay to the Association Assessments which are secured by a continuing lien upon the property against which the Assessments are made. Assessments shall be due and payable in accordance with the Declaration. A Member may not withhold assessments due to a grievance or disgruntlement against the Board of Directors or the Association.

#### **ARTICLE XI CORPORATE SEAL**

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

#### **ARTICLE XII DECLARANT PROVISIONS**

**Section 12.1. Conflict.** The provisions of this Article control over any provision to the contrary elsewhere in these Bylaws.

**Section 12.2. Board of Directors.** As provided in Section 4.1 of these Bylaws, Declarant is entitled to appoint and remove all members of the Board of Directors until the Transition Date and thereafter, two members of the Board of Directors until the Declarant no longer owns any portion of the Property (as defined in the Declaration). Until Declarant's right to appoint members of the Board of Directors terminates, the Directors appointed by Declarant need not be Owners or residents and may not be removed by the Owners. In addition, Declarant has the right to fill vacancies in any directorship vacated by a Declarant appointee.

#### **ARTICLE XIII AMENDMENTS**

**Section 13.1.** These Bylaws may be amended, (i) on or before the Declarant Turnover Date, by the Declarant without consent or joinder of the Board of Directors or Members and thereafter (ii) by the Board of Directors, upon majority vote of the Directors at a regular or special meeting of the Members, or (iii) by a vote of at least sixty-seven percent (67%) of the total number of votes of the Members of the Association present at a duly called meeting of the Members at which quorum is present.

**Section 13.2.** In the case of any conflict between the Certificate and these Bylaws, the Certificate shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.



**ARTICLE XIV  
INDEMNIFICATION OF DIRECTORS AND OFFICERS**

THE ASSOCIATION SHALL INDEMNIFY EVERY DIRECTOR AND OFFICER OF THE ASSOCIATION AGAINST, AND REIMBURSE AND ADVANCE TO EVERY DIRECTOR AND OFFICER FOR, ALL LIABILITIES, COSTS AND EXPENSES' INCURRED IN CONNECTION WITH SUCH DIRECTORSHIP OR OFFICE AND ANY ACTIONS TAKEN OR OMITTED IN SUCH CAPACITY TO THE GREATEST EXTENT PERMITTED UNDER THE TEXAS BUSINESS ORGANIZATION CODE AND ALL OTHER APPLICABLE LAWS AT THE TIME OF SUCH INDEMNIFICATION, REIMBURSEMENT OR ADVANCE PAYMENT; PROVIDED, HOWEVER, NO DIRECTOR OR OFFICER SHALL BE INDEMNIFIED FOR: (A) A BREACH OF DUTY OF LOYALTY TO THE ASSOCIATION OR ITS MEMBERS; (B) AN ACT OR OMISSION NOT IN GOOD FAITH OR THAT INVOLVES INTENTIONAL MISCONDUCT OR A KNOWING VIOLATION OF THE LAW; (C) A TRANSACTION FROM WHICH SUCH DIRECTOR OR OFFICER RECEIVED AN IMPROPER BENEFIT, WHETHER OR NOT THE BENEFIT RESULTED FROM AN ACTION TAKEN WITHIN THE SCOPE OF DIRECTORSHIP OR OFFICE; OR (D) AN ACT OR OMISSION FOR WHICH THE LIABILITY OF SUCH DIRECTOR OR OFFICER IS EXPRESSLY PROVIDED FOR BY STATUTE.

**ARTICLE XV  
MISCELLANEOUS**

The fiscal year of the Association shall begin on the first day of January and end on the 31<sup>st</sup> day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

I, the undersigned, being the Secretary of PROSPER FALLS HOMEOWNERS ASSOCIATION, INC. does hereby certify that the foregoing are the Bylaws of said non-profit corporation, as adopted by the Association's Board of Directors dated to be effective as of March 23, 2017.



Brock Babb, Secretary and Director



**EXHIBIT A**

**CONSENT OF DIRECTORS IN LIEU OF  
ORGANIZATIONAL MEETING OF  
PROSPER FALLS HOMEOWNERS ASSOCIATION, INC.**

**CONSENT OF DIRECTORS IN LIEU OF  
SPECIAL AND ORGANIZATIONAL MEETINGS OF  
PROSPER FALLS HOMEOWNERS ASSOCIATION, INC.**

The undersigned, being all of the members of the Board of Directors of Prosper Falls Homeowners Association, Inc., a Texas non-profit corporation whose Certificate for Formation was filed with the State of Texas on the 25<sup>th</sup> day of July, 2016, (hereinafter referred to as the "Association"), do hereby consent, pursuant the Texas Business Organization Code and the Bylaws of the Association to the adoption of the following actions by resolution:

**1. DIRECTORS**

**RESOLVED**, that each of the undersigned, being all of the directors of the Association, as named in its Certificate of Formation filed with the Secretary of State, does hereby acknowledge the appointment to such office and does hereby agree to serve as a director of the Association until the first annual meeting of the members and until said director's successor or successors have been duly elected and qualified or until his or her earlier death, resignation, retirement, disqualification or removal from office.

**2. BYLAWS**

**RESOLVED**, that the form of bylaws are approved and adopted as the Bylaws of the Association and hereby consent to the actions taken by this Resolution, and the Secretary of the Association is instructed to insert the original thereof in the minute book of the Association.

**3. OFFICERS**

**RESOLVED**, that each of the following-named persons were elected as officers of the Association for the office or offices set forth in the Certificate of Formation, and to hold any such office to which elected until the first annual meeting of the Board of Directors of the Association and until his or her successor should be chosen and qualified in his or her stead, or until his or her earlier death, resignation, retirement, disqualification or removal from office:

Mehrdad Moayedi	-	President
Dustin Warren	-	Vice President
Brock Babb	-	Secretary/Treasurer

#### **4. REGISTERED OFFICE; REGISTERED AGENT**

**RESOLVED**, that the registered office / registered agent of the Association be established and maintained at c/o Essex Association Management, LP, 1512 Carrollton Drive, Suite 112, Carrollton, Texas 75006, and that Ron Corcoran is hereby appointed as registered agent of the corporation in said office.

#### **5. BOOKS AND RECORDS**

**RESOLVED**, that the Secretary of the Association be and hereby is authorized and directed to procure all necessary books and records of the Association.

#### **6. ORGANIZATIONAL EXPENSES**

**RESOLVED**, that the President of the Association or other officer be and hereby is authorized and directed to pay all fees, expenses and costs incident to or necessary for the incorporation and organization of the Association and to reimburse any person who may have paid any of such fees, expenses and costs.

#### **7. CORPORATE SEAL**

**RESOLVED**, that a corporate seal is not adopted at this time and that no impression of a corporate seal is required on any Association document.


#### **8. DEPOSITORY RESOLUTIONS**

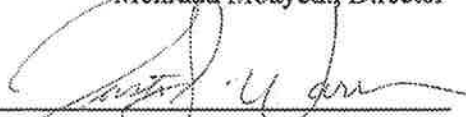
**RESOLVED**, that an account shall be established in the name of the Association with a financial institution to be determined by the Board (the "Bank"), under the rules and regulations as prescribed by said Bank wherein may be deposited any of the funds of this Association, whether represented by cash, checks, notes or other evidences of debt, and from which deposit withdrawals are hereby authorized in the name of the Association by any one of the following persons:


Ron Corcoran, Essex Association Management, L.P.  
Anna Corcoran, Essex Association Management, L.P.

**BE IT FURTHER RESOLVED**, that the Bank is hereby authorized to honor any and all withdrawal items against the Association's funds, although payable to the officer or agent signing or countersigning the same and whether presented for encashment or for credit to the personal account of such officer or agent or any other person, and said Bank need make no inquiry concerning such items and/or the disposition of the money, items, or credit given therefor.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of and effective date noted above.

  
\_\_\_\_\_  
Mehrdad Moayed, Director

  
\_\_\_\_\_  
Dustin Warren, Director

  
\_\_\_\_\_  
Brock Babb, Director

**EXHIBIT B**

**CERTIFICATE OF FORMATION**  
**PROSPER FALLS HOMEOWNERS ASSOCIATION, INC.**  
**(the "Association")**

Form 202

Secretary of State  
P.O. Box 13697  
Austin, TX 78711-3697  
FAX: 512/463-5709



**Certificate of Formation  
Nonprofit Corporation**

Filed in the Office of the  
Secretary of State of Texas  
Filing #: 802505850 07/25/2016  
Document #: 681489710005  
Image Generated Electronically  
for Web Filing

Filing Fee: \$25

**Article 1 - Corporate Name**

The filing entity formed is a nonprofit corporation. The name of the entity is :

**Prosper Falls Homeowners Association Inc.**

**Article 2 - Registered Agent and Registered Office**

A. The initial registered agent is an organization (cannot be corporation named above) by the name of:

OR

B. The initial registered agent is an individual resident of the state whose name is set forth below:

Name:

**Mehrdad Moayedi**

C. The business address of the registered agent and the registered office address is:

Street Address:

**1800 Valley View Lane, Suite 300 Farmers Branch TX 75234**

**Consent of Registered Agent**

A. A copy of the consent of registered agent is attached.

OR

B. The consent of the registered agent is maintained by the entity.

**Article 3 - Management**

A. Management of the affairs of the corporation is to be vested solely in the members of the corporation.

OR

B. Management of the affairs of the corporation is to be vested in its board of directors. The number of directors, which must be a minimum of three, that constitutes the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting or until their successors are elected and qualified are set forth below.

Director 1: **Mehrdad Moayedi**

Title: **Director**

Address: **1800 Valley View Lane, Suite 300 Farmers Branch TX, USA 75234**

Director 2: **Dustin Warren**

Title: **Director**

Address: **1800 Valley View Lane, Suite 300 Farmers Branch TX, USA 75234**

Director 3: **Brock Babb**

Title: **Director**

Address: **1800 Valley View Lane, Suite 300 Farmers Branch TX, USA 75234**

**Article 4 - Organization Structure**

A. The corporation will have members.

or

B. The corporation will not have members.

**Article 5 - Purpose**

The corporation is organized for the following purpose or purposes:

**Homeowner's Association**

**Supplemental Provisions / Information**



[The attached addendum, if any, is incorporated herein by reference.]

**Effectiveness of Filing**

A. This document becomes effective when the document is filed by the secretary of state.

**OR**

B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of its signing. The delayed effective date is:

**Organizer**

The name and address of the organizer are set forth below.

**Mehrdad Moayed**      **1800 Valley View Lane, Suite 300, Farmers Branch, Texas 75234**

**Execution**

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

**Mehrdad Moayed**

Signature of organizer.

**FILING OFFICE COPY**

**EXHIBIT C**

**RECORDS PRODUCTION, COPYING AND RETENTION POLICIES**  
**FOR**  
**PROSPER FALLS HOMEOWNERS ASSOCIATION, INC.**  
**(the "Association")**

WHEREAS Texas Property Code § 209.005(i) Requires associations to file a records production and copying policy that prescribes the costs the Association will charge for compilation, production, and reproduction of information requested by a Member.

WHEREAS, failing the existence of such a policy, the Association shall be liable to compile and produce such records, but shall not be entitled to charge for same.

BE IT RESOLVED, that the following shall be the Association's policy for records production and copying:

Upon receipt of a proper request for information, by a proper party pursuant to Texas Property Code § 209.005(c), the Association shall make the records described by § 209.005 available pursuant to the terms thereof, within the time allotted therein, and shall otherwise comply with such provisions of Texas Property Code § 209.005, including the withholding of certain information described therein.

Further, the Association itself or by and through its agent or manager, shall charge as follows when it is required to produce records accordingly:

- a. \$15 per hour for any labor associated with the compilation or production of any requested information.
- b. \$.10 per page for photocopies.
- c. \$1.00 per CD or \$3.00 for DVD.
- d. To the extent that the aforementioned charges may exceed those allowed by current or future law, the charges shall be reduced to the legal maximum limit.
- e. Members may be required to pay an estimated cost in advance of the compilation/production and copying process with a final reconciliation to be prepared after the compilation/production and copying is performed. Any costs over the amount prepaid by the member may be charged to the member's account as an assessment. Any overpayment by the member shall be promptly refunded.

To the extent these guidelines contradict with any previous guidelines, rules, covenants, or restrictions, these guidelines shall control. These guidelines are supplementary and are in addition to any and all other covenants, conditions, restrictions, rules, and guidelines in effect for the Association.

**RECORDS RETENTION POLICY  
FOR  
PROSPER FALLS HOMEOWNERS ASSOCIATION, INC.  
(the "Association")**

**WHEREAS** Texas Property Code § 209.005(m) requires associations to adopt policies to retain certain records for minimum periods of time.

**BE IT RESOLVED**, that the following is the Association's policy for records retention:

1. Formation documents, bylaws, CCRs — permanently
2. Financials — 7 years
3. Owner account records — 5 years
4. Contracts with a one year term or more — 4 years from the date of termination.
5. Board meeting minutes — 7 years
6. Tax returns and audits — 7 years

To the extent these guidelines contradict with any previous guidelines, rules, covenants, or restrictions, these guidelines shall control. These guidelines are supplementary and are in addition to any and all other covenants, conditions, restrictions, rules, and guidelines in effect for the Association.

**EXHIBIT D**

**PROSPER FALLS HOMEOWNERS ASSOCIATION, INC.**  
**PAYMENT PLAN POLICY AND**  
**APPLICATION OF PAYMENTS**

**Purpose:** The purpose of this policy is to provide a uniform and consistent way to manage Homeowners requests for payment plans to address their delinquent assessments and fees due to Prosper Falls, (the "*Association*").

It is the intention of the Board of Directors to work with Homeowners to satisfy their obligation to the Association. Therefore, in an effort to assist those homeowners in the payment of their obligations to the Association, the Board of Directors has established the following policy.

**Payment Plans:**

1. The Association will allow payment plans for repayment of delinquent amounts with a minimum of three (3) months duration.
2. Terms for repayment of delinquent amounts shall not exceed twelve (12) months without Board approval. Managing Agent is hereby delegated the authority to enter into payment plans up to twelve (12) months without Board approval.
3. Assessments that become due and are added to the Homeowners account during the term of the payment plan must be paid when due in addition to repayment of delinquent amounts.
4. A one-time fee of Thirty-Five and No/100 Dollars (\$35.00) shall be charged to the Owner's account and is payable to the Management Company which shall serve to reimburse the Managing Agent for its efforts to negotiate, establish, initiate and monitor a payment plan for the owners' delinquent balance. This charge shall be paid by Owner and shall be due along with the first installment payment.
5. The plan must include the total debt owed to the Association, including late fees, interest, fines and/or other collection costs. *Any fee waivers approved shall not be waived from the account until the Owner successfully completes the payment plan.*
6. There shall be no waiver of any charges on the Homeowners account unless the owner submits a written request for consideration and approval has been obtained by the Board.
7. To be eligible for a payment plan, the homeowner must not have defaulted on

a prior payment plan within a two (2) year period preceding the request for a payment plan. If such a default exists, the Board may, but is not obligated, to allow a payment plan. The Board shall review and determine every request on a case by case basis.

8. Interest, late and/or collection charges shall not accrue during the payment plan so long as the Owner remains current on payments throughout the duration of the payment plan which shall include the payment of current assessments when due. Should the Owner default on his/her payment plan, the Association and its Managing Agent shall be entitled to add any interest, late and/or collection fees due up to and through the date the Owner defaulted and forward unless the payment plan reinstates which shall be at the sole discretion of the Board of Director's or its Managing Agent. As stated in Subsection 7 above, Owner's who default on a payment plan may not be entitled to another payment plan for a minimum of two (2) years.

9. The plan must contain a schedule setting forth the date that each payment will be due and the exact amount of each payment to be made.

10. Payment plans approved after the account has been turned over to the Association's attorney shall be administered by the Attorney. Attorney charges are excluded from Sub Section 8 above and will be charged to the Owner's account.

11. Payment plans approved after notice has been given to a homeowner that the property is in foreclosure must include a minimum amount which shall be established by the Board of Directors. The Managing Agent, acting on behalf of the Board of Directors, shall communicate this information to the Association's attorney for the individual payment plan request and the initial payment must be received on or before the deadline established by the Association's attorney.

**Settlements:** The Board of Directors will consider written offers to settle an account and may but, are not obligated to include accounts at the foreclosure stage. Settlements must be paid in certified funds and may be subject to the deadlines established by the Board, Managing Agent or Association's attorney. Settlement offers may not include costs owed directly to the Managing Agent without the express written consent of the Managing Agent.

**Default:** The Board of Directors shall herein establish criteria for determining what constitutes "default" on payment plans.

"Default" may include one or all of the following:

1. Failure of homeowner to make a payment by the proposed date in accordance with the approved payment plan.

2. Failure of homeowner to make the full amount of a payment as stated in the approved payment plan.

3. Failure of homeowner to make a timely payment of any current or additional assessments or charges that come due such as Special Assessments, Individual Assessments, access key, or violation fines during the term of the payment plan.

**Should the homeowner default on a payment plan:**

1. The outstanding balance shall become due and payable immediately and may require payment in certified funds. The Association and its Managing Agent shall be entitled to add any interest, late and/or collection fees due up to and through the date the Owner defaulted and forward.

2. The Managing Agent shall proceed with appropriate collection measures in accordance with the Association's Collection Policy in order to secure payment of amounts due to the Association.

Any payment received by the Association from a homeowner whose account reflects an unpaid balance and the homeowner is in default under a payment plan entered into with the Association, the payment shall be applied to the outstanding balance in the following order so long as and unless a conflict between this policy and the Texas State Property Code exists, in which case the order of application of payment shall be as set forth in the Texas State Property Code:

- 1) Cost of Collection including attorneys' fees
- 2) Special Individual Assessments, including Violation Fines (if applicable)
- 3) Late Charges
- 4) Accrued but Unpaid Interest
- 5) Other costs of Collection
- 6) Special Assessments
- 7) Annual Assessments
- 8) Any other amounts owed to the Association



**EXHIBIT E**

**Prosper Falls Homeowners Association, Inc.**  
**COLLECTION POLICY**

## Prosper Falls Homeowners Association, Inc.

### POLICIES AND PROCEDURES FOR THE COLLECTION OF ASSESSMENTS AND OTHER CHARGES OF THE ASSOCIATION

The Board of Directors of Prosper Falls Homeowners Association, Inc. (the "Association") has adopted the following policies and procedures for the collection of assessments and other charges of the Association. The policies and procedures detailed herein will be implemented on behalf of the Board of Directors by its Managing Agent (the "Management Company") as agent for the Association unless otherwise stated.

#### Obligation to Pay Assessments

Membership in the Association is mandatory pursuant to the terms and conditions of the Declaration. A property owner is legally obligated to pay the Assessments to the Association even if the Association's facilities or amenities are not used by the property owner. The property owner may not withhold assessment payments even if the association is not providing maintenance or other services mandated by the Association's governing documents.

#### Due Dates

Assessments are due on the 1st day of January of each calendar year and are delinquent if not paid by January 31<sup>ST</sup> of each year.

#### Invoices

The association may, but shall not be required to, invoice a property owner as a condition to an owner's obligation to pay assessment or other charges of the Association. As a matter of course, assessments are invoiced by statements. Non-receipt of an invoice (statement) shall in no way relieve the property owner of the obligation to pay the amount due by the due date. Property owners who do not receive their invoice (statement) are responsible for contacting the Management Company prior to the due date to request a replacement. Property owners are responsible for notifying the Management Company of their mailing address at the time of acquiring property ownership and any subsequent mailing address change thereafter.

Written Notice of Delinquency. Subsequent to an Owner becoming delinquent, and prior to referring the account to the Association's legal counsel for collection, the Association will send written notice of the delinquency to the Owner via certified mail (the "Delinquency Notice"). The Delinquency Notice shall: (i) detail each delinquent amount and the total amount owed; (ii) describe the options the Owner has to avoid having the account referred to the Association's legal counsel, including the availability of a payment plan, and (iii) provide the Owner a period of at least thirty (30) days to cure the delinquency before further collection action is taken.

#### Late Payment Charges and Collection Fees

Late Charges. In the event any assessment, or any portion thereof, is not paid in full by the Delinquency Date, late charges in an amount up to \$25.00 shall be assessed against the Owner's account each month and every month until the assessment is paid in full. Such late charge, as and when levied, is secured by the Assessment Lien described in the Declaration, and will be subject to recovery in the manner provided herein for assessments. The Board may, in its sole discretion, waive the collection of any late charge; provided, however, that the waiver of any late charge shall

not constitute a waiver of the Board's right to collect any or late charges or any other charges in the future.

**Collection Fees.** In the event any assessment, or any portion thereof, is not paid in full by the Delinquency Date, collection fees in an amount up to \$15.00 shall be assessed against the Owner's account each month and every month until the assessment is paid in full. Collection fees are charges by the managing agent for the collection of delinquent accounts and may not be waived by the Board without the consent of the managing agent. Such collection fee, as and when levied, is secured by the Assessment Lien described in the Declaration, and will be subject to recovery in the manner provided herein for assessments. Additional fees such as Demand Letter fees shall also apply and may be charged as a separate charge by the Managing Agent.

#### **Return Payment Charges**

A non-negotiable fee equal to the amount of charge levied by the Bank to the Association will be assessed to the property owner for any payment processed that is not honored by a bank or financial institution for any reason including but not limited to insufficient funds notwithstanding, the minimum such charge shall be \$25.00. Such return payment charge shall be due and payable immediately upon demand. Any applicable late payment charges, which would have been assessed if the payment had not been made, may also be applied to the property owner's account. The payment of the outstanding account balance may be required to be paid with a money order or cashier's check. Personal checks will not be accepted to satisfy an outstanding account balance when an insufficient fund check makes up a portion of the balance.

#### **Referral of Delinquent Accounts to Lien Services or Collection Agencies**

**Collection Agencies.** In the event an account has not been paid in full following thirty (30) days from the date Delinquency Notice was mailed to the Owner, the Association's agent may refer the account to a collection agency for collection, including reporting delinquent account to any credit bureau or other agency providing credit histories to authorized entities. All costs incurred by the Association for using the services of a collection agency, or administering the referral and handling of the account to a collection agency, are deemed costs of collection of the Association. Such costs of collection, when incurred by the Association and added to an Owner's account, are secured by the Assessment Lien described in the Declaration, and will be subject to recovery in the manner provided herein for assessments.

#### **Referral of Delinquent Accounts to Attorneys**

**Remedies and Legal Actions.** If an Owner fails to cure the delinquency within the thirty (30) day period stated in the Delinquency Notice, the Association may, at its discretion and when it chooses, refer the delinquency to legal counsel for the Association. Any attorney's fees and related charges incurred by virtue of legal action taken will become part of the Owner's assessment obligation and may be collected as such as provided herein. Upon direction of the Board or the Association's agent, legal counsel for the Association may pursue any and all available legal remedies with regard to the delinquencies referred to it including, but not limited to, the following:

**Notice Letter.** The initial correspondence to a delinquent Owner from the Attorney.

**Notice of Lien.** If an Owner fails to cure the delinquency indicated in the Notice Letter, upon being requested to do so by the Board and/or Management, counsel may prepare and record in the Official Public Records of Collin County, a written notice of assessment lien (referred to as the "Notice of

Lien) against the Lot. A copy of the Notice of Lien will be sent to the Owner, together with an additional demand for payment in full of all amounts then outstanding.

**Foreclosure.** In the event that the Owner fails to cure the delinquency, the Board may direct legal counsel to pursue foreclosure of the lien. In any foreclosure proceedings, the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorney's fees.

**Expedited Foreclosure Pursuant to Rules 735 & 736 of the Texas Rules of Civil Procedure.** The Board may decide to foreclose its lien by exercising its power of sale granted by the Declaration. In such event, counsel may commence expedited foreclosure lawsuit under Rules 735 and 736 of the Texas Rules of Civil Procedure ("Expedited Foreclosure"). Upon receipt from the Court of an order authorizing foreclosure of the Lot, counsel may post the Lot at the Collin County Courthouse for a foreclosure sale. The Association shall have the power to bid on the Owner's Lot and improvements at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. The Association may institute, a personal judgment suit against the former Owner for any deficiency resulting from the Association's foreclosure of its assessment lien.

**Judicial Foreclosure.** The Association may file suit for judicial foreclosure ("Judicial Foreclosure") of the assessment lien, which suit may also seek a personal money judgment. Upon receipt from the Court of an order foreclosing the Association's assessment lien against the Lot, the sheriff or constable may post the Lot for sheriff's sale. The Association shall have the power to bid on the Owner's Lot and improvements at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal with the same.

**Lienholder Notification.** In pursuing Expedited Foreclosure or Judicial Foreclosure, the Association shall provide the 61-day notice letter to inferior lienholders pursuant to Section 209.0091 of the Texas Property Code.

The Association may file suit for a money judgment in any court of competent jurisdiction.

**Bankruptcy.** Upon notification of a petition in bankruptcy, the Association may refer the account to legal counsel.

All rights and remedies provided in this Policy and herein above are cumulative and not exclusive of any other rights or remedies that may be available to the Association, whether provided by law, equity, the Association's governing documents or otherwise. In order to expedite the resolution of a delinquent account, the Board may, at any time, compromise or waive the payment of interest, late charges, handling charges, collection costs other than collection fees, unless approved by the managing agent, legal fees or any other application charge.



### Use of Regular Mail / Certified Mail

In the event the Association shall send a delinquency notice or demand notice to a property owner by regular mail, certified or certified, return receipt requested, the association will use the property address unless the owner has contacted the Association or its Managing Agent and has provided updated mailing address information. Once the notice(s) have been placed in a U.S. mail receptacle or given to a U.S. postal representative, the notice will be considered to have been duly delivered. It is the sole responsibility of the owner to provide and maintain up to date mailing address information with the Association and/or its Managing Agent.

### Waivers

The Association may grant a waiver of any provision herein upon petition in writing by a property owner showing a personal hardship. Such relief granted a property owner shall be appropriately documented in the files with the person representing the Association granting the relief and the conditions of the relief. In addition, the Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association shall determine appropriate under the circumstances. **The Association reserves the right to consider each petition or make its determination regarding referral to an attorney or a third party collection service on a case by case basis.** Costs owed to the Managing Agent for their efforts in the processing, handling and collections of an account cannot be waived by the Association without the consent of the Managing Agent.

### Effective Date and Enforcement

The foregoing collection procedure has been adopted by the association and is effective as of the date recorded. Nothing specified in this document shall require the Association to take specific actions. The foregoing collection procedures is a directive by the Board of the Association to the Management Company and is intended to be a guide to collection of Assessments owed to the Association. The Board of the Association may at any time revise the foregoing collection procedure and may at any time direct the Management Company to proceed differently with collection of an individual account based on circumstances applicable to that account and advice and guidance from the Management Company or the Association's attorney. *Failure by the Management Company or the Board of the Association to follow the foregoing collection procedure shall not in any way affect the property owner's obligation to pay all Assessments when due, along with all applicable late payment charges and costs of collection.* To obtain any information regarding this collection procedure or to obtain the most up-to-date collection procedure, a property owner should contact the Management Company. In the event that any provision herein shall be determined by a court with jurisdiction to be invalid or unenforceable in any respect, such determination shall not affect the validity or enforceability of any other provision, and this Policy shall be enforced as if such provision did not exist. Furthermore, in the event that any provision of this Policy is deemed by a court with jurisdiction to be ambiguous or in contradiction with any law, this Policy and any such provision shall be interpreted in a manner that complies with an interpretation that is consistent with the law. In the event any provision of this Policy conflicts with the Declaration, the Declaration controls.

[1] A Statement of Account and / or a delinquency notice will not be sent in cases whereby the Management Company has received notice of a property owner bankruptcy filed in the U.S. Bankruptcy Court, a Notice of Foreclosure on the owner's property or when an active payment plan is in place and being paid as agreed.

[2] The Management Company will continue to post assessments and applicable late payment penalties to the account. The attorney or lien service may, however, have other charges not reflected on the account or may have entered into payment arrangements not reflected on the account. The Management Company will adjust the account as instructed by the attorney or lien service as notified or at the time of closure.

**EXHIBIT F**

**Prosper Falls Homeowners Association, Inc.**  
**NOTICE AND FINING POLICY**



# Prosper Falls Homeowners Association, Inc.

## NOTICE AND FINING POLICY

Prosper Falls Homeowners Association, Inc. has adopted the following Notice and Fining Policy for the enforcement of the Association's Governing Documents (to include the CC&R's, By-Laws, and Rules & Regulations). This policy shall prevail over the Covenants, Conditions, and Restrictions and is subject to amendment by the Declarant or Board of Directors at their sole discretion at any time and from time to time. The amending of this policy shall not require the consent or joinder of the Members notwithstanding, any amendment shall be posted to the HOA's website, if applicable, and a copy shall be mailed to each Owner via regular U.S. mail.

1. **Violation Notice (Warning):** Homeowners will be notified when a violation occurs and will be given a time period of not more than ten (10) days in which to correct the violation. Violations which present hazards for residents, are damaging property, creating an ongoing nuisance or can be considered an emergency requiring immediate correction shall be subject to self-help actions by the Association as described in the Declaration of Covenants, Conditions and Restrictions (the "CCR's") should Owner fail to cure the violation. Self Help actions considered an emergency requiring immediate attention will be addressed within seventy-two (72) hours or less by the Association. A notice in the case of an emergency may be delivered by hand, electronic mail, or U.S. mail. Any costs for initiating Self Help to cure a violation including the costs of postage and handling shall be assessed to the Owner's account. ***\*\*The Association may, but is not obligated, to provide more than one initial notice of violation as set forth in the CCR's and this Fining Policy. Should additional violation notices be sent, each notice shall allow a period of not more than ten (10) days in which to correct the violation.\*\****
2. **Notice of Assessment of Fine (Hearing Notice):** If after the initial notice (or subsequent notices if given) the violation continues, the Owner will be notified that a fine will be levied against his/her account. ***This notice shall be mailed certified and regular U.S. mail*** and shall include the amount of the fine to be levied and shall contain verbiage pursuant to Section 209.006 of the Texas Property Code regarding an Owner's right to request a hearing before a committee (or the Board in the absence of a committee). Notice may include a table of fines. Use of a table of fines shall not relieve the Association from fulfilling the requirements as set forth in the fine schedule below. Owner shall have thirty (30) days to request a hearing in writing from the date of notice. The Association or its Managing Agent shall set the hearing within thirty (30) days of receipt of the written request and the Owner shall be notified in writing of the hearing date, time and place not less than ten (10) days prior to the hearing date.
3. **"Damage Assessment":** Violations that result in property damage or cause the Association to incur cleanup costs will result in a "Special Individual Assessment" on the homeowners account. Non-payment of this type of assessment may result in additional fees, and collection actions as allowed by law. Any attorney fees or other costs incurred by the Association will be assessed to the Owner's account.

***FINE SCHEDULE***

**Each fine notice shall contain the minimum verbiage as required by the Texas State Property Code or the Declaration and Bylaws and must advise the Owner of his/her right to request a hearing pursuant to Section 209.006 of the Texas Property Code. Fine Notices shall be mailed certified and regular U.S. mail.**

**The table below is intended to establish a base fining structure. The Board shall have the right to instruct or adopt a different fining structure so long as the fines imposed do not exceed the maximum fine limit of \$1,000.00 per violation occurrence. Fines may be assessed based on the severity of a violation or for continual or recurring violations within a six to twelve month period.**

**An Owner who continually violates the Association's Declaration, Rules and Regulations or Bylaws, or who damages Association property may be assessed greater fines which may include a one-time fine up to the maximum fine amount of \$1,000.00 at the sole discretion of the Board so long as the fine amounts levied are commensurate to the violation or the history of recurring violations recorded against an Owner.**

- 1st Fine:** First fine for a violation not cured by the Owner after the initial fine warning notice has been given shall not be less than \$50.00, then;
- 2<sup>nd</sup> Fine:** After five (5) business days, the Board or its Managing Agent shall inspect the Owner's property for compliance. If the violation remains, a letter shall be sent to the violating Owner advising that a second fine in the amount of \$100.00 shall be assessed to the Owner's account, then;
- 3<sup>rd</sup> Fine:** After five (5) additional business days, the Board or its Managing Agent shall inspect the Owner's property for compliance. If the violation remains, a letter shall be sent to the violating Owner advising that a third fine in the amount of \$150.00.00 shall be assessed to the Owner's account.
- 4<sup>th</sup> & After:** If compliance is not met after the end of five (5) business days from the date the third fine letter is sent, the Owner will receive one (1) final notice advising that fines shall escalate at the rate of \$50.00 every week for each week the violation remains until the maximum fine amount of \$1,000.00 is reached at which time the violation process shall start over and shall be treated as a recurring violation subject to additional fines as outlined in this section ("4<sup>th</sup> and After") so long as the violation remains.
4. The maximum fine amount is based on a per violation occurrence and can be assessed each time a violation occurs whether or not it is the same or similar kind or whether it is a recurring violation.

If Owner submits a written request for a hearing, all fines shall be suspended until after the hearing. If the Association has a Managing Agent, notice shall be served through the Managing Agent who shall set the hearing date and time and place and shall notify the Owner via U.S. mail. The Board shall appoint a Hearing Committee who shall oversee the first hearing and who shall render a decision based upon the facts and/or testimonies provided. The Hearing Committee shall render their findings and subsequent results from the hearing in writing no more than ten (10) days from the date of the hearing and the Managing Agent shall notify the Owner via U.S. mail of the decision. The Association or its Managing Agent shall immediately proceed and comply with any instructions and/or findings. If the Hearing Committee rules in favor of the Association, all fines or other violation actions suspended pending the hearing outcome may resume unless the Hearing Committee instructs otherwise. If the Hearing Committee rules in favor of the Owner, all violation actions shall cease and no further fines shall be assessed. The Hearing Committee must note in their findings whether any fine(s) previously assessed to the Owner will be waived. If the hearing is held by a committee appointed by the Board, the Owner shall have the right to appeal the decision of the committee to the Board of Directors and the decision of the Board of Directors is final. If the hearing is held by the Board of Directors in the absence of a committee, the decision of the Board of Directors is final.

**Note:** All fines are subject to collections and will be collected in the same manner as are the association dues.

**This document was adopted by the board of directors and is effective as of the filing date in the Official Public Records of Collin County, Texas.**

**EXHIBIT G**

**PROSPER FALLS HOMEOWNERS ASSOCIATION, INC.**  
**EMAIL REGISTRATION POLICY**

Terms used but not defined in this policy will have the meaning subscribed to such terms in that certain Declaration of Covenants, Conditions and Restrictions for Prosper Falls recorded or to be recorded in the Official Public Records of Collin County, Texas, as the same may be amended from time to time.

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

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

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

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



Filed and Recorded  
Official Public Records  
Stacey Kemp, County Clerk  
Collin County, TEXAS  
03/23/2017 03:19:50 PM  
\$506.00 SCAPELA  
20170323000373200

*Stacey Kemp*