

**Documents For
Steadman
Farms
Homeowners
Association**

Declaration of CC&R's

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**DECLARATION
OF
COVENANTS, CONDITIONS
& RESTRICTIONS
FOR**

STEADMAN FARMS

Tarrant County, Texas

Declarant

Steadman Farms, L.P.

**DECLARATION OF
COVENANTS, CONDITIONS & RESTRICTIONS
FOR
STEADMAN FARMS**

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DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS FOR

STEADMAN FARMS

This Declaration of Covenants, Conditions & Restrictions for Steadman Farms is made by Steadman Farms, L.P., a Texas limited partnership ("*Declarant*"), on the date signed below. The real property made subject to this Declaration is described in Appendix A attached hereto. All of the real property described in Appendix A, together with any improvements thereon, is owned by Declarant.

Declarant desires to establish a general plan of development for the planned community to be known as Steadman Farms. Declarant also desires to provide a reasonable and flexible procedure by which Declarant may expand the Property to include additional real property, and to maintain certain development rights that are essential for the successful completion and marketing of Steadman Farms.

Declarant further desires to provide for the preservation, administration, and maintenance of portions of Steadman Farms, and to protect the value, desirability, and attractiveness of Steadman Farms. As an integral part of the development plan, Declarant deems it advisable to create a property owners association to perform these functions and activities more fully described in this Declaration and the other Documents described below.

Declarant DECLARES that the property described in Appendix A, and any additional property made subject to this Declaration by recording one or more amendments of or supplements to this Declaration, will be owned, held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms, covenants, conditions, restrictions, and easements of this Declaration, including Declarant's representations and reservations in the attached Appendix C, which run with the real property and bind all parties having or acquiring any right, title, or interest in any part of the property, their heirs, successors, and assigns, and inure to the benefit of each owner of any part of the property.

ARTICLE 1 DEFINITIONS

The following words and phrases, whether or not capitalized, have specified meanings when used in the Documents, unless a different meaning is apparent from the context in which the word or phrase is used.

1.1 "*Additional Land*" means real property which may be added to the Property and subjected to this Declaration by Declarant, as described in Section C.6.2 of Appendix C of this Declaration.

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

1.2 **"Applicable Law"** means the statutes and public laws and ordinances in effect at the time a provision of the Documents is applied, and pertaining to the subject matter of the Document provision. Statutes and ordinances specifically referenced in the Documents are "Applicable Law" on the date of the Document, and are not intended to apply to the Project if they cease to be applicable by operation of law, or if they are replaced or superceded by one or more other statutes or ordinances.

1.3 **"Architectural Reviewer"** means the entity having jurisdiction over a particular application for architectural approval. During the Development Period, the Architectural Reviewer is the Declarant, Declarant's designee, or Declarant's delegatee. Thereafter, the board-appointed Architectural Control Committee is the Architectural Reviewer.

1.4 **"Assessment"** means any charge levied against a lot or owner by the Association, pursuant to the Documents or State law, including but not limited to Regular Assessments, Special Assessments, Individual Assessments and Deficiency Assessments, as defined in Article 8 of this Declaration.

1.5 **"Association"** means the association of owners of all lots in the Property, and serving as the "property owners' association" defined in Section 202.001(2) of the Texas Property Code. The initial name of the Association is Steadman Farms Homeowners Association.

1.6 **"Board"** means the board of directors of the Association.

1.7 **"Builder"** and **"Approved Builder"** are defined in Appendix C of this Declaration.

1.8 **"Common Area"** means portions of real property and improvements thereon that are owned and/or maintained by the Association, as described in Article 4 below. Portions of the common area may be allocated to certain lots as limited common area.

1.9 **"Declarant"** means Steadman Farms, L.P., a Texas limited partnership, which is developing Steadman Farms, or the successors and assigns of Steadman Farms, L.P., which are designated a successor Declarant by Steadman Farms, L.P., or by any such successor and assign, in a recorded document, executed by both Declarant and the successor Declarant in the case of a voluntary assignment.

1.10 **"Declaration"** means this document, as it may be amended from time to time.

1.11 **"Documents"** means, singly or collectively as the case may be, this Declaration, the Plat, the SF Covenant, the Bylaws, the Articles, and (if any) the Rules of the Association, as any of these may be amended from time to time. An appendix, exhibit, schedule, or certification accompanying a Document is a part of that Document. The Documents and all other Dedicatory Instruments, as that term is defined by Section 202.001 of the Texas Property Code, must be recorded in the real property records of Tarrant County, Texas.

1.12 **"Declarant Control Period"** is defined in Appendix C of this Declaration.

1.13 **"Development Period"** is defined in Appendix C of this Declaration.

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

1.14 "**SF Covenant**" means the Steadman Farms Covenant of Construction, Fence & Use Restrictions, as it may be amended from time to time, initially recorded contemporaneously with this Declaration.

1.15 "**Lot**" means a portion, tract, parcel, or platted lot made subject to this Declaration and intended for independent ownership and improvement. In all instances, "lot" refers to real property that is subject to this Declaration. As a defined term, "lot" does not refer to common areas, even if platted and numbered as a lot, tract, or parcel. Where the context indicates or requires, "lot" includes all improvements thereon and any portion of a right-of-way that customarily is used exclusively by and in connection with the lot.

1.16 "**Member**" means a member of the Association, each member being an owner of a lot, unless the context indicates that member means a member of the board or a member of a committee of the Association. In the context of votes and decision-making, each lot has only one membership, although it may be shared by co-owners of a lot.

1.17 "**Owner**" means a holder of recorded fee simple title to a lot. Contract sellers and mortgagees who acquire title to a lot through a deed in lieu of foreclosure or through judicial or nonjudicial foreclosure are owners. Persons or entities having ownership interests merely as security for the performance of an obligation are not owners. Every owner is a member of the Association. A reference in any Document or applicable law to a percentage or share of owners or members means owners of at least that percentage or share of the lots, unless a different meaning is specified. For example, "a majority of owners" means owners of at least a majority of the lots.

1.18 "**Plat**" means all plats, singly and collectively, recorded in the Real Property or Plat Records of Tarrant County, Texas, and pertaining to the real property described in Appendix A of this Declaration, as it may be amended from time to time, and including all dedications, limitations, restrictions, easements, notes, and reservations shown on the plat.

1.19 "**Property**" means all the land subject to this Declaration and all improvements, easements, rights, and appurtenances to the land. The name of the Property is Steadman Farms. The Property is located on land described in Appendix A to this Declaration, as it may be amended or supplemented from time to time, and includes every lot and any common area thereon.

1.20 "**Resident**" means an occupant of a dwelling, regardless of whether the person owns the lot.

1.21 "**Rules**" means rules and regulations of the Association adopted in accordance with the Documents or applicable law. The initial rules may be adopted by Declarant for the benefit of the Association.

ARTICLE 2

CERTAIN PROPERTY FEATURES

2.1 **SUBJECT TO DECLARATION.** The real property described in Appendix A is held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms, covenants, conditions, restrictions, liens, and easements of this Declaration, including Declarant's representations and

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

reservations in the attached Appendix C, which run with the Property and bind all parties having or acquiring any right, title, or interest in the Property, their heirs, successors, and assigns, and inure to the benefit of each owner of the Property.

2.2 SUBJECT TO ALL OTHER DOCUMENTS. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to be bound by all the Documents which are publicly recorded or which are made available to owners by the Association, expressly including the publicly recorded SF Covenant.

2.3 RESTRICTIONS, EASEMENTS & PLAT DEDICATIONS. In addition to the easements and restrictions contained in this Declaration, Steadman Farms is subject to all restrictions, easements, licenses, leases, and encumbrances of record, including any shown or referenced on a plat, each of which is incorporated herein by reference. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to be bound by prior-recorded restrictions, easements, licenses, leases, and encumbrances, and further agrees to maintain any easement that crosses his lot and for which the Association does not have express responsibility.

2.4 ADDITIONAL PROPERTY. Additional real property may be annexed to the Property and subjected to this Declaration and the jurisdiction of the Association by recording an amendment of annexation or a supplemental declaration, including an amendment of Appendix A, in the Real Property Records of Tarrant County, Texas. During the Development Period, Declarant may annex additional real property without the joinder or approval of the Association or the owners, pursuant to Section C.6.2. of Appendix C of this Declaration. After the Development Period, an annexation must be approved by at least a majority of directors of the Association, and by owners representing at least a majority of the lots in the Property.

2.5 CHANGE OF CIRCUMSTANCE. This Declaration discloses some characteristics of Steadman Farms that may change or that may cease to apply because of acts or decisions by authorities external to the Property, such as whether Steadman Farms is located within a city. If the change of circumstance is of public record or is capable of independent verification by any interested person, the board of directors, without a vote of the owners, may issue a Notice of Change that references the provision of this Declaration that ceases to apply to Steadman Farms. The Notice may be recorded in the Real Property Records of Tarrant County, Texas, and does not constitute an amendment of this Declaration. If such a Notice is issued, the Association will notify owners of its existence and will make it available to owners as a Association record. This provision may not be construed to give the board unilateral amendment powers, nor to prevent an amendment of this Declaration by a vote of the owners to achieve the same purpose.

2.6 AIRPORT DISCLOSURE. On the date of this Declaration, Ft. Worth Alliance Airport is located west and north of the Property. Additionally, Hillcrest Airport is located due west of the Property. Prospective owners and residents are encouraged to inform themselves about current and prospective uses, purposes, noises, annoyances or pollutants of the airport, to investigate any potential risks associated with the airport, and to draw their own conclusions. By acquiring an ownership or occupancy interest in the Property, each owner and resident accepts the impact and potential risk that the airport may present and acknowledges that Declarant, the Association, and their respective directors, officers, committees, agents, and employees have no control over adjacent land uses, including without limitation, the airport.

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

2.7 RAILROAD DISCLOSURE. On the date of this Declaration, a Union Pacific railroad is located directly east of the Property. Prospective owners and residents are encouraged to inform themselves about current and prospective uses, purposes, noises, annoyances or pollutants of the railroad, to investigate any potential risks associated with the railroad, and to draw their own conclusions. By acquiring an ownership or occupancy interest in the Property, each owner and resident accepts the impact and potential risk that the railroad may present and acknowledges that Declarant, the Association, and their respective directors, officers, committees, agents, and employees have no control over adjacent land uses, including without limitation, the railroad.

2.8 TEXAS MOTOR SPEEDWAY DISCLOSURE. On the date of this Declaration, the Texas motor Speedway is located north of the Property. Prospective owners and residents are encouraged to inform themselves about current and prospective traffic, uses, purposes, noises, annoyances or pollutants of the speedway, to investigate any potential risks associated with the speedway, and to draw their own conclusions. By acquiring an ownership or occupancy interest in the Property, each owner and resident accepts the impact and potential risk that the speedway may present and acknowledges that Declarant, the Association, and their respective directors, officers, committees, agents, and employees have no control over adjacent land uses, including without limitation, the speedway.

2.9 CHRIST'S HAVEN DISCLOSURE. On the date of this Declaration, Christ's Haven for Children is adjacent to the west of the Property. Christ's Haven for Children is a non-profit institution which provides, in part, a home for disadvantaged children, with supportive activities, including horse riding. Prospective owners and residents are encouraged to inform themselves about current and prospective uses, purposes, noises, annoyances or pollutants of Christ's Haven, to investigate any potential risks associated with Christ's Haven, and to draw their own conclusions. By acquiring an ownership or occupancy interest in the Property, each owner and resident accepts the impact and potential risk that Christ's Haven may present and acknowledges that Declarant, the Association, and their respective directors, officers, committees, agents, and employees have no control over adjacent land uses, including without limitation, Christ's Haven.

2.10 BARNETT SHALE DISCLOSURE. On the date of this Declaration, the Property is located on the Barnett Shale geological formation. Prospective owners and residents are encouraged to inform themselves about current and prospective development of the Barnett Shale, noises, annoyances or pollutants associated with extraction of the minerals located in the Barnett Shale, as well as potential risks associated with production of minerals, including methods of extraction of the minerals, which include but are not limited to hydraulic fracturing and horizontal drilling. By acquiring an ownership or occupancy interest in the Property, each owner and resident accepts the impact and potential risk that the Barnett Shale and related activities may present and acknowledges that Declarant, the Association, and their respective directors, officers, committees, agents, and employees have no control over adjacent land uses, including without limitation, the Barnett Shale and related activities.

2.11 OIL WELL DISCLOSURE. On the date of this Declaration, an oil and gas well is adjacent to the south-east of the Property. Prospective owners and residents are encouraged to inform themselves about current and prospective operations of this well including noises, annoyances or pollutants associated therewith, as well as potential risks associated with production of minerals, including methods of extraction of the minerals, which include but are not limited to hydraulic fracturing and horizontal drilling. By acquiring an ownership or occupancy interest in the Property, each owner and resident accepts the impact and potential risk that the Barnett Shale and related activities may present and acknowledges that Declarant, the Association, and their respective

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

directors, officers, committees, agents, and employees have no control over adjacent land uses, including without limitation, the existing oil and gas well, and further whether any additional wells will be drilled on the property.

2.12 WATER DETENTION AREAS. The common areas of Steadman Farms may include one or more water detention areas required for the management of surface water runoff. A water detention area is designed to detain surface water for short periods during heavy rainfalls and to be a "dry pond" the rest of the time. It is not engineered to be a lake or to hold water on a regular basis. It can be challenging to permanently landscape a terrain that purposefully rotates between being a water pond and a dry pond. The water detention area must be maintained by the Association, and may require periodic de-silting to remove silt that accumulates during wet periods. Without approval by the appropriate government authority, a water detention area may not be used for any purpose that interferes with its role in surface water management. On the date of this Declaration, one of the detention ponds on the Property for Steadman Farms is located across Park Vista Blvd.

When is a pond not a pond?

Water detention areas, by design, are sometimes water-filled and mostly bone-dry.

2.13 LAND USE. Although this Declaration contains a limited number of disclosures about the Property and its location on the date of this Declaration, neither Declarant nor the Association makes any representation that these are the only noteworthy features of Steadman Farms or its location. A prospective owner or resident must make his own inspection of Steadman Farms and its location, and make inquiries of anything that concerns him. Except for the express disclosures stated in this Declaration, Declarant makes no representation of any kind as to current or future uses - actual or permitted - of any land that is adjacent to or near Steadman Farms, regardless of what the plat shows as potential uses of adjoining land. Declarant, Builders, and the Association can not and do not guaranty scenic views, volumes of traffic on streets around and through Steadman Farms, availability of schools or shopping, or any other aspect of the Property that is affected by the uses or conditions of adjacent or nearby land, water, or air.

2.14 STREETS WITHIN PROPERTY. Because streets, alleys, and cul de sacs within Steadman Farms (hereafter "*streets*") may be capable of being converted from publicly dedicated to privately owned, and vice versa, this Section addresses both conditions. Private streets, if any, are part of the common area which is governed by the Association. Public streets are part of the common area only to the extent a governmental body, such as the city or county or special district, authorizes or delegates to the Association.

2.14.1 Public Streets. As to public streets, the Association, acting through the board, is specifically authorized to accept from a governmental body any delegation of street-related duties, and to act as attorney in fact for the owners in executing instruments required by public ordinance or public law to impose, modify, or remove restrictions or traffic devices (such as speed bumps) on public streets in Steadman Farms.

2.14.2 Private Streets. Only if and when Steadman Farms has private streets, the Association, acting through the board, is specifically authorized to adopt, amend, repeal, and enforce rules, regulations, and procedures for use of any private streets in the Property - including but not limited to designation of parking or no-parking areas, limitations or prohibitions on curbside

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parking, removal or prohibition of vehicles that violate applicable rules and regulations, fines for violations of applicable rules and regulations, and programs for controlling access through entrance gates, if any.

ARTICLE 3 **PROPERTY EASEMENTS AND RIGHTS**

3.1 **GENERAL.** In addition to other easements and rights established by the Documents, the Property is subject to the easements and rights contained in this Article.

3.2 **DECLARANT'S ROLE.** For the duration of the Development Period, Appendix C of this Declaration has priority over the main body of this document. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, is deemed to acknowledge the existence, applicability, effect, and duration of the terms and provisions of Appendix C of this Declaration.

3.3 **EASEMENT FOR ENTRY & SCREENING FEATURES.** The Association is hereby granted a perpetual easement (the "*Screening Easement*") over each lot on or along a thoroughfare on the perimeter of or through the Property, and that abuts or contains a portion of the Property's entry feature or screening wall, fence, or berm, for the purposes stated in this Section, regardless of whether or how the plat shows the easement, entry feature, or screening wall, fence, or berm. The purpose of the Screening Easement is to provide for the existence, repair, improvement, and replacement of the Property's entry feature and screening wall, fence, or berm, to be maintained by the Association as a common area. In exercising this Screening Easement, the Association may construct, maintain, improve, and replace improvements reasonably related to the entrance and screening of a residential subdivision, such as: screening walls, fences and/or berms; planter beds, landscaping, and plant material; electrical and water meters and equipment, including light fixtures and sprinkler systems; and signage relating to the Property. The owners of the lots burdened with the Screening Easement will have the continual use and enjoyment of their lots for any purpose that does not interfere with and prevent the Association's use of the Screening Easement. In addition to the easement granted herein, the Association has the temporary right, from time to time, to use as much as the surface of a burdened lot as may be reasonably necessary for the Association to perform its contemplated work on the Screening Easement. This easement is perpetual. The Screening Easement will terminate when the purpose of the easement ceases to exist, is abandoned by the Association, or becomes impossible to perform. The Association may assign this easement, or any portion thereof, to a governmental entity if the governmental entity agrees to accept the assignment. This Screening Easement applies only to the original entry features and screening walls installed by Declarant and replacements thereof, and fences for which the Association has maintenance responsibility pursuant to the Governing Documents. This screening easement does not apply or pertain to fences installed on individual lots, other than those fences for which the Association has maintenance responsibility, even though the lot abuts a major thoroughfare.

3.4 **OWNER'S EASEMENT OF ENJOYMENT.** Every owner is granted a right and easement of enjoyment over the common areas and to use of improvements therein, subject to other rights and easements contained in the Documents.

3.5 **OWNER'S INGRESS/EGRESS EASEMENT.** Every owner is granted a perpetual easement over Steadman Farms' streets, as may be reasonably required, for vehicular ingress to and egress from his lot.

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3.6 OWNER'S RIGHT TO BUILD. That a house lot remains vacant and unimproved for a period of years, even decades, does not diminish the right of the lot owner to construct improvements on the lot. Nor does a vacant lot enlarge the rights of owners of neighboring lots, who may have become so accustomed to the open space that they expect it to remain unimproved forever.

3.7 ASSOCIATION'S ACCESS EASEMENT. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, grants to the Association an easement of access and entry over, across, under, and through the Property, including without limitation all common areas and the owner's lot and all improvements thereon - including the house and yards - for the below-described purposes.

3.7.1 Purposes. Subject to the limitations stated below, the Association may exercise this easement of access and entry for the following express purposes:

- a. To inspect the property for compliance with maintenance and architectural standards, and with applicable provisions of the SF Covenant.
- b. To perform maintenance that is permitted or required of the Association by the Documents or by applicable law.
- c. To perform maintenance that is permitted or required of the owner by the Documents or by applicable law, if the owner fails or refuses to perform such maintenance.
- d. To enforce the construction, fence, and use restrictions of the Documents.
- e. ~~The exercise of self-help remedies permitted by the Documents or by applicable law.~~
- f. To enforce any other provision of the Documents.
- g. To respond to emergencies.
- h. To grant easements to utility providers as may be necessary to install, maintain, and inspect utilities serving any portion of the Property.
- i. To perform any and all functions or duties of the Association as permitted or required by the Documents or by applicable law.

3.7.2 No Trespass. In exercising this easement on an owner's lot, the Association is not liable to the owner for trespass.

3.7.3 Limitations. If the exercise of this easement requires entry onto an owner's lot, including into an owner's fenced yard, the entry will be during reasonable hours and after notice to the owner. This Subsection does not apply to situations that - at time of entry - are deemed to be emergencies that may result in imminent damage to or loss of life or property.

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3.8 UTILITY EASEMENT. The Association may grant permits, licenses, and easements over common areas for utilities, roads, and other purposes necessary for the proper operation of the Property. A company or entity, public or private, furnishing utility service to the Property, is granted an easement over the Property for ingress, egress, meter reading, installation, maintenance, repair, or replacement of utility lines and equipment, and to do anything else necessary to properly maintain and furnish utility service to the Property. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, master or cable television, and security.

You own the land, but not the land's minerals. Sorry. - J. R. Ewing

3.9 MINERAL INTERESTS RESERVED. On the date of this Declaration, it is expected that all mineral interests and water rights will have been reserved by a prior owner of the Property or conveyed pursuant to one or more deeds or other instruments recorded in the Real Property Records of Tarrant County, Texas, including but not limited to rights to all oil, gas, or other minerals and water lying on, in, or under the Property and surface rights of ingress and egress. Because the instruments conveying or reserving mineral interests and water rights were recorded prior to this Declaration, those interests in the Property are superior and are not affected by any provision to the contrary in this Declaration. By accepting title to or interest in a lot, every owner acknowledges the existence of the mineral and water rights and/or reservations referenced in this Section and the attendant rights in favor of the owner or owners of the mineral interests.

3.9.1 Mineral Reservation by Declarant. In the event a mineral interest or water right for any part of the Property has not been reserved or conveyed prior to Declarant's conveyance of the Property, or a reservation or conveyance of mineral interests and water rights is determined to be invalid or to have terminated, Declarant hereby reserves for itself all right, title, and interest in and to the oil, gas, and other minerals and water in, on, and under and that may be produced from the Property, to have and to hold forever.

3.9.2 Association as Trustee. By accepting title to or interest in a lot, each owner acknowledges that any oil, gas, mineral, water, or other natural element in, on, under, or over any part of the Property that has not previously been reserved or conveyed is owned by the Association for the collective and undivided benefit of all owners of the Property. In support of that purpose, each owner - by accepting title to or interest in a lot - irrevocably appoints the Association, acting through the board, as his trustee to negotiate, receive, administer, and distribute the proceeds of any interest in oil, gas, mineral, water, or other natural element in, on, under, or over the owner's lot and that may be produced from the owner's lot for the collective and undivided benefit of all owners of the Property.

3.10 NOTICE OF LIMITATION ON LIABILITY. As a condition of plat approval, a governmental entity may require a plat note that not only disavows the entity's liability for flood damage, but affirmatively assigns the liability to the Association. Declarant does not intend or desire to impose such absolute liability on the nonprofit association of lot owners. Notwithstanding plat notes or public codes or ordinances now in existence or hereafter created, the Association cannot and should not be liable for acts of God or for property damage that is not the result of the Association's negligence or wilful misconduct. On behalf of the Association, Declarant hereby gives notice that the Association does not accept liabilities imposed by any governmental entity for which the Association cannot obtain insurance at a reasonable cost, or for which its

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members refuse to fund reserve accounts at levels sufficiently high to pay the damages for which the governmental entity may seek to make the Association liable. This notice is not intended to create a liability for any governmental entity. Further, this notice may not be construed to create a duty for the Association to obtain insurance or to fund reserve accounts for damage from rising waters.

<p align="center">PLEASE CAREFULLY READ SECTIONS 3.10 - 3.12 WHICH LIMIT THE ASSOCIATION'S LIABILITY</p>

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

3.12 **RISK.** Each resident uses all common areas at his own risk. All common areas are unattended and unsupervised. Each resident is solely responsible for his own safety and that of his guests. The Association and Declarant disclaim any and all liability or responsibility for injury or death occurring from use of the common areas.

ARTICLE 4 COMMON AREA

4.1 **BACKGROUND.** Declarant intends for this Declaration to provide a flexible framework for the ownership and transfer of common areas which, at different times may be owned by the Association, or dedicated to a governmental entity, such as a city or a school district. Any decision by the Association to convey or to accept title to a common area must be based on what is in the best interests of the members of the Association, without regard to competing interests. The preservation and enhancement of Steadman Farms property values is one of several measures of "best interests" that may be used.

4.2 **OWNERSHIP.** The designation of real property as a common area is determined by the plat and this Declaration, and not by the ownership of the property. This Declaration contemplates that the Association will eventually hold title to every common area capable of independent ownership. The Association, acting through its board of directors, may accept or convey real property interests from or to, as the case may be, a governmental entity or agency, if the conveyance is required by the governmental entity or agency, or if the board deems such a conveyance to be in the best collective interest of the Association.

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Property interests capable of conveyance include fee title to all or part of a common area, an easement across real property, and a lease or license of real property.

4.3 ACCEPTANCE. By accepting an interest in or title to a lot, each owner is deemed to accept the common area of the Property, and any improvement thereon, in its then-existing "as is" condition; to acknowledge the authority of the Association, acting through its board of directors, for all decisions pertaining to the common area; to acknowledge that some components of the common area may or may not be owned by the Association; to acknowledge that transfer of a common area's title to the Association by or through Declarant is a ministerial task that does not require acceptance by the Association; and to acknowledge the continuity of maintenance of the common area, regardless of changes in the Association's board of directors or management.

4.4 COMPONENTS. The common area of Steadman Farms consists of the following components on or adjacent to the Property, even if located on a lot or a public right-of-way:

- a. Any area shown on a plat as common area of Steadman Farms.
- b. Any area shown on a plat as an area to be maintained by the Association.
- c. The formal entrances to the Property.
- d. Permanent sign monuments for Steadman Farms, wherever located.
- e. Landscaping on street islands, if any, within Steadman Farms.
- ~~f. Any modification, replacement, or addition to any of the above-described areas and improvements.~~
- g. Personal property owned by the Association, such as books and records, office equipment, and supplies.

4.5 LIMITED COMMON AREA. If it is in the best interest of the Association, a portion of the common area may be licensed, leased, or allocated to one or more lots for their sole and exclusive use, as a limited common area, whether or not the area is so designated on the plat. Inherent in the limiting of a common area, maintenance of the limited common area becomes the responsibility of the lot owner, rather than the Association. For example, a common area that is difficult to access and maintain except via the adjoining house lot might be a candidate for limited common area.

4.6 PERSONAL RESPONSIBILITY. Each owner, by accepting an interest in or title to a lot in Steadman Farms, whether or not it is so expressed in the instrument of conveyance, and each resident of Steadman Farms, by occupying a home in Steadman Farms, acknowledges, understands, and agrees to each of the following statements, for himself, the members of his household, and his and their guests:

- a. Each owner and resident agrees to be informed about and to comply with the published or posted common area rules of Steadman Farms.

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- b. The use and enjoyment of any recreation amenity on the common areas of Steadman Farms involves risk of personal injury, risk of death, and risk of damage or loss to property.
- c. Each person using any common amenity in Steadman Farms assumes all risks of personal injury, death, and loss or damage to property resulting from the use and enjoyment of any common area in Steadman Farms.
- d. Parents, guardians, hosts, caretakers, and supervisors are at all times responsible for the well being and safety of their children and guests in their use of the common areas of Steadman Farms. The parent, guardian, host, caretaker, and supervisor assume responsibility for having skills appropriate for the facility being used by his charges.
- e. Declarant, the Builders, the Association, and their respective directors, officers, committees, agents, and employees are not providers, insurers, or guarantors of personal safety in or on the common areas of Steadman Farms.
- f. Declarant, the Builders, the Association, and their respective directors, officers, committees, agents, and employees have made no representations or warranties - verbal or written - relating to safety or lack of risks pertaining to the common areas of Steadman Farms.
- g. Each owner and resident agrees to educate the members of his household and his and their guests about the risks, responsibilities, and releases from liability contained in this Article.

4.7 **LIABILITY RELEASE.** Each owner and resident of Steadman Farms further acknowledges, understands, and agrees to each of the following statements, for himself, the members of his household, and his and their guests:

4.7.1 **Consideration.** Each owner and resident grants the releases from liability contained in this Article as consideration for, and as a condition to, the owner and resident's use and enjoyment of the common areas of Steadman Farms. Each owner and resident acknowledges and agrees that the releases from liability contained in this Article are a material inducement to Declarant and to the Builders to sell, convey, lease, or allow the use of lots and homes in Steadman Farms.

4.7.2 **Release for Injury or Loss.** Declarant, the Builders, the Association, and their respective directors, officers, committees, agents, and employees may not be held 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 design, construction, maintenance, or use of any common area, expressly including every recreational facility and item of equipment used in connection with Steadman Farms's common areas, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, the Association, or any Builder.

**DECLARANT, BUILDERS, & THE ASSOCIATION
ARE RELEASED FROM LIABILITY, EVEN IF NEGLIGENT.**

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4.7.3 Indemnity for Common Area Operations. The Association indemnifies, defends, and holds harmless Declarant against any loss, claim, demand, damage, cost, and expense relating to or arising out of the management and operation of the Association, including without limitation, the collection of assessments, the enforcement of the Documents, and the operation and maintenance of Steadman Farms's common areas. Indemnified expenses include, without limitation, reasonable attorneys fees, whether or not a lawsuit is filed, and costs at all court levels, including expenses incurred by Declarant in establishing the right to be indemnified, defended, and held harmless pursuant to this Declaration.

4.7.4 Negligence. The releases and indemnities contained in this Article are intended to release and indemnify the specified parties from liability for their own negligence.

4.7.5 Violation. Each owner and resident understands and agrees that the owner or resident's violation of the release agreement contained in this Article may result in suspension or termination of the use of any common area amenities by the owner or resident, the members of his household, and his and their guests.

ARTICLE 5 ARCHITECTURAL COVENANTS AND CONTROL

5.1 PURPOSE. Because the lots are part of a single, unified community, this Declaration creates rights to regulate the design, use, and appearance of the lots and common areas in order to preserve and enhance the Property's value and architectural harmony. One purpose of this Article is to promote and ensure the level of taste, design, quality, and harmony by which the Property is developed and maintained. Another purpose is to prevent improvements and modifications that may be widely considered to be radical, curious, odd, bizarre, or peculiar in comparison to then existing improvements. A third purpose is to regulate the appearance of every aspect of proposed or existing improvements on a lot, including but not limited to dwellings, fences, landscaping, retaining walls, yard art, sidewalks and driveways, and further including replacements or modifications of original construction or installation. During the Development Period, a primary purpose of this Article is to reserve and preserve Declarant's right of architectural control.

5.2 ARCHITECTURAL CONTROL DURING THE DEVELOPMENT PERIOD. During the Development Period, neither 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 on vacant lots. During the Development Period, the Architectural Reviewer for new homes on vacant lots is Declarant or its designees.

5.2.1 Declarant's Rights Reserved. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees that Declarant has a substantial interest in ensuring that the improvements within the Property enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market its property or the ability of Builders to sell homes in the Property. Accordingly, each owner agrees that - during the Development Period - no improvements will be started or progressed on owner's lot without the prior written approval of Declarant, which approval may be granted or withheld at Declarant's sole discretion. In reviewing and acting on an application for approval, Declarant may

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

act solely in its self-interest and owes no duty to any other person or any organization. Declarant may designate one or more persons from time to time to act on its behalf in reviewing and responding to applications.

5.2.2 Delegation by Declarant. During the Development Period, Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under this Article to a modifications or architectural committee appointed by Declarant or by the board, a modifications or architectural committee elected by the owners, or a committee comprised of architects, engineers, or other persons who may or may not be members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant (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.

5.3 ARCHITECTURAL CONTROL BY ASSOCIATION. Unless and until such time as Declarant delegates all or a portion of its reserved rights to the Architectural Control Committee ("ACC"), or the Development Period is terminated or expires, the Association has no jurisdiction over architectural matters. On termination or expiration of the Development Period, or earlier if delegated in writing by Declarant, the Association, acting through the ACC will assume jurisdiction over architectural control and as a result the Architectural Reviewer. The ACC will consist of at least 3 but not more than 7 persons appointed by the board, pursuant to the Bylaws. Members of the ACC serve at the pleasure of the board and may be removed and replaced at the board's discretion. At the board's option, the board may act as the ACC, in which case all references in the Documents to the ACC are construed to mean the board. Members of the ACC need not be owners or residents, and may but need not include architects, engineers, and design professionals whose compensation, if any, may be established from time to time by the board.

5.4 LIMITS ON LIABILITY. The Architectural Reviewer has sole discretion with respect to taste, design, and all standards specified by this Article. The Architectural Reviewer and each of its members has no liability for decisions made in good faith by the Architectural Reviewer, and which are not arbitrary or capricious. The Architectural Reviewer is not responsible for: errors in or omissions from the plans and specifications submitted to the Architectural Reviewer, supervising construction for the owner's compliance with approved plans and specifications, or the compliance of the owner's plans and specifications with governmental codes and ordinances, state and federal laws.

**BEFORE MAKING AN IMPROVEMENT OR ALTERATION TO THE
STRUCTURE OR EXTERIOR APPEARANCE OF A LOT OR HOME, A
BUILDER OR OWNER MUST APPLY FOR WRITTEN APPROVAL.**

5.5 PROHIBITION OF CONSTRUCTION, ALTERATION & IMPROVEMENT. Without the Architectural Reviewer's prior written approval, a person may not construct a dwelling or make an addition, alteration, improvement, installation, modification, redecoration, or reconstruction of or to the Property, if it will be visible from a street, another lot, or the common area. The Architectural Reviewer has the right but not the duty to evaluate every aspect of construction, landscaping, and property use that may adversely affect the general value or appearance of the Property.

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5.6 ARCHITECTURAL APPROVAL. To request architectural approval, an owner must make written application to the Architectural Reviewer and submit 2 identical sets of plans and specifications showing the nature, kind, shape, color, size, materials, and locations of the work to be performed. In support of the application, the owner may but is not required to submit letters of support or non-opposition from owners of lots that may be affected by the proposed change. The application must clearly identify any requirement of the SF Covenant or this Declaration for which a variance is sought. The Architectural Reviewer will return one set of plans and specifications to the applicant marked with the Architectural Reviewer's response, such as "Approved," "Denied," or "More Information Required." The Architectural Reviewer will retain the other set of plans and specifications, together with the application, for the Architectural Reviewer's files. Verbal approval by an Architectural Reviewer, Declarant, a Association director or officer, a member of the ACC, or the Association's manager does not constitute architectural approval by the appropriate Architectural Reviewer, which must be in writing.

5.6.1 Deemed Approval. Under the following limited conditions, the applicant may presume that his request has been approved by the Architectural Reviewer:

- a. If the applicant or a person affiliated with the applicant has not received the Architectural Reviewer's written response - approving, denying, or requesting additional information - within 60 days after delivering his complete application to the Architectural Reviewer.
- b. If the proposed improvement or modification strictly conforms to requirements and construction specifications contained in the SF Covenant, this Declaration, and in any design guidelines for the Property in effect at the time of application.

If those conditions are satisfied, the owner may then proceed with the improvement, provided he adheres to the plans and specifications which accompanied his application, and provided he initiates and completes the improvement in a timely manner. In exercising deemed approval, the burden is on the owner to document the Architectural Reviewer's actual receipt of the owner's complete application. Under no circumstance may approval of the Architectural Reviewer be deemed, implied, or presumed for an improvement or modification that would require a variance from the requirements and construction specifications applicable to the lot and contained in the plat of the subdivision, the SF Covenant, this Declaration, and in any design guidelines for the Property in effect at the time of application.

5.6.2 No Approval Required. No approval is required to repaint exteriors in accordance with the color scheme approved by the Architectural Reviewer, or to rebuild a dwelling in accordance with originally approved plans and specifications. Nor is approval required for an owner to remodel or repaint the interior of a dwelling.

5.6.3 Building Permit. If the application is for work that requires a building permit from a governmental body, the Architectural Reviewer's approval is conditioned on the issuance of the appropriate permit. The Architectural Reviewer's approval of plans and specifications does not mean that they comply with the requirements of the governmental body. Alternatively, governmental approval does not ensure Architectural Reviewer approval.

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

5.6.4 Neighbor Input. The Architectural Reviewer may solicit comments on the application, including from owners or residents of lots that may be affected by the proposed change, or from which the proposed change may be visible. Whether to solicit comments, from whom to solicit comments, and whether to make the comments available to the applicant is solely at the discretion of the Architectural Reviewer. The Architectural Reviewer is not required to respond to the commenters in ruling on the application.

5.6.5 Declarant Approved. Notwithstanding anything to the contrary in the SF Covenant or this Declaration, any improvement to the Property made or approved by Declarant during the Development Period is deemed to have been approved by the Architectural Reviewer. If the improvement is of a nature that would require a variance by the Architectural Reviewer, such variance is deemed to have been granted.

ARTICLE 6

GENERAL CONSTRUCTION AND USE RESTRICTIONS

6.1 VARIANCE. The use of the Property is subject to the restrictions contained in this Article, and subject to rules adopted pursuant to this Article. The board or the Architectural Reviewer, as the case may be, may grant a variance or waiver of a restriction or rule on a case-by-case basis when unique circumstances dictate, and may limit or condition its grant. To be effective, a variance must be in writing. The grant of a variance does not effect a waiver or estoppel of the Association's right to deny a variance in other circumstances. Approval of a variance or waiver may not be deemed, implied, or presumed under any circumstance.

6.2 SPECIFICATION SOURCES. All specifications for the construction of the initial improvements in Steadman Farms are not required to be published in the SF Covenant or this Declaration, and may be part of a private agreement between Declarant and a Builder. Some specifications are repeated in the SF Covenant or this Declaration because of their applicability to the daily use of the Property or the anticipated ways that residential owners try to modify their house lots. Additional specifications, including variations of the requirements in the SF Covenant or in this Declaration, may be included in the amendment of annexation, or the supplemental declaration, by which a phase or section of real property is added to Steadman Farms. The Association may also publish design guidelines for use by owners of Steadman Farms. This Section serves as notice of multiple sources of specifications pertaining to the construction or modification of improvements in Steadman Farms.

6.3 CONSTRUCTION RESTRICTIONS. Without the Architectural Reviewer's prior written approval for a variance, a single family house constructed on a Steadman Farms lot must have the characteristics described in the construction specifications in the SF Covenant and the Declaration. The Architectural Reviewer and the board (after the Development Period) may promulgate additional rules and restrictions, as well as interpretations, additions, and specifications of the restrictions contained in this Article. An owner should review the Association's architectural restrictions, if any, before planning improvements, repairs, or replacements to his lot and dwelling.

6.4 ARCHITECTURAL GUIDELINES. Declarant during the Development Period, and the Association thereafter, may publish architectural restrictions, guidelines, and standards, which may be revised from time to time to reflect changes in technology, style, and taste.

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

6.5 **LIMITS TO RIGHTS.** No right granted to an owner by this Article or by any provision of the Documents is absolute. The Documents grant rights with the expectation that the rights will be exercised in ways, places, and times that are customary for the Property. This Article and the Documents as a whole do not try to anticipate and address every creative interpretation of the restrictions. For example, the right of access to a home is not the right to land helicopters on the lot. The rights granted by this Article and the Documents are at all times subject to the board's determination that a particular interpretation and exercise of a right is significantly inappropriate, unattractive, or otherwise unsuitable for the Property, and thus constitutes a violation of the Documents. In other words, the exercise of a right or restriction must comply with the spirit of the restriction as well as with the letter of the restriction.

6.6 **ASSOCIATION'S RIGHT TO PROMULGATE RULES.** The Association, acting through its board, is granted the right to adopt, amend, repeal, and enforce reasonable rules, and penalties for infractions thereof, regarding the occupancy, use, disposition, maintenance, appearance, and enjoyment of the Property. In addition to the restrictions contained in this Article, each lot is owned and occupied subject to the right of the board to establish rules, and penalties for infractions thereof, governing:

- a. Use of common areas.
- b. Hazardous, illegal, or annoying materials or activities on the Property.
- c. The use of Property-wide services provided through the Association.
- d. The consumption of utilities billed to the Association.
- e. The use, maintenance, and appearance of exteriors of dwellings and lots.
- f. Landscaping and maintenance of yards.
- g. The occupancy and leasing of dwellings.
- h. Animals.
- i. Vehicles.
- j. Disposition of trash and control of vermin, termites, and pests.
- k. Anything that interferes with maintenance of the Property, operation of the Association, administration of the Documents, or the quality of life for residents.

DON'T PUSH THE ENVELOPE, PLEASE.

6.7 **SUBJECTIVE STANDARDS.** Standards for some rules and restrictions are inherently subjective, such as what is unattractive or offensive. The Association is not required to honor every resident's individual tolerances. On lifestyle-related rules, the Association may refrain from acting on a perceived violation unless the board determines the violation to be significant or a community-wide problem. The Association may not be compelled by one resident to enforce rules and restrictions against another resident. Residents are expected to deal directly and peaceably with each other about their differences.

ARTICLE 7 **ASSOCIATION OPERATIONS**

7.1 **THE ASSOCIATION.** The existence and legitimacy of the Association is derived from this Declaration and the Bylaws of the Association.

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7.1.1. Type. The Association must be a nonprofit organization, and may be unincorporated or incorporated, as the Association decides from time to time. If the Association is incorporated, the subsequent failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association.

7.1.2. Applicability. The Association is subject to the Texas Business Organizations Code ("**TBOC**"). Because provisions of this Declaration address issues covered by the TBOC, this Declaration is a "Governing Document" as defined by TBOC, and any such provision herein is a "Bylaw" as defined by TBOC. When incorporated, the Association is subject to TBOC Chapter 22 - the Nonprofit Corporation Law. When unincorporated, the Association is subject to TBOC Chapter 252 - the Uniform Unincorporated Nonprofit Association Act.

7.1.3. Name. A name is not the defining feature of the Association. Although the initial name of the Association is Steadman Farms Homeowners Association, the Association may operate under any name that is approved by the board and (1) registered by the board with the County Clerk of Tarrant County, Texas, as an assumed name, or (2) filed by the Association with the Secretary of State of Texas as the name of the filing entity. The Association may also change its name by amending the Documents. Another legal entity with the same name as the Association, or with a name based on the name of the Property is not the Association, which derives its authority from this Declaration.

7.1.4. Duties. The duties and powers of the Association are those set forth in the Documents, together with the general and implied powers of a property owners association and, as applicable, an unincorporated nonprofit association or a nonprofit corporation organized under the laws of the State of Texas. Generally, the Association may do any and all things that are lawful and necessary, proper, or desirable in operating for the peace, health, comfort, and general benefit of its members, subject only to the limitations on the exercise of such powers as stated in the Documents.

7.1.5. Duration. The Association comes into existence on the later to occur of the two following events: (1) the date on which this Declaration is recorded in the Real Property Records of Tarrant County, Texas, or (2) the date on which a deed is recorded in the Real Property Records of Tarrant County, Texas, evidencing diversity of ownership in the Property (that the Property is not owned entirely by Declarant or its affiliates). The Association will continue to exist at least as long as this Declaration, as it may be amended, is effective against all or part of the Property.

7.2. BOARD. The Association is governed by a board of directors. Unless the Association's Bylaws or Articles of Association provide otherwise, the board will consist of at least 3 persons elected by the members at the annual meeting of the Association, or at a special meeting called for that purpose. Unless the Documents expressly reserve a right, action, or decision to the owners, Declarant, or another party, the board acts in all instances on behalf of the Association. Unless the context indicates otherwise, references in the Documents to the "Association" may be construed to mean "the Association acting through its board of directors."

7.3. MEMBERSHIP. Each owner is a member of the Association, ownership of a lot being the sole qualification for membership. Membership is appurtenant to and may not be separated from ownership of the lot. The board may require satisfactory evidence of transfer of ownership before a purported owner is entitled to vote at meetings of the Association. If a lot is owned by more than one person or entity, each co-owner is a member of the Association and may exercise the membership rights appurtenant to the lot. A member who sells his lot under a

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contract for deed may delegate his membership rights to the contract purchaser, provided a written assignment is delivered to the board. However, the contract seller remains liable for all assessments attributable to his lot until fee title to the lot is transferred.

**EVERY OWNER OF A STEADMAN FARMS LOT AUTOMATICALLY
JOINS A MANDATORY MEMBERSHIP ASSOCIATION.**

7.4. DECISION-MAKING. Any decision or act of the Association may be made by or at the direction of the board, unless the Documents reserve the decision or act to the members, Declarant, or any other person or group. Unless the Documents or applicable law provide otherwise, any action requiring approval of the members may be approved (1) at a meeting by owners of at least a majority of the lots that are represented at the meeting, provided notice of the meeting was given to an owner of each lot, or (2) in writing by owners of at least a majority of all lots, provided the opportunity to approve or disapprove was given to an owner of each lot.

7.5. MANAGER. The board may delegate the performance of certain functions to one or more managers or managing agents of the Association. Notwithstanding a delegation of its functions, the board is ultimately responsible to the members for governance of the Association.

7.6. COMMUNICATIONS BY ASSOCIATION. Declarant does not intend to limit the methods by which the Association, owners, and residents communicate with each other. Such communications may be by any method or methods that are available and customary. For example, if the Association is required by the Documents or applicable law to make information available to owners of all lots, that requirement may be satisfied by posting the information on the Association's website or by using electronic means of disseminating the information, unless applicable law requires a specific method of communication. It is foreseeable that meetings of the Association and voting on issues may eventually be conducted via technology that is not widely available on the date of this Declaration. As communication technologies change, the Association may adopt as its universal standard any technology that is used by owners of at least 85 percent of the lots. Also, the Association may employ multiple methods of communicating with owners and residents.

7.7. COMMUNICATIONS BY AND AMONG OWNERS. This Section strives to balance among (1) the rights of owners and residents to communicate with each other and with the general public, (2) the Association's interest in maintaining a public image for the community that enhances property values and contributes positively to a sense of community for all residents and owners, and (3) the desire of owners to be free of uninvited solicitations, misleading communications, and tit-for-tat diatribes. The Association's board of directors, as a body, and Declarant during the Development Period, are the only parties authorized to issue or endorse communications in the name of Steadman Farms and the Association. Owners and residents may not communicate with others in a manner that gives the impression of having been approved or sanctioned by the Association. In communicating with residents, owners, or the public about matters pertaining to Steadman Farms, the issuer must conspicuously state that the communication is not sanctioned by the Association. This applies to any website, blog, or other electronic communication device that uses the name "Steadman Farms".

7.8. OWNERS APPOINT ATTORNEY-IN-FACT. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, automatically appoints the Association, acting through its board, to act as the owner's attorney-in-fact, agent, trustee, and/or proxy in certain circumstances, in accordance with the powers given below with respect to Steadman Farms.

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7.8.1. Limited Purposes & Powers. The appointment of the Association as the attorney-in-fact of the owners is limited to the following purposes and powers:

- a. To act as trustee for the owner, to negotiate, receive, administer, and distribute the proceeds of any claim against an insurance policy maintained by the Association.
- b. To act as the official representative of the collective interests of lot owners before courts, administrative bodies, and government bodies, including taxation, condemnation, and zoning boards.
- c. To serve as attorney-in-fact for the owner in signing instruments that local governments or public laws require to be signed by a certain percentage of owners in Steadman Farms.
- d. To serve as the owner's proxy in decisions and meetings of the Association when a Bolster Ballot is needed, pursuant to this Article.

7.8.2. Requirements for Association. At least 10 days but not more than 60 days before exercising the power of attorney or appointment of agency or trustee created by this Section, the Association must notify the membership of (1) the circumstances that give rise to exercise, (2) how the Association intends to exercise the power created herein, (3) why the exercise is deemed to be in the best interests of the Association, and (4) the time, date, and place of a forum in which the members can share communications about the proposed exercise.

7.8.3. Duration as to Property. The Association's authority as attorney in fact for the collective community of owners begins on the date this Declaration is recorded and is perpetual as to the Property unless revoked, in writing, by the Association, as evidenced by an instrument of revocation recorded in the Real Property Records of Tarrant County, Texas. This power of attorney will not lapse because of a passage of time.

7.8.4. Duration as to Owner. As to a particular owner, the Association's authority as attorney in fact begins on the date the owner acquires an interest in or title to a lot, and ends when the owner ceases to hold an interest in or title to a lot. Each owner ratifies all acts done under this appointment during the owner's membership in the Association. This power of attorney is not affected by the disability or incapacity of an owner.

7.8.5. Hold Harmless. Each owner binds himself and his heirs and personal representatives to hold the Association harmless from all claims, demands, losses, damages, actions, and expenses that the Association may sustain or incur in connection with carrying out the authority granted to the Association in this power of attorney.

7.8.6. Agent. **THE ASSOCIATION, AS THE OWNERS' ATTORNEY-IN-FACT OR AGENT OR TRUSTEE, BY ACCEPTING OR ACTING UNDER THE APPOINTMENT, ASSUMES THE FIDUCIARY AND OTHER LEGAL RESPONSIBILITIES OF AN AGENT.**

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7.9. VOTING. One indivisible vote is appurtenant to each lot. The total number of votes equals the total number of lots in the Property. If additional property is made subject to this Declaration, the total number of votes will be increased automatically by the number of additional lots. Each vote is uniform and equal to the vote appurtenant to every other lot, except during the Declarant Control Period as permitted in Appendix C. Cumulative voting is not allowed. Votes may be cast by written proxy, according to the requirements of the Association's Bylaws.

7.10. BOOKS & RECORDS. The Association will maintain copies of the Documents and the Association's books, records, and financial statements. The Association will make its books and records available to members, on request, for inspection and copying pursuant to the requirements of applicable law.

7.11. INDEMNIFICATION. The Association indemnifies every officer, director, committee chair, and committee member (for purposes of this Section, "**Leaders**") against expenses, including attorney's fees, reasonably incurred by or imposed on the Leader in connection with an action, suit, or proceeding to which the Leader is a party by reason of being or having been a Leader. A Leader is not liable for a mistake of judgment, negligent or otherwise. A Leader is liable for his willful misfeasance, malfeasance, misconduct, or bad faith. This right to indemnification does not exclude any other rights to which present or former Leaders may be entitled. The Association may maintain general liability and directors and officers liability insurance to fund this obligation. Additionally, the Association may indemnify a person who is or was an employee, trustee, agent, or attorney of the Association, against any liability asserted against him and incurred by him in that capacity and arising out of that capacity. Additionally, the Association may indemnify a person who is or was an employee, trustee, agent, or attorney of the Association, against any liability asserted against him and incurred by him in that capacity and arising out of that capacity.

7.12. OBLIGATIONS OF OWNERS. Without limiting the obligations of owners under the Documents, each owner has the following obligations:

7.12.1. Pay Assessments. Each owner will pay assessments properly levied by the Association against the owner or his lot, and will pay regular assessments without demand by the Association.

7.12.2. Transfers. Each owner will pay the applicable HOA Sale Fees described in Article 8 of this Declaration.

7.12.3. Comply. Each owner will comply with the Documents as amended from time to time.

7.12.4. Reimburse. Each owner will pay for damage to the Property caused by the negligence or willful misconduct of the owner, a resident of the owner's lot, or the owner or resident's family, guests, employees, contractors, agents, or invitees.

7.12.5. Liability. Each owner is liable to the Association for violations of the Documents by the owner, a resident of the owner's lot, or the owner or resident's family, guests, employees, agents, or invitees, and for costs incurred by the Association to obtain compliance, including attorney's fees whether or not suit is filed.

7.13. NEW HOME SALES. The sale by Declarant or a Builder to a homeowner of (1) a lot that is improved with a newly constructed house or (2) a lot with a contract for construction of the first house on that lot,

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is considered a "New Home Sale" for purposes of this Declaration. New Home Sales are not resales. The obligations for HOA Sale Fees for New Home Sales are described in Article 8 of this Declaration.

7.14. **HOME REALES.** For purposes of this Declaration, a "*resale*" is every sale or conveyance of a lot (or of an interest in a lot) that has been improved with a house, other than a New Home Sale. This Section applies to every resale of an improved house lot.

7.14.1. **Resale Certificate.** An owner intending to sell his home will notify the Association and will request a resale certificate from the Association. The resale certificate provided by the Association or its manager must contain the Notice of HOA Sale Fees then in effect, and an itemization of the types and amounts of HOA Sale Fees that may be collected at or prior to closing.

7.14.2. **No Right of First Refusal.** The Association does not have a right of first refusal and may not compel a selling owner to convey the owner's lot to the Association.

7.14.3. **HOA Sale Fees.** At time of transfer, the HOA Sale Fees described in the Notice of HOA Sale Fees then in effect are due and payable by buyer and/or seller.

7.14.4. **Information.** Within 30 days after acquiring an interest in a lot, an owner will provide the Association with the following information: a copy of the settlement statement or deed by which owner has title to the lot; the owner's email address (if any), U. S. postal address, and phone number; the name, address, phone number, and loan number for each mortgagee (if any) on the lot; the name and phone number of any resident of the lot other than the owner; the name, address, and phone number of owner's managing agent, if any.

7.14.5. **Exclusions.** This requirements of this Section, do not apply to the following transfers: (1) foreclosure of a mortgagee's deed of trust lien, a tax lien, or the Association's assessment lien; (2) conveyance by a mortgagee who acquires title to a lot by foreclosure or deed in lieu of foreclosure; (3) transfer to, from, or by the Association; (4) voluntary transfer by an owner to one or more co-owners, or to the owner's spouse, child, or parent; (5) a transfer by a fiduciary in the course of administering a decedent's estate, guardianship, conservatorship, or trust; (6) a conveyance pursuant to a court's order, including a transfer by a bankruptcy trustee; or (7) a disposition by a government or governmental agency.

ARTICLE 8 COVENANT FOR ASSESSMENTS

8.1. **PURPOSE OF ASSESSMENTS.** The Association will use assessments for the general purposes of preserving and enhancing the Property, and for the common benefit of owners and residents, including but not limited to maintenance of real and personal property, management and operation of the Association, and any expense reasonably related to the purposes for which the Property was developed. If made in good faith, the board's decision with respect to the use of assessments is final.

8.2. **PERSONAL OBLIGATION.** An owner is obligated to pay assessments levied by the board against the owner or his lot. An owner makes payment to the Association at its principal office or at any other place the board directs. Payments must be made in full regardless of whether an owner has a dispute with the Association, another owner, or any other person or entity regarding any matter to which this Declaration pertains. No owner

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may exempt himself from his assessment liability by waiver of the use or enjoyment of common area or by abandonment of his lot. An owner's obligation is not subject to offset by the owner, nor is it contingent on the Association's performance of the Association's duties. Payment of assessments is both a continuing affirmative covenant personal to the owner and a continuing covenant running with the lot.

**IF YOU OWN A STEADMAN FARMS LOT, YOU MUST
PAY ASSESSMENTS TO THE ASSOCIATION.**

8.3. CONTROL FOR ASSESSMENT INCREASES. This Section of the Declaration may not be amended without the approval of owners of at least two-thirds of the lots. In addition to other rights granted to owners by this Declaration, owners have the following powers and controls over the Association's budget:

8.3.1. Veto Increased Dues. At least 30 days prior to the effective date of an increase in regular assessments, the board will notify an owner of each lot of the amount of, the budgetary basis for, and the effective date of the increase. The increase will automatically become effective unless owners of at least a majority of the lots disapprove the increase by petition or at a meeting of the Association. In that event, the last-approved budget will continue in effect until a revised budget is approved.

8.3.2. Veto Special Assessment. At least 30 days prior to the effective date of a special assessment, the board will notify an owner of each lot of the amount of, the budgetary basis for, and the effective date of the special assessment. The special assessment will automatically become effective unless owners of at least majority of the lots disapprove the special assessment by petition or at a meeting of the Association.

8.4. TYPES OF ASSESSMENTS. There are 4 types of assessments: Regular, Special, Individual, and Deficiency.

8.4.1. Regular Assessments. Regular assessments are based on the annual budget. Each lot is liable for its equal share of the annual budget. If the board does not approve an annual budget or fails to determine new regular assessments for any year, or delays in doing so, owners will continue to pay the regular assessment as last determined. If during the course of a year the board determines that regular assessments are insufficient to cover the estimated common expenses for the remainder of the year, the board may increase regular assessments for the remainder of the fiscal year in an amount that covers the estimated deficiency. Regular assessments are used for common expenses related to the reoccurring, periodic, and anticipated responsibilities of the Association, including but not limited to:

- a. Maintenance, repair, and replacement, as necessary, of the common area.
- b. Utilities billed to the Association.
- c. Services billed to the Association and available to all lots.
- d. Taxes on property owned by the Association and the Association's income taxes.

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- e. Management, legal, accounting, auditing, and professional fees for services to the Association.
- f. Costs of operating the Association, such as telephone, postage, office supplies, printing, meeting expenses, and educational opportunities of benefit to the Association.
- g. Premiums and deductibles on insurance policies and bonds deemed by the board to be necessary or desirable for the benefit of the Association, including fidelity bonds and directors and officers liability insurance.
- h. Contributions to the reserve funds.
- i. Programs or materials to educate officers, directors, and committee members of the Association about their respective roles.
- j. Any other expense which the Association is required by law or the Documents to pay, or which in the opinion of the board is necessary or proper for preservation of property values in the Property, for the operation and maintenance of the Property, or for enforcement of the Documents.

8.4.2. Special Assessments. In addition to regular assessments, and subject to the owners' control for assessment increases, the board may levy one or more special assessments against all lots for the purpose of defraying, in whole or in part, common expenses not anticipated by the annual budget or reserve funds. Special assessments do not require the approval of the owners, except that special assessments for the following purposes must be approved by owners of least a majority of the lots:

- a. Acquisition of real property, other than the purchase of a lot at a sale foreclosing the Association's lien against the lot.
- b. Construction of additional improvements within the Property, but not replacement of original improvements.
- c. Any expenditure that may reasonably be expected to significantly increase the Association's responsibility and financial obligation for operations, insurance, maintenance, repairs, or replacement.

8.4.3. Individual Assessments. In addition to regular and special assessments, the board may levy an individual assessment against a lot and its owner. Individual assessments may include, but are not limited to: interest, late charges, and collection costs on delinquent assessments; reimbursement for costs incurred in bringing an owner or his lot into compliance with the Documents; fines for violations of the Documents; insurance deductibles; transfer-related fees and resale certificate fees; fees for estoppel letters and project documents; reimbursement for damage or waste caused by willful or negligent acts; common expenses that benefit fewer than all of the lots, which may be assessed according to benefit received; fees or charges levied against the Association on a per-lot basis; and "pass through" expenses for services to lots provided through the Association and which are equitably paid by each lot according to benefit received.

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8.4.4. Deficiency Assessments. The board may levy a deficiency assessment against all lots for the purpose of defraying, in whole or in part, the cost of repair or restoration if insurance proceeds or condemnation awards prove insufficient.

8.5. BASIS & RATE OF ASSESSMENTS. The share of liability for common expenses allocated to each lot is uniform for all lots, regardless of a lot's location or the value and size of the lot or dwelling; subject, however, to the exemption for Declarant provided below and in Appendix C. The initial rate of the regular assessment is \$525.00 per lot.

8.6. DECLARANT OBLIGATION. Declarant's obligation for and exemption from assessments is described in Appendix C. Unless Appendix C creates an affirmative assessment obligation for Declarant, a lot that is owned by Declarant during the Development Period is exempt from mandatory assessment by the Association. Declarant has a right to reimbursement for any assessment paid to the Association by Declarant during the Development Period, but only after the Declarant Control Period. This provision may not be construed to prevent Declarant from making a loan or voluntary monetary donation to the Association, provided it is so characterized.

8.7. ANNUAL BUDGET. The board will prepare and approve an estimated annual budget for each fiscal year. The budget will take into account the estimated income and expenses for the year, contributions to reserve funds, and a projection for uncollected receivables. The board will make the budget or its summary available to an owner of each lot, although failure to receive a budget or summary does not affect an owner's liability for assessments. The board will provide copies of the detailed budget to owners who make written request and pay a reasonable copy charge.

8.8. DUE DATE. The board may levy regular assessments on any periodic basis - annually, semi-annually, quarterly, or monthly. Regular assessments are due on the first day of the period for which levied. Special and individual assessments are due on the date stated in the notice of assessment or, if no date is stated, within 10 days after notice of the assessment is given. Assessments are delinquent if not received by the Association on or before the due date.

8.9. RESERVE FUNDS. The Association will establish, maintain, and accumulate reserves for operations and for replacement and repair. The Association's repair and replacement reserve accounts are intended to accumulate monies that will be used, as needed from time to time, to make anticipated major repairs or replacement of significant improvements in the common area. The reserve accounts are not intended to cover unforeseeable expenses or every foreseeable future expense. During the early years of the Property, when major components of the common area are new and unlikely to require replacement, the reserve accounts are not expected to be fully funded.

8.9.1. Types of Reserves. The board may create as many types of reserve accounts as it desires, such as the following two types of reserves.

- a. Operations Reserves. The Association will endeavor to maintain operations reserves at a level determined by the board to be sufficient to cover the cost of operational or maintenance emergencies or contingencies, such as the full amount of deductibles on insurance policies maintained by the Association.

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- b. Replacement & Repair Reserves. The Association will endeavor to maintain replacement and repair reserves at a level that anticipates the scheduled replacement or major repair of components of the common area.

8.9.2. Owners Contribute. The reserve accounts are funded by monies paid by owners other than Declarant. Owners' contributions may be in the form of initial contributions at time of purchase, special assessments, and/or set asides from regular assessments.

8.9.3. Replacement Reserve Study & Schedule. At the end of the Declarant Control Period, and periodically thereafter, the board elected by the owners may adopt a replacement reserve schedule as the basis for the Association's reserve accounts. The replacement reserve schedule may be based on a replacement reserve study prepared by the Association's manager, by the board, or by a third party. The board may use the replacement reserve study to determine which components and repairs are to be covered by the replacement reserve schedule, and which are to be addressed as routine maintenance within the annual operating budget. The board may also determine:

- a. What percentage or portions of the replacement reserve schedule to fund on an ongoing basis, and which to fund by special assessment or an increase in the regular assessment at the time work is performed.
- b. Whether to levy a special assessment to establish, increase, or replenish the reserve accounts.
- c. Whether to dedicate some or all of the reserve funds to specific uses.

8.9.4. Adequacy of Reserve Fund. A reserve fund is deemed to be adequate if (1) the fund identifies at least the major components of the common area improvements, estimates the remaining useful life of each major component, and estimates the cost of repairing or replacing each major component using current costs (without cost of living or inflation factors), and (2) there is a schedule for infusing the fund with monetary contributions from owners, even if years or decades are required to reach full funding.

8.9.5. Declarant Does Not Contribute. Declarant has no duty to contribute to the Association's reserve accounts. If the Association does not collect initial reserve contributions from owners at time of purchase during the Declarant Control Period, after the Declarant Control Period, the Association will levy a special assessment to establish initial reserve accounts, and will thereafter collect initial reserve contributions in connections with transfers of title.

8.10. RESERVE CONTRIBUTIONS AT TIME OF RESALE. In connection with every transfer of a used home ("*resale*") by an owner, other than a New Home Sale, the seller or buyer is liable for a one-time contribution to the Association's reserve funds, in the amount of the equivalent of one-half the annual regular assessment for each lot purchased. The reserve contribution may be paid by either the seller or the buyer, per their negotiations, and are typically collected at closing. If the reserve contribution is not collected at closing, the buyer remains liable to the Association for the reserve contribution until the money is received. The reserve contribution may not be avoided by effecting the transfer without the services of a title company. This Section does not apply to the sale of new homes.

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8.11. ASSOCIATION'S RIGHT TO BORROW MONEY. The Association is granted the right to borrow money, subject to (1) the consent of owners of at least a majority of lots represented at a properly noticed meeting of the Association, at which a quorum is present, called for the purpose of approving the loan, and (2) the ability of the Association to repay the borrowed funds from assessments. To assist its ability to borrow, the Association is granted the right to encumber, mortgage, pledge, or deed in trust any of its real or personal property, and the right to assign its right to future income, as security for money borrowed or debts incurred, provided that the rights of the lender in the pledged property are subordinate and inferior to the rights of the owners hereunder.

8.12. LIMITATIONS OF INTEREST. The Association, and its officers, directors, managers, and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Documents or any other document or agreement executed or made in connection with the Association's collection of assessments, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by applicable law. If from any circumstances whatsoever, the Association ever receives, collects, or applies as interest a sum in excess of the maximum rate permitted by law, the excess amount will be applied to the reduction of unpaid special and regular assessments, or reimbursed to the owner if those assessments are paid in full.

8.13. HOA SALE FEES. This Section addresses the expenses, fees, charges, and contributions (hereafter, collectively, the "*HOA Sale Fees*") that are charged by the Association or its manager, and that arise at the time of a home's sale or purchase. As used in this Section, "HOA Sale Fees" does not include a buyer's prepaid and/or pro-rata assessments. HOA Sale Fees are not refundable by the Association or the Association's manager, and may not be regarded as a prepayment of or credit against assessments. HOA Sale Fees generally fall into two types of categories - budget enhancing fees, such as contributions to the reserve or operating funds of the Association, and administrative fees, such as fees for resale certificates, estoppel certificates, copies of Documents, compliance inspections, ownership record changes, and priority processing.

8.13.1. Notice of HOA Sale Fees. The Association will publicly record a Notice of HOA Sale Fees. The Notice may be recorded independent of the Declaration, and may be recorded as part of the Management Certificate.

8.13.2. Waiver. The Association and its manager may waive some or all HOA Sale Fees on a transfer by transfer basis, without waiving the right to charge such fees on future transfers.

8.13.3. Who Pays? HOA Sale Fees may be paid by either the seller or the buyer, per their negotiations, and are typically collected at closing. If the HOA Sale Fees are not collected at closing, the buyer remains liable to the Association or to the manager, as applicable, for the fee until the fee is received. HOA Sales Fees may not be avoided by effecting the transfer without the services of a title company.

8.13.4. Exclusions. The following transfers are not subject to or liable for HOA Sale Fees: (1) foreclosure of a mortgagee's deed of trust lien, a tax lien, or the Association's assessment lien; (2) conveyance by a mortgagee who acquires title by foreclosure or deed in lieu of foreclosure; (3) transfer to, from, or by the Association; (4) voluntary transfer by an owner to one or more co-owners, or to the owner's spouse, child, or parent; (5) a transfer by a fiduciary in the course of administering a decedent's estate, guardianship, conservatorship, or trust; (6) a conveyance pursuant to a court's order, including a such as transfer by a bankruptcy trustee; or (7) a disposition by a government or governmental agency.

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8.13.5. Manager's Fees. HOA Sale Fees may be charged by the Association's manager, managing director, or managing agent (collectively, "*manager*"), pursuant to a contract between the Association and the manager, and provided there is no duplication of fees by type or amount with fees charged by the Association. This Article does not obligate the manager to levy HOA Sale Fees. The number, types, and amounts of HOA Sale Fees charged by a manager (1) must have the prior written approval of the board, (2) are not subject to the Association's assessment lien, (3) should not exceed what is customary in amount, kind, and number for the local marketplace, and (4) are not payable by the Association unless the management contract so stipulates.

8.13.6. Amendment of Notice. The board, without a vote of the owners, may amend the Notice of HOA Sale Fees for the following two purposes: (1) to change a stated amount or formula for a HOA Sale Fee, or (2) to conform the Notice of HOA Sale Fees with applicable law regarding HOA Sale Fees. Any other amendment of the Notice requires the approval of owners of two-thirds of the lots represented at a meeting of the Association at which a quorum is present, provided notice of the proposed amendment is given with the notice of meeting. During the Development Period, any amendment of the Notice of HOA Sale Fees must have the written and acknowledged consent of Declarant.

8.13.7. Effective. To be effective, an amendment or restatement of the Notice of HOA Sale Fees by the owners or by the board must be in the form of a written instrument (1) referencing the name of the Property, the name of the Association, the recording data of the Declaration, and the recording data of the previously recorded Notice of HOA Sale Fees, (2) signed and acknowledged by an officer of the Association, certifying the requisite approval of owners or directors, and (3) recorded in the Real Property Records of Tarrant County, Texas.

8.13.8. Applicability. If the amended or restated Notice of HOA Sale Fees results in an overall reduction of HOA Sale Fees for a conveyance that is pending at the time of the amendment, the lower rate is effective immediately for any closing that occurs after the date the amendment is publicly recorded. If the amended or restated Notice of HOA Sale Fees results in an overall increase of HOA Sale Fees for the lot being conveyed, the increased amount is not effective until the 90th day after the date on which the amended or restated Notice of HOA Sale Fees is publicly recorded.

8.13.9. Distribution. Within 60 days after the amended or restated Notice of HOA Sale Fees is publicly recorded, a copy or report of, or electronic link to, the recorded amended Notice of HOA Sale Fees must be delivered or made available to an owner of each lot.

ARTICLE 9

ASSESSMENT LIEN

9.1. ASSESSMENT LIEN. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to pay assessments to the Association. Each assessment is a charge on the lot and is secured by a continuing lien on the lot. Each owner, and each prospective owner, is placed on notice that his title may be subject to the continuing lien for assessments attributable to a period prior to the date he purchased his lot.

9.2. SUPERIORITY OF ASSESSMENT LIEN. The assessment lien is superior to all other liens and encumbrances on a lot, except only for (1) real property taxes and assessments levied by governmental and taxing

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authorities, (2) a deed of trust or vendor's lien recorded before this Declaration, (3) a recorded deed of trust lien securing a loan for construction of the original dwelling, and (4) a purchase money vendor's lien or purchase money deed of trust lien recorded before the date on which the delinquent assessment became due. The assessment lien is subordinate and inferior to a recorded deed of trust lien that secures a purchase money mortgage, an FHA-insured mortgage, or a VA-guaranteed mortgage.

9.3. EFFECT OF MORTGAGEE'S FORECLOSURE. Foreclosure of a superior lien extinguishes the Association's claim against the lot for unpaid assessments that became due before the sale, but does not extinguish the Association's claim against the former owner. The purchaser at the foreclosure sale of a superior lien is liable for assessments coming due from and after the date of the sale, and for the owner's pro rata share of the pre-foreclosure deficiency as a Association expense.

Yes, the HOA can foreclose!

If you fail to pay assessments to the Association, you may lose
your home if the Association forecloses its assessment lien against your lot.

9.4. PERFECTION OF LIEN AND RELEASE OF NOTICE. The Association's lien for assessments is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien is required to perfect the lien. However, the Association, at its option, may cause a notice of the lien to be recorded in the Real Property Records of Tarrant County, Texas. If the debt is cured after a notice has been publicly recorded, the Association will record a release of the notice at the expense of the curing owner.

9.5. POWER OF SALE. By accepting an interest in or title to a lot, each owner grants to the Association a private power of nonjudicial sale in connection with the Association's assessment lien. The board may appoint, from time to time, any person, including an officer, agent, trustee, substitute trustee, or attorney, to exercise the Association's lien rights on behalf of the Association, including the power of sale. The appointment must be in writing and may be in the form of a resolution recorded in the minutes of a board meeting.

9.6. FORECLOSURE OF LIEN. The assessment lien may be enforced by judicial or nonjudicial foreclosure. A foreclosure must comply with the requirements of applicable law, such as Chapter 209 of the Texas Property Code. A nonjudicial foreclosure must be conducted in accordance with the provisions applicable to the exercise of powers of sale as set forth in Section 51.002 of the Texas Property Code, or in any manner permitted by law. In any foreclosure, the owner is required to pay the Association's costs and expenses for the proceedings, including reasonable attorneys' fees, subject to applicable provisions of the Bylaws and applicable law, such as Chapter 209 of the Texas Property Code. The Association has the power to bid on the lot at foreclosure sale and to acquire, hold, lease, mortgage, and convey same. The Association may not foreclose the assessment lien if the debt consists solely of fines and/or a claim for reimbursement of attorney's fees incurred by the Association.

ARTICLE 10

EFFECT OF NONPAYMENT OF ASSESSMENTS

10.1. GENERAL. Assessments are the life blood of the Association. An owner who fails to pay assessments, or who is frequently late or erratic in paying, creates a burden for the Association. An assessment is delinquent if the Association does not receive payment in full by the assessment's due date. The Association, acting

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through the board, is responsible for taking action to collect delinquent assessments. The Association's exercise of its remedies is subject to applicable laws, such as Chapter 209 of the Texas Property Code, and pertinent provisions of the Bylaws. From time to time, the Association may delegate some or all of the collection procedures and remedies, as the board in its sole discretion deems appropriate, to the Association's manager, an attorney, or a debt collector. Neither the board nor the Association, however, is liable to an owner or other person for its failure or inability to collect or attempt to collect an assessment. The following remedies are in addition to and not in substitution for all other rights and remedies which the Association has.

10.2. INTEREST. Delinquent assessments are subject to interest from the due date until paid, at a rate to be determined by the board from time to time, not to exceed the lesser of 18 percent per annum or the maximum rate permitted by law. If the board fails to establish a rate, the rate is 10 percent per annum.

10.3. LATE FEES. Delinquent assessments are subject to reasonable late fees, at a rate to be determined by the board from time to time.

10.4. COSTS OF COLLECTION. The owner of a lot against which assessments are delinquent is liable to the Association for reimbursement of reasonable costs incurred by the Association to collect the delinquent assessments, such as attorneys fees and processing fees charged by the manager.

10.5. ACCELERATION. If an owner defaults in paying an assessment that is payable in installments, the Association may accelerate the remaining installments on 10 days' written notice to the defaulting owner. The entire unpaid balance of the assessment becomes due on the date stated in the notice of acceleration.

10.6. SUSPENSION OF USE. If an owner's account has been delinquent for at least 60 days, the Association may suspend the right of the owner and the right of occupants of the owner's lot to use common areas and common services of the Association. Suspension does not constitute a waiver or discharge of the owner's obligation to pay assessments.

10.7. MONEY JUDGMENT. The Association may file suit seeking a money judgment against an owner delinquent in the payment of assessments, without foreclosing or waiving the Association's lien for assessments.

10.8. NOTICE TO MORTGAGEE. The Association may notify and communicate with the holder of any lien against a lot regarding the owner's default in payment of assessments.

10.9. FORECLOSURE OF ASSESSMENT LIEN. As provided by this Declaration, the Association may foreclose its lien against the lot by judicial or nonjudicial means.

10.10. APPLICATION OF PAYMENTS. The board may adopt and amend policies regarding the application of payments. The Association may refuse to accept partial payment, i.e., less than the full amount due and payable. The Association may also refuse to accept payments to which the payer attaches conditions or directions contrary to the board's policy for applying payments. The Association's policy may provide that endorsement and deposit of a payment does not constitute acceptance by the Association, and that acceptance occurs when the Association posts the payment to the lot's account.

A good name is more desirable than great riches - Proverbs 22:1

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10.11. **PUBLICATION OF NAMES.** The day after the due date for payment of property taxes, the names of nonpayers are made public. The Association is not as harsh. Only under the limited circumstances described below, the Association has the right, but not the duty, to publish the address of any lot and/or the name of the lot's owner for which the assessment account is delinquent. (Under Article 11 below, publication of names may also be available for other violations of the Documents.) By acquiring an ownership interest in the Property, each owner acknowledges (1) that members of the Association have a right to inspect the financial records of the Association, including the status of owners' accounts; (2) that an owner's account with the Association is not privileged, sensitive, or protected from scrutiny by other owners; (3) that the Association has the right to publish factual information about the owner's account; and (4) that the owner has no cause of action against the Association, or its officers, directors, or managers, for libel, defamation, slander, or "invasion of privacy" regarding assessment account disclosures to members of the Association. The publication may be by any method that is generally available to members of the Association. If the Association mistakenly publishes a name or address that is not delinquent as of a date specified, the Association will publish a retraction promptly after having been made aware of the error. The following circumstances give rise to publication of names and addresses:

- a. The account has been delinquent for at least 90 days, and the Association has given the owner written notice of and a reasonable opportunity to cure the delinquency.
- b. The Association has suspended the right of an owner or the occupants of the owner's lot to use common area facilities or services, until the delinquency is cured.
- c. The Association has filed a lawsuit in a court of law against an owner, seeking a money judgment or foreclosure of the Association's assessment lien.
- d. The Tarrant County Clerk has publicly recorded a notice of assessment lien against the lot for the benefit of the Association.
- e. The Association has publicly posted the lot for an assessment lien foreclosure sale.

ARTICLE 11 **ENFORCING THE DOCUMENTS**

11.1. **GENERAL.** The Documents provide specific remedies for certain types of violations. For example, the nonpayment of assessments is a violation of the Documents for which Articles 9 and 10 above provide specific remedies. This Article addresses violations other than nonpayment of assessments. The Association, acting through the board, is responsible for taking action to enforce the Documents. The Association's exercise of its remedies is subject to applicable laws, such as Chapter 209 of the Texas Property Code, and pertinent provisions of the Documents. From time to time, the Association may delegate some or all of the enforcement procedures and remedies, as the board in its sole discretion deems appropriate, to the Association's manager or an attorney. Neither the board nor the Association, however, is liable to an owner or other person for its failure or inability to enforce a provision of the Governing Documents against a particular owner or lot. The remedies provided in this Article for breach of the Documents are cumulative and not exclusive, and are in addition to and not in substitution for all other rights and remedies which the Association has.

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11.2. NOTICE AND HEARING. Before the Association may exercise certain of its remedies for a violation of the Documents or damage to the Property, the Association must give an owner written notice and an opportunity for a hearing, according to the requirements and procedures in the Bylaws and in applicable law, such as Chapter 209 of the Texas Property Code. Notices are also required before an owner is liable to the Association for certain charges, including reimbursement of attorneys fees incurred by the Association.

<p style="text-align: center;">STATE LAW APPLIES to many of the Association's enforcement rights and remedies.</p>

11.3. REMEDIES. In addition to other rights and remedies provided by the Documents and by law, the Association has the following right to enforce the Documents, subject to applicable notice and hearing requirements (if any):

11.3.1. Nuisance. The result of every act or omission that violates any provision of the Documents is a nuisance, and any remedy allowed by law against a nuisance, either public or private, is applicable against the violation.

11.3.2. Fine. The Association may levy reasonable charges, as an individual assessment, against an owner and his lot if the owner or resident, or the owner or resident's family, guests, employees, agents, or contractors violate a provision of the Documents. Fines may be levied for each act of violation or for each day a violation continues, and does not constitute a waiver or discharge of the owner's obligations under the Documents.

11.3.3. Suspension. The Association may suspend the right of owners and residents to use common areas for any period during which the owner or resident, or the owner or resident's family, guests, employees, agents, or contractors violate the Documents. A suspension does not constitute a waiver or discharge of the owner's obligations under the Documents.

11.3.4. Self-Help. The Association has the right to enter any part of the Property, including lots, to abate or remove, using force as may reasonably be necessary, any improvement, thing, animal, person, vehicle, or condition that violates the Documents. In exercising this right, the board is not trespassing and is not liable for damages related to the abatement. The board may levy its costs of abatement against the lot and owner as an individual assessment. The board will make reasonable efforts to give the violating owner prior notice of its intent to exercise self-help. The notice may be given in any manner likely to be received by the owner. Prior notice is not required (1) in the case of emergencies, (2) to remove violative signs, (3) to remove violative debris, or (4) to remove any other violative item or to abate any other violative condition that is easily removed or abated and that is considered a nuisance, dangerous, or an eyesore to the neighborhood.

11.3.5. Suit. Failure to comply with the Documents will be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Prior to commencing any legal proceeding, the Association will give the defaulting party reasonable notice and an opportunity to cure the violation.

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

11.3.6. Publication of Names. The publication of names and addresses of owners who are delinquent in paying assessments, as stated in Section 10.11 above, is hereby made applicable to continuing violations of the Documents that have not been cured as of a date certain that is no more than 5 business days prior to the date of publication:

- a. The lot or its occupants are in violation of a provision of the Documents, and at least 90 days have lapsed since the owner was given written notice of the continuing violation and a reasonable opportunity to cure the violation.
- b. The Association has levied a fine against the lot or its owner for a continuing violation.
- c. The Association has suspended the right of an owner or the occupants of the owner's lot to use common area facilities or services, until the violation is cured.
- d. The Association has filed a lawsuit in a court of law against an owner, seeking declaratory relief and/or damages for a violation.
- e. The Tarrant County Clerk has publicly recorded a notice of violation against the lot for the benefit of the Association.

11.4. BOARD DISCRETION. The board may use its sole discretion in determining whether to pursue a violation of the Documents, provided the board does not act in an arbitrary or capricious manner. In evaluating a particular violation, the board may determine that under the particular circumstances (1) the Association's position is not sufficiently strong to justify taking any or further action; (2) the provision being enforced is or may be construed as inconsistent with applicable law; (3) although a technical violation may exist, 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 (4) that enforcement is not in the Association's best interests, based on hardship, expense, or other reasonable criteria.

11.5. NO WAIVER. The Association and every owner has the right to enforce all restrictions, conditions, covenants, liens, and charges now or hereafter imposed by the Documents. Failure by the Association or by any owner to enforce a provision of the Documents is not a waiver of the right to do so thereafter. If the Association does waive the right to enforce a provision, that waiver does not impair the Association's right to enforce any other part of the Documents at any future time. No officer, director, or member of the Association is liable to any owner for the failure to enforce any of the Documents at any time.

11.6. RECOVERY OF COSTS. The costs of curing or abating a violation are at the expense of the owner or other person responsible for the violation. If legal assistance is obtained to enforce any provision of the Documents, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of the Documents or the restraint of violations of the Documents, the prevailing party is entitled to recover from the non-prevailing party all reasonable and necessary costs incurred by it in such action, including reasonable attorneys' fees.

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ARTICLE 12
MAINTENANCE AND REPAIR OBLIGATIONS

12.1. **ASSOCIATION MAINTAINS.** The Association's maintenance obligations will be discharged when and how the board deems appropriate. The Association maintains, repairs, and replaces, as a common expense, the portions of the Property listed below, regardless of whether the portions are on lots or common areas.

- a. The common areas.
- b. Any real and personal property owned by the Association but which is not a common area, such as a lot owned by the Association.
- c. Any property adjacent to Steadman Farms if maintenance of same is deemed to be in the best interests of the Association, and if not prohibited by the owner or operator of said property.
- d. Any area, item, easement, or service - the maintenance of which is assigned to the Association by this Declaration or by the plat.

12.2. **OWNER RESPONSIBILITY.** Every owner has the following responsibilities and obligations for the maintenance, repair, and replacement of the Property, subject to the architectural control requirements of Article 5 and the use restrictions of Article 6 and the Specification Sources listed in Article 6:

12.2.1. **House Maintenance.** Each owner, at the owner's expense, must maintain all improvements on the lot, including but not limited to the dwelling, fences, sidewalks, and driveways. Maintenance includes preventative maintenance, repair as needed, and replacement as needed. Each owner is expected to maintain his lot's improvements at a level, to a standard, and with an appearance that is commensurate with the neighborhood. Specifically, each owner must repair and replace worn, rotten, deteriorated, and unattractive materials, and must regularly repaint all painted surfaces.

12.2.2. **Yard Maintenance.** Each owner, at the owner's expense, must regularly maintain the yards on his lot at a level, to a standard, and with an appearance that is commensurate with the neighborhood. "Yards" means all parts of the lot other than the dwelling, including fenced and unfenced portions of the lot. All yards that are visible from a street must be maintained in a neatly manicured, healthy, and well-groomed condition. Owner must remove plant material that is diseased, dying, or dead, and promptly replace it with plants of a quality and appearance that are similar or superior to those removed. Owner must keep the yard irrigation system in good repair – repairing or replacing sprinkler heads, irrigation lines, and other irrigation equipment as needed for optimum landscape maintenance. Owner may not construe a law, ordinance, or public policy that requires or encourages xeriscaping as authority to allow the grounds to "go to weed" under the pretext of "adapted native landscaping." Owner will keep his yard free of litter, trash, and debris. Additionally, each owner must:

- a. Maintain an attractive ground cover or lawn on all yards visible from a street.
- b. Edge the street curbs at regular intervals.
- c. Mow the lawns and grounds at regular intervals.
- d. Prevent lawn weeds or grass from exceeding 6 inches in height.

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- e. Not plant vegetable gardens that are visible from a street.
- f. Maintain an attractive appearance for shrubs and trees visible from a street.
- g. Replace plant material, as needed, to maintain the minimum landscaping requirements of the Association.

12.2.3. Alleys. This Subsection applies if the Property has alleys. The area between the alley pavement and the back yard fence, if any, is a yard area for which the owner is responsible, regardless of whether some or all of that area is in the alley right-of-way. The owner must (1) maintain an attractive ground cover or lawn in any yard area along the alley behind or next to his lot, (2) trim the alley edge at regular intervals, and (3) maintain an attractive appearance of shrubs and trees visible from a street.

12.2.4. Avoid Damage. An owner may not do any work or to fail to do any work which, in the reasonable opinion of the board, would materially jeopardize the soundness and safety of the Property, reduce the value of the Property, adversely affect the appearance of the Property, or impair any easement relating to the Property.

12.2.5. Responsible for Damage. An owner is responsible for his own willful or negligent acts and those of his or the resident's family, guests, agents, employees, or contractors when those acts necessitate maintenance, repair, or replacement to the common areas or the property of another owner.

12.3. OWNER'S DEFAULT IN MAINTENANCE. If the board determines that an owner has failed to properly discharge his obligation to maintain, repair, and replace items for which the owner is responsible, the board may give the owner written notice of the Association's intent to provide the necessary maintenance at owner's expense. The notice must state, with reasonable particularity, the maintenance deemed necessary and a reasonable period of time in which to complete the work. If the owner fails or refuses to timely perform the maintenance, the Association may do so at owner's expense, which is an individual assessment against the owner and his lot. In case of an emergency, however, the board's responsibility to give the owner written notice may be waived and the board may take any action it deems necessary to protect persons or property, the cost of the action being the owner's expense.

12.4. FENCES & RETAINING WALLS BETWEEN LOTS. A fence or retaining wall shared by adjoining lots is hereafter referred to as a "Party Wall" and, to the extent not inconsistent with the provisions of this Section, is subject to the general rules of law regarding party walls and liability for property damage due to negligence, willful acts, or omissions. Additional fence and wall specifications are contained in the SF Covenant.

12.4.1. Retaining Walls. The portions of this Section that pertain to retaining walls apply only if adjoining lots in portions of Steadman Farms have elevations that are sufficiently different to require a retaining wall, such as occurs in properties with rolling or sloping terrain. Two adjoining lots with significantly different elevations may have a retaining wall located on or near the dividing line between the two lots and intended to benefit both lots. The lot having the higher elevation is referred to in this Section as the "**Higher Lot**," and the lot having the lower elevation is referred to as the "**Lower Lot**."

12.4.2. Encroachments & Easement. If the Party Wall is on one lot or another due to an error in construction, the Party Wall is nevertheless deemed to be on the dividing line for purposes of this Section. **The owner of the lot on each side of the Party Wall hereby grants to the owner of the lot on the other side of the Party Wall the following easements across his lot:**

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

- a. A reciprocal access easement for maintenance, repair, replacement, or reconstruction of the Party Wall, as appropriate and necessary to effect the purposes and provisions of this Section.
- b. An easement for the existence and continuance of any encroachment by the Party Wall as a result of construction, repair, shifting, settlement, or movement in any portion of the Party Wall, so that the encroachment may remain undisturbed as long as the Party Wall stands.

12.4.3. Use & Maintenance by Lower Lot Owner. The owner of the Lower Lot is hereby granted a non-exclusive and perpetual right and easement of enjoyment and use over the exterior surface of the Party Wall for use as a perimeter wall or fence of the Lower Lot. The owner of the Lower Lot is responsible for maintaining the grounds up to the Party Wall, even if the Party Wall is inside the boundaries of the Higher Lot.

12.4.4. Additional Fences in Connection with Retaining Wall. The owner of either the Higher Lot or the Lower Lot may construct a fence in connection with the retaining wall. The owner of the Higher Lot may construct or install a fence inside the Party Wall on the elevated surface of the Higher Lot, or, with the prior approval of the Lower Lot owner, on the Party Wall itself. The owner of the Lower Lot may construct or install a fence on his lot, provided the fence does not interfere with his duty to maintain the grounds up to the Party Wall. The fences permitted by this Subsection are not considered a part of the Party Wall for purposes of the remainder of this Section.

12.4.5. Right to Repair. If the Party Wall is damaged or destroyed from any cause, the owner of either lot may repair or rebuild the Party Wall to its previous condition, and the owners of both lots, their successors and assigns, have the right to the full use of the repaired or rebuilt Party Wall.

12.4.6. Maintenance Costs. The owners of the adjoining lots share equally the costs of repair, reconstruction, or replacement of the Party Wall, subject to the right of one owner to call for larger contribution from the other under any rule of law regarding liability for negligence or willful acts or omissions. If an owner is responsible for damage to or destruction of the Party Wall, that owner will bear the entire cost of repair, reconstruction, or replacement. If an owner fails or refuses to pay his share of costs of repair or replacement of the Party Wall, the owner advancing monies has a right to file a claim of lien for the monies advanced in the Real Property Records of Tarrant County, Texas, and has the right to foreclose the lien as if it were a mechanic's lien; provided the claim of lien is filed within 90 days after the date of repairs or replacements to the Party Wall, and suit is filed within one year after the date the lien is filed. The right of an owner to contribution from another owner under this Section is appurtenant to the land and passes to the owner's successors in title.

12.4.7. Alterations. The owner of a lot sharing a Party Wall may not alter or change the Party Wall in any manner that affects the use, condition, or appearance of the Party Wall to the other lot, without the prior written consent of the owner of the other lot. The Party Wall will always remain in the same location as when erected, unless a change of location is approved by the owners of both lots.

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

ARTICLE 13 **INSURANCE**

13.1. **GENERAL PROVISIONS.** All insurance affecting the Property is governed by the provisions of this Article, with which the Board will make every reasonable effort to comply. The cost of insurance coverages and bonds maintained by the Association is an expense of the Association. Insurance policies and bonds obtained and maintained by the Association must be issued by responsible insurance companies authorized to do business in the State of Texas. The Association must be the named insured on all policies obtained by the Association. Each owner irrevocably appoints the Association, acting through its board, as his trustee to negotiate, receive, administer, and distribute the proceeds of any claim against an insurance policy maintained by the Association. Additionally:

13.1.1. **Notice of Cancellation or Modification.** Each insurance policy maintained by the Association should contain a provision requiring the insurer to give at least 10 days' prior written notice to the board before the policy may be canceled, terminated, materially modified, or allowed to expire, by either the insurer or the insured.

13.1.2. **Deductibles.** An insurance policy obtained by the Association may contain a reasonable deductible, which will be paid by the party who would be liable for the loss or repair in the absence of insurance. If a loss is due wholly or partly to an act or omission of an owner or resident or their invitees, the owner must reimburse the Association for the amount of the deductible that is attributable to the act or omission.

13.2. **PROPERTY.** To the extent it is reasonably available, the Association will obtain blanket all-risk insurance for insurable common area improvements. If blanket all-risk insurance is not reasonably available, then the Association will obtain an insurance policy providing fire and extended coverage. Also, the Association will insure the improvements on any lot owned by the Association.

13.3. **GENERAL LIABILITY.** The Association will maintain a commercial general liability insurance policy over the common areas - expressly excluding the liability of each owner and resident within his lot - for bodily injury and property damage resulting from the operation, maintenance, or use of the common areas. If the policy does not contain a severability of interest provision, it should contain an endorsement to preclude the insurer's denial of an owner's claim because of negligent acts of the Association or other owners.

13.4. **DIRECTORS & OFFICERS LIABILITY.** To the extent it is reasonably available, the Association will maintain directors and officers liability insurance, errors and omissions insurance, indemnity bonds, or other insurance the board deems advisable to insure the Association's directors, officers, committee members, and managers against liability for an act or omission in carrying out their duties in those capacities.

13.5. **OTHER COVERAGES.** The Association may maintain any insurance policies and bonds deemed by the board to be necessary or desirable for the benefit of the Association, including but not limited to worker's compensation insurance, fidelity coverage, and any insurance and bond requested and required by an Underwriting Lender for planned unit developments as long as an Underwriting Lender is a mortgagee or an owner.

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

ARE YOU COVERED?

The Association does NOT insure the individual houses or their contents.

13.6. **OWNER'S RESPONSIBILITY FOR INSURANCE.** Each owner will obtain and maintain property insurance on all insurable improvements on his lot, in an amount sufficient to cover 100 percent of the replacement cost of any repair or reconstruction in event of damage or destruction from any insured hazard. Further, each owner will obtain and maintain general liability insurance on his lot. Each owner will provide the Association with proof or a certificate of insurance on request by the Association from time to time. If an owner fails to maintain required insurance, or to provide the Association with proof of same, the board may obtain insurance on behalf of the owner who will be obligated for the cost as an individual assessment. The board may establish additional minimum insurance requirements, including types and minimum amounts of coverage, to be individually obtained and maintained by owners if the insurance is deemed necessary or desirable by the board to reduce potential risks to the Association or other owners. Each owner and resident is solely responsible for insuring his personal property in his dwelling and on the lot, including furnishings, vehicles, and stored items.

ARTICLE 14
MORTGAGEE PROTECTION

14.1. **INTRODUCTION.** This Article establishes certain standards for the benefit of Mortgagees, as defined below.

14.1.1. "**Mortgagee**" means a holder, insurer, or guarantor of a purchase money mortgage secured by a recorded senior or first deed of trust lien against a lot, or any renewal, modification, or refinancing thereof. In dealing with the Association, a Mortgagee may be represented by a mortgage servicer, agent, or representative.

14.1.2. "**Eligible Mortgagee**" means a Mortgagee that submits to the Association a written notice containing its name and address, the loan number, the identifying number and street address of the mortgaged lot, and the types of actions for which the Eligible Mortgagee requests timely notice. A single notice per lot will be valid so long as the Eligible Mortgagee holds a mortgage on the lot. The board will maintain this information.

14.1.3. "**Underwriting Lender**" means Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Housing Administration (HUD/FHA), Federal National Mortgage Association (Fannie Mae), or U. S. Department of Veterans Affairs (VA), singly or collectively. The use of this term and these institutions may not be construed as a limitation on an owner's financing options nor as a representation that the Property is approved by any institution.

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

14.2. MORTGAGEE RIGHTS.

14.2.1. Lien Superiority. As stated in the Assessment Lien Article of this Declaration, the lien in a Mortgagee's recorded deed of trust is superior to the Association's lien for assessments.

14.2.2. Termination. An action to terminate the legal status of the Property after substantial destruction or condemnation must be approved by at least 51 percent of Eligible Mortgagees, in addition to the required consents of owners. An action to terminate the legal status for reasons other than substantial destruction or condemnation must be approved by at least two-thirds of Eligible Mortgagees.

14.2.3. Inspection of Books. Mortgagees may inspect the Association's books and records, including the Documents, by appointment, during normal business hours.

14.2.4. Financial Statements. If a Mortgagee so requests, the Association will give the Mortgagee an audited statement for the preceding fiscal year within 120 days after the Association's fiscal year-end. A Mortgagee may have an audited statement prepared at its own expense.

14.2.5. Right of First Refusal. Any right of first refusal imposed by the Association with respect to a lease, sale, or transfer of a lot does not apply to a lease, sale, or transfer by a Mortgagee, including transfer by deed in lieu of foreclosure or foreclosure of a deed of trust lien.

14.2.6. Amending Documents. If a Mortgagee requests from the Association compliance with the guidelines of an Underwriting Lender, the board, without approval of owners or Mortgagees, may amend this Article and other provisions of the Documents, as necessary, to meet the requirements of the Underwriting Lender. This Article is supplemental to, not a substitution for, any other provision of the Documents. In case of conflict, this Article controls.

14.2.7. Attend Meetings. A representative of an Eligible Mortgagee may attend and address any meeting which an owner may attend.

14.2.8. Insurance. If an Underwriting Lender is a Mortgagee or an owner, at the request of the Underwriting Lender the Association will comply with the Underwriting Lender's insurance requirements to the extent the requirements are reasonable and available, and do not conflict with other insurance requirements of this Declaration.

14.3. LIMITS ON ASSOCIATION'S DUTIES.

14.3.1. Which Mortgagees? The Association's affirmative obligations to Mortgagees under the Documents extend only to those Mortgagees of whom the Association has actual knowledge. This Article may not be construed to require the Association to perform title research to ascertain the existence and identity of a Mortgagee on a lot. Any duty of the Association to a Mortgagee is conclusively satisfied if performed for Mortgagees known to the Association, without regard to other holders of liens on lots. The Association may rely on the information provided by owners and mortgagees.

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

14.3.2. Communications with Mortgagee. If the Documents or public law require the consent of Mortgagees for an act, decision, or amendment by the Association, the approval of a Mortgagee is implied when the Mortgagee fails to respond within 30 days after receiving the Association's written request for approval of a proposed amendment, provided the Association's request was delivered by certified or registered mail, return receipt requested.

ARTICLE 15

AMENDMENTS

15.1. CONSENTS REQUIRED. As permitted by this Declaration, certain amendments of this Declaration may be executed by Declarant alone, or by the board alone. Otherwise, amendments to this Declaration must be approved by owners of at least a majority of the lots. Approval of owners does not require that the amendment be signed by the consenting owners, or that consents be executed and acknowledged by the approving owners.

15.2. METHOD OF AMENDMENT. For an amendment that requires the approval of owners, this Declaration may be amended by any method selected by the board from time to time, pursuant to the Bylaws, provided the method gives an owner of each lot the substance if not exact wording of the proposed amendment, a description of the effect of the proposed amendment, and an opportunity to vote for or against the proposed amendment.

15.3. EFFECTIVE. To be effective, an amendment approved by the owners or by the board must be in the form of a written instrument (1) referencing the name of the Property, the name of the Association, and the recording data of this Declaration and any amendments hereto; (2) signed and acknowledged by an officer of the Association, certifying the requisite approval of owners or directors and, if required, Eligible Mortgagees; and (3) recorded in the Real Property Records of Tarrant County, Texas, except as modified by the following section.

**During the Development Period,
Appendix C has priority over the main body of this Declaration.**

15.4. DECLARANT PROVISIONS. Declarant has an exclusive right to unilaterally amend this Declaration for the purposes stated in Appendix C. An amendment that may be executed by Declarant alone is not required to name the Association or to be signed by an officer of the Association. No amendment may affect Declarant's rights under this Declaration without Declarant's written and acknowledged consent, which must be part of the recorded amendment instrument. This Section may not be amended without Declarant's written and acknowledged consent.

15.5. MERGER. Merger or consolidation of the Association with another association must be evidenced by an amendment to this Declaration. The amendment must be approved by owners of at least a majority of the lots. Upon a merger or consolidation of the Association with another association, the property, rights, and obligations of another association may, by operation of law, be added to the properties, rights, and obligations of the Association as a surviving association pursuant to the merger. The surviving or consolidated association may administer the provisions of the Documents within the Property, together with the covenants and restrictions established upon any other property under its jurisdiction. No merger or consolidation, however, will effect a revocation, change, or addition to the covenants established by this Declaration within the Property.

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

15.6. **TERMINATION**. Termination of the terms of this Declaration and the status of the Property as a planned unit development are according to the following provisions. In the event of substantially total damage, destruction, or public condemnation of the Property, an amendment to terminate must be approved by owners of at least two-thirds of the lots. In the event of public condemnation of the entire Property, an amendment to terminate may be executed by the board without a vote of owners. In all other circumstances, an amendment to terminate must be approved by owners of at least 80 percent of the lots.

15.7. **CONDEMNATION**. In any proceeding, negotiation, settlement, or agreement concerning condemnation of the common area, the Association will be the exclusive representative of the owners. The Association may use condemnation proceeds to repair and replace any damage or destruction of the common area, real or personal, caused by the condemnation. Any condemnation proceeds remaining after completion, or waiver, of the repair and replacement will be deposited in the Association's reserve funds.

ARTICLE 16

DISPUTE RESOLUTION

16.1. **INTRODUCTION & DEFINITIONS**. The Association, the owners, Declarant, Builders, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, the "***Parties***") agree to encourage the amicable resolution of disputes involving the Property and to avoid the emotional and financial costs of litigation if at all possible. Each Party hereby covenants and agrees to be bound by this Article, to comply with the dispute resolution procedures set out below, and that this Article applies to all Claims as hereafter defined.

16.1.1. **Definitions**. As used in this Article only, the following words, when capitalized, have the following specified meanings:

- a. "***Claim***" means any claim, grievance, or dispute between Parties involving the Properties, except Exempt Claims as defined below, and including without limitation:
 - (1) Claims arising out of or relating to the interpretation, application, or enforcement of the Documents.
 - (2) Claims relating to the performance of Association officers, directors, committee members, managers, agents, attorneys, and representatives.
 - (3) Claims relating to the rights and/or duties of Declarant as Declarant under the Documents.
 - (4) Claims relating to the design, construction, maintenance, repair, remodeling, reconstruction, or improvement of the Property.
- b. "***Claimant***" means any Party having a Claim against any other Party.
- c. "***Exempt Claims***" means the following claims or actions, which are exempt from this Article:

DURING THE DEVELOPMENT PERIOD, **APPENDIX C** HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

- (1) The Association's claim for assessments, and any action by the Association to collect assessments.
- (2) An action by a Party to obtain a temporary restraining order or equivalent emergency equitable relief, and such other ancillary relief as the court deems necessary to maintain the status quo and preserve the Party's ability to enforce the provisions of this Declaration.
- (3) Enforcement of the easements, architectural control, maintenance, and use restrictions of this Declaration.
- (4) A dispute that is subject to alternative dispute resolution - such as mediation or arbitration - by the terms of a public law or by another instrument that governs the relationship between Parties, such as a contract or warranty agreement, in which case the dispute is exempt from this Article, unless the Parties agree to have the dispute governed by this Article.

d. **"Respondent"** means the Party against whom the Claimant has a Claim.

16.2. **MANDATORY PROCEDURES.** Claimant may not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of its Claim until Claimant has complied with the procedures and provisions of this Article. A dispute resolution proceeding under this Article does not toll a statute of limitations that would otherwise apply to the Claim.

16.3. **NOTICE.** ~~Claimant must notify Respondent in writing of the Claim ("Notice"), stating plainly and concisely:~~ (1) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (2) the basis of the Claim (i.e., the provision of the Documents or other authority out of which the Claim arises); (3) what Claimant wants Respondent to do or not do to resolve the Claim; and (4) that the Notice is given pursuant to this Article.

16.4. **NEGOTIATION.** Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within 60 days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually-acceptable place and time to discuss the Claim. In connection with the negotiation, Respondent and Respondent's representatives may exercise Declarant's right of access to the Property for the purpose of inspecting the matter that is subject to the Claim. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent's representatives and agents with full access to the property or condition that is subject to the Claim, as needed by Respondent for taking and completing corrective action.

LET'S WORK IT OUT

16.5. **MEDIATION.** If the parties negotiate but do not resolve the Claim through negotiation within 120 days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have 30 additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must be an attorney licensed by the State of

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

Texas, must have at least 5 years of experience serving as a mediator, and must have technical knowledge or practice experience appropriate to the subject matter of the Claim. **If Claimant does not submit the Claim to mediation within the 30-day period, Claimant is deemed to have waived the Claim, and Respondent is released and discharged from any and all liability to Claimant on account of the Claim.**

16.6. **TERMINATION OF MEDIATION.** If the Parties do not settle the Claim within 30 days after submission to mediation, or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may file suit or initiate administrative proceedings on the Claim, as appropriate.

16.7. **LITIGATION APPROVAL & SETTLEMENT.** To encourage the use of alternate dispute resolution and discourage the use of costly and uncertain litigation, the initiation of any judicial or administrative proceeding by the Association is subject to the following conditions in addition to and notwithstanding the above alternate dispute resolution procedures.

16.7.1. **Owner Approval.** The Association may not initiate any judicial or administrative proceeding without the prior approval of owners of at least a majority of the lots, except that no such approval is required (1) to enforce provisions of this Declaration, including collection of assessments; (2) to challenge condemnation proceedings; (3) to enforce a contract against a contractor, vendor, or supplier of goods or services to the Association; (4) to defend claims filed against the Association or to assert counterclaims in a proceedings instituted against the Association; or (5) to obtain a temporary restraining order or equivalent emergency equitable relief when circumstances do not provide sufficient time to obtain the prior consents of owners in order to preserve the status quo.

16.7.2. **Higher Approval of Certain Suits.** Also, the Association may not initiate any judicial or administrative proceeding against Declarant, a Builder, Association officers and directors, or the managing agent of the Association without the approval of owners representing at least 75 percent of the lots.

16.7.3. **Funding Litigation.** Except in the case of a temporary restraining order or equivalent emergency equitable relief when circumstances do not provide sufficient time to levy a special assessment, the Association must levy a special assessment to fund the estimated costs of litigation prior to initiating a judicial or administrative proceeding. The Association may not use its annual operating income, reserve funds, or savings to fund litigation, unless the Association's annual budget or a savings account was established and funded from its inception as a litigation reserve fund.

16.8. **GENERAL PROVISIONS.**

16.8.1. **Board Authorized to Negotiate.** The board, on behalf of the Association and without the consent of owners, is hereby authorized to negotiate settlement of disputes, including settlements as a result of negotiation, mediation, arbitration, and litigation, and may execute any document related thereto, such as settlement agreements and waivers or releases of claims.

16.8.2. **Amendment.** The terms of this Article may not be amended without the prior approval of owners of at least two-thirds of the lots. During the Development Period, an amendment of this Article must also be approved in writing by Declarant.

DURING THE DEVELOPMENT PERIOD, **APPENDIX C** HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

16.8.3. **Release.** Upon completion of performances required by negotiated or mediated settlement, or pursuant to a court order, upon request by Respondent, Claimant will sign a statement that fully releases Respondent from the Claim. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim.

16.8.4. **Allocation of Costs.** Except as otherwise and expressly provided in this Article, each Party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation, Mediation, and Litigation sections above, including its attorneys fees. Each Party will pay the expenses and fees charged by the mediator in accordance with the instructions of the mediator, who may establish different rates for different types of parties. In the absence of instructions, the expenses will be divided evenly among the Parties. This Section may not be construed to prevent the Parties from mutually agreeing to a different allocation of costs.

16.8.5. **Enforcement of Negotiated Resolution.** Any settlement of the Claim through negotiation or mediation will be documented in writing and signed by the Parties. If any Party thereafter fails to abide by the terms of the settlement agreement, then the other Party may file suit or initiate administrative proceedings to enforce the settlement agreement without the need to again comply with the procedures set forth above, provided the non-defaulting Party gives the defaulting Party prior written notice of the default and at least 10 days in which to cure or to initiate the cure of the default. The Party taking action to enforce the settlement agreement is entitled to recover from the non-complying Party all costs incurred in enforcing the settlement agreement, including, without limitation, attorneys fees and court costs.

16.8.6. **Construction-Related Disputes.** In addition to the above procedures, certain claims relating to an alleged construction defect may be governed by Texas statutes relating to residential construction, such as the Residential Construction Liability Act (Chapter 27 of the Texas Property Code).

ARTICLE 17

GENERAL PROVISIONS

17.1. **COMPLIANCE.** The owners hereby covenant and agree that the administration of the Association will be in accordance with the provisions of the Documents and applicable laws, regulations, and ordinances, as same may be amended from time to time, of any governmental or quasi-governmental entity having jurisdiction over the Association or Property.

17.2. **HIGHER AUTHORITY.** The Documents are subordinate to federal and state law, and local ordinances. Generally, the terms of the Documents are enforceable to the extent they do not violate or conflict with local, state, or federal law or ordinance. In the event of a conflict between the Documents, the hierarchy of authority is as follows: this Declaration (highest), SF Covenant, Association's Certificate of Formation, Bylaws, and the rules and policies adopted by the Association (lowest). Within the Declaration, Appendix C has the highest authority. Users of this document should periodically review statutes and court rulings that may modify or nullify provisions of this document or its enforcement, or may create rights or duties not anticipated by this document.

17.3. **NOTICE.** Any demand or written notice required or permitted by this Declaration may be sent by electronic, ordinary, or certified mail, postage prepaid, or by any other method or combination of methods

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

permitted or required by applicable law. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the member at the address shown on the Association's records. If transmitted by fax or email, the notice is deemed delivered on successful transmission of the facsimile or electronic correspondence. The notice must be sent to the party's last known address as it appears on the records of the Association at the time of transmission. If an owner fails to give the Association an effective address, the notice may be sent to the address of the owner's lot. If the Association properly transmits the notice, the owner is deemed to have been given notice whether or not he actually receives it.

17.4. CHANGING TECHNOLOGY. As technology changes, the terms of the Documents that pertain to communications, notices, and documentation of decisions may be interpreted and applied in ways that are consistent with and customary for the then-current technology for standard business practices, without necessity of amending the Document.

17.5. LIBERAL CONSTRUCTION. The terms and provision of each Document are to be liberally construed to give effect to the purposes and intent of the Document. All doubts regarding a provision, including restrictions on the use or alienability of property, will be resolved first to give effect to Declarant's intent to protect Declarant's interests in the Property, and second in favor of the operation of the Association and its enforcement of the Documents, regardless which party seeks enforcement.

17.6. SEVERABILITY. Invalidation of any provision of this Declaration by judgment or court order does not affect any other provision, which remains in full force and effect. The effect of a general statement is not limited by the enumeration of specific matters similar to the general.

17.7. CAPTIONS. In all Documents, the captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. Boxed notices are inserted to alert the reader to certain provisions and are not to be construed as defining or modifying the text.

17.8. INTERPRETATION. Whenever used in the Documents, unless the context provides otherwise, a reference to a gender includes all genders. Similarly, a reference to the singular includes the plural, the plural the singular, where the same would be appropriate.

17.9. DURATION. Unless terminated or amended by owners as permitted herein, the provisions of this Declaration run with and bind the Property, and will remain in effect perpetually to the extent permitted by law.

17.10. TERMINATION OF DECLARANT CONTROL & DEVELOPMENT PERIOD RIGHTS. The Declarant Control and Development Periods are not easily terminated. Self-serving statements by the Association that either or both of these periods have expired or been terminated are not effective unless the statements are in a publicly recorded document that is signed and acknowledged by Declarant. In this Declaration, Declarant reserves a number of rights, such as rights to inspect and correct, that are intended to extend beyond the completion of Steadman Farms.

17.11. PREPARER. This Declaration was prepared in the law offices of Shackelford, Melton & McKinley, LLP, 3333 Lee Parkway, Tenth Floor, Dallas, Texas 75219.

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

17.12. APPENDIXES. The following appendixes are attached to this Declaration and incorporated herein by reference:

- A - Description of Subject Land
- B - Purchasers 14 Covenants During Development Period
- C - Declarant Rights & Reservations
- D - Lienholder Consent to Declaration

(Signature on next page.)

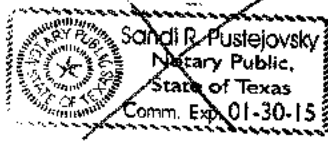
DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

SIGNED AND ACKNOWLEDGED

SIGNED on this 22nd day of April, 2014.

STEADMAN FARMS, L.P., a Texas limited partnership

By: **STEADMAN FARMS, LLC**, a Texas limited liability company, its general partner



By: *Walter Damon*
Walter Damon, Manager

THE STATE OF TEXAS

§

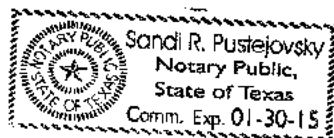
COUNTY OF DALLAS

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This instrument was acknowledged before me on the 22nd day of April, 2014 by Walter Damon, Manager of Steadman Farms, LLC, a Texas limited liability company, on behalf of said limited liability company in its capacity as general partner of Steadman Farms, L.P., a Texas limited partnership, on behalf of such limited partnership.

Sandi R. Pustejovsky
Notary Public, The State of Texas



ESCROW AGENT:
REPUBLIC TITLE OF TEXAS INC
2626 HOWELL ST 10TH FL
DALLAS TX 75204-4064
CLOSER: KATHY MCDANIEL
GF 1002-31518 & 31531 - RTT/ SJ8

DURING THE DEVELOPMENT PERIOD, APPENDIX C HAS PRIORITY OVER THE MAIN BODY OF THIS DECLARATION.

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

STEADMAN FARMS

N: sctrip\p\24007\1\ccrs 041614

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APPENDIX A
DESCRIPTION OF SUBJECT LAND

Phase I

BEING a parcel of land located in the City of Fort Worth, Tarrant County, Texas, a part of the Jose Chirino Survey, Abstract No. 265, and being a part of a called 96.371 acre tract of land described in a warranty deed to Christ's Haven Realty, LLC as recorded in Document No. D212309023, Tarrant County Deed Records, and being further described as follows:

BEGINNING at a one-half inch iron set at the northeast corner of said 96.371 acre tract of land, said corner being the intersection of the south right-of-way line of Keller Haslet Road (a variable width right-of-way) with the existing west right-of-way line of Park Vista Boulevard (an existing 55 foot wide right-of-way, a proposed 110 foot wide right-of-way), said point being the northwest corner of a called 0.669 acre tract of land described as Tract 2, a 55 foot wide right-of-way dedication for Park Vista Boulevard according to the plat of Timberland Section II-A, an addition to the City of Fort Worth as recorded in Cabinet A, Slide 11816, Tarrant County Plat Records;

THENCE along the existing west right-of-way line of Park Vista Boulevard as follows:

South 00 degrees 22 minutes 59 seconds West, 543.16 feet to a one-half inch iron rod set at the southwest corner of said 0.669 acre tract of land, said point being the northwest corner of a called 0.348 acre tract of land described as a 55 foot right-of-way dedication for Park Vista Boulevard according to the plat of Timberland Section IA, an addition to the City of Fort Worth as recorded in Cabinet A, Slide 10591, Tarrant County Plat Records;

~~South 00 degrees 23 minutes 00 seconds West, 1494.67 feet to a one-half inch iron rod set at the northwest corner of a called 0.833 acre tract of land described in a deed dedication to the City of Fort Worth as recorded in Document Number D206155474, Tarrant County Deed Records;~~

Southwesterly, 240.84 feet along a curve to the right which has a central angle of 13 degrees 08 minutes 32 seconds, a radius of 1050.00 feet, a tangent of 120.95 feet, and whose chord bears South 06 degrees 57 minutes 14 seconds West, 240.32 feet to a one-half inch iron rod set for corner;

Southwesterly, 240.84 feet along a curve to the left which has a central angle of 13 degrees 08 minutes 32 seconds, a radius of 1050.00 feet, a tangent of 120.95 feet, and whose chord bears South 06 degrees 57 minutes 14 seconds West, 240.32 feet to a one-half inch iron rod set for corner;

South 00 degrees 22 minutes 58 seconds West, 100.38 feet to a one-half inch iron rod set for corner;

THENCE North 89 degrees 35 minutes 40 seconds West, 252.97 feet to a one-half inch iron rod set for corner;

THENCE North 89 degrees 37 minutes 02 seconds West, 75.65 feet to a one-half inch iron rod set for corner;

THENCE Southwesterly, 102.12 feet along a curve to the left which has a central angle of 09 degrees 00 minutes 05 seconds, a radius of 650.00 feet, a tangent of 51.16 feet, and whose chord bears South 85 degrees 52 minutes 55 seconds West, 102.12 feet to a one-half inch iron rod set for corner;

THENCE Southwesterly, 54.99 feet along a curve to the right which has a central angle of 09 degrees 00 minutes 05 seconds, a radius of 349.99 feet, a tangent of 27.55 feet, and whose chord bears South 85 degrees 52 minutes 55 seconds West, 54.93 feet to a one-half inch iron rod set for corner;

THENCE North 89 degrees 37 minutes 00 seconds West, 835.01 feet to a one-half inch iron rod set for corner;

THENCE South 00 degrees 23 minutes 00 seconds West, 15.38 feet to a one-half inch iron rod set for corner;

THENCE North 89 degrees 15 minutes 41 seconds West, 175.27 feet to a one-half inch iron rod set for corner in the west line of said 96.371 acre tract of land, said point being in the east right-of-way line of N Caylor Road (a variable width right-of-way);

THENCE North 00 degrees 17 minutes 15 seconds East, 250.50 feet along the west line of said 96.371 acre tract of land and along the east right-of-way line of N Caylor Road to a one-half inch iron rod set for corner;

THENCE along the west line of said 96.371 acre tract of land as follows:

South 89 degrees 37 minutes 02 seconds East, 35.00 feet to a one-half inch iron rod set for corner;
 North 81 degrees 50 minutes 33 seconds East, 207.30 feet to a one-half inch iron rod set for corner;
 North 00 degrees 22 minutes 58 seconds East, 71.98 feet to a one-half inch iron rod set for corner;
 South 79 degrees 33 minutes 37 seconds East, 218.07 feet to a one-half inch iron rod set for corner;
 North 00 degrees 23 minutes 00 seconds East, 314.31 feet to a one-half inch iron rod set for corner;
 South 89 degrees 37 minutes 00 seconds East, 141.72 feet to a one-half inch iron rod set for corner;
 North 00 degrees 23 minutes 00 seconds East, 415.00 feet to a one-half inch iron rod set for corner;
 South 89 degrees 37 minutes 00 seconds East, 125.00 feet to a one-half inch iron rod set for corner;
 North 00 degrees 23 minutes 00 seconds East, 670.00 feet to a one-half inch iron rod set for corner;
 North 89 degrees 37 minutes 00 seconds East, 125.00 feet to a one-half inch iron rod set for corner;
 North 00 degrees 23 minutes 00 seconds East, 933.89 feet to a one-half inch iron rod set at the northwest corner of said 96.371 acre tract of land and in the south right-of-way line of Keller Haslet Road;

THENCE South 89 degrees 14 minutes 39 seconds East, 949.37 feet along the north line of said 96.371 acre tract of land and along the south line of said Keller Haslet Road to the POINT OF BEGINNING and containing 2,616,352 square feet or 60.063 acres of land.

BASIS OF BEARINGS: The Bearings shown hereon are based on the bearings shown on the Timberland Phase II-A Addition, an addition to the City of Fort Worth as recorded in Cabinet A, Slide 11816, Tarrant County Plat Records.

LOTS

COMMON AREAS

Block A, Lots 1 - 20	21X, 22X
Block B, Lots 1 - 28	29X, 30X
Block C, Lots 1 - 20	
Block D, Lots 1 - 20	
Block E, Lots 1 - 20	
Block F, Lots 1 - 15	16X
Block G, Lots 1 - 16	
Block H, Lots 1 - 13	14X
Block I, Lots 1 - 16	
Block J, Lots 1 - 20	
Block K, Lots 12 - 28	29X, 30X
Block L, Lots 1 - 16	
Block M, Lots 1 - 16	
Block N, Lots 1 - 7 & 31 - 33	34X, 35X

**APPENDIX B
PURCHASERS 14 COVENANTS
DURING DEVELOPMENT PERIOD
OF STEADMAN FARMS**

Each owner of a home in Steadman Farms, by the act of accepting an interest in or title to a lot during the Development Period, whether or not it is so expressed in the instrument of conveyance, acknowledges, understands, covenants, and agrees to each of the following statements:

1. **Declarant has a long-term concept plan for Steadman Farms that may be significantly modified over time to respond to perceived or actual changes and opportunities in the marketplace. Declarant is not required to provide or complete a proposed feature of Steadman Farms that is not in place on the date of an owner's decision to buy a Steadman Farms home.**
2. Subject to the approval of governmental entities, if applicable, Declarant may (1) change the sizes, dimensions, and configurations of lots and streets; (2) change minimum dwelling sizes; (3) change minimum lot sizes; (4) change building setback requirements; (5) change the nature, number, and location of components of common areas; (6) eliminate or change construction specifications; and (7) eliminate or modify any other feature of the Property.
3. Steadman Farms is a planned community, the initial development and marketing of which is likely to extend over many years.
4. The Builders and sellers of homes in Steadman Farms are not the Declarant of Steadman Farms. Owner understands that Declarant is not liable for any representation or assurance made by a home builder or home seller about a particular aspect of the Property.
5. In purchasing his lot, owner has not relied on any representation, warranty, or assurance - verbal or otherwise - by any person as to (1) the design, construction, completion, development, use, benefits, or value of Steadman Farms; (2) the number, types, sizes, prices, or designs of homes to be built in any part of Steadman Farms; or (3) the type, number, or quality of common area improvements.
6. During the Development Period, Declarant and the Builders have rights and opportunities for marketing Steadman Farms and the homes that are not available to individual homeowners who desire to market their homes for sale. If owner tries to resell his home during the Development Period he will be competing against Declarant and/or Builders with new houses and a marketing advantage.
7. Owner has read and understands the significance of the Declaration of Covenants, Conditions & Restrictions for Steadman Farms, which contains important information about the nature of Steadman Farms and owner's obligations.
8. Owner has read and understands the significance of the SF Covenant, which contains important information about the construction, fencing, and use of owner's lot.

9. Annual assessments are subject to change and WILL change over time, at the direction of the Association's board of directors.
10. Declarant has reserved for itself the right to control the Association until Steadman Farms is fully phased, fully developed, fully constructed, and **100 percent** of the lots that may be created in the Property and on the Additional Land has been conveyed to owners other than Builders or successor Declarants
11. Declarant or its appointees are the Architectural Reviewer during the Development Period. Neither the owners nor the Association have a voice in the architectural review and approval of new homes on vacant lots.
12. Owner understands that he cannot do "anything he wants" with his yard and the outside of his home. Even the color of his fence stain must conform to the architectural standards for Steadman Farms.
13. Owner understands that the excitement and value of buying a home in a growing new development is balanced by the uncertainties inherent in creating a new community against a backdrop of constantly changing values, tastes, standards, requirements, and resources. A person who wants "guarantees" of the ultimate neighborhood that will surround his home may be better served to find a used home in an established and completely developed subdivision with long-term owner residents. Even so, in time established neighborhoods become ripe for redevelopment, and the cycle starts again.
14. These *Purchasers 14 Covenants During Development Period of Steadman Farms* are covenants that run with the land and bind owner and owner's successors and assigns.

(End of Appendix B)

APPENDIX C

DECLARANT RIGHTS & RESERVATIONS

C.1. GENERAL PROVISIONS.

C.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.

C.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. 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.

C.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 buildout 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 90 days' notice.

C.1.4. Amendment. Because this Appendix benefits Declarant's interest in the Property, it may not be amended without Declarant's written approval as evidenced by Declarant's acknowledged signature on the instrument of amendment.

C.2. DEFINITIONS. As used in this Appendix and elsewhere in the Documents, the following words and phrases have the following specified meanings:

C.2.1. **"Approved Builder"** means a Builder which has been approved by Declarant for the design and construction of the first generation of homes in Steadman Farms.

C.2.2. **"Builder"** means a home builder or home building company which purchases, or contracts to purchase, an unimproved lot for the purpose of constructing a dwelling for resale or under contract to an owner. As used in this Declaration, Builder does not refer to Declarant or to a home building or home marketing company that is an affiliate of Declarant. Approved Builders are Builders.

C.2.3. **"Declarant Control Period"** means that period of time during which Declarant controls the operation and management of the 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) **20 years** from date this Declaration is recorded, or (2) four months after title to **100 percent** of the lots that may be created in the Property and on the Additional Land has been conveyed to owners other than Builders or successor Declarants. Declarant may terminate the Declarant Control Period at any time by recording a notice of termination.

C.2.4. "***Development Period***" means the 30-year period beginning the date this Declaration is recorded, during which Declarant has certain rights pursuant to this Appendix, such as rights relating to development, construction, expansion, architectural control, and marketing of the Property. The Development Period is for a term of years and does not require that Declarant own land described in Appendix A. The Development Period is different from and longer than the Declarant Control Period. Declarant may terminate the Development Period at any time by recording a notice of termination.

C.2.5. "***Unilaterally***" means that Declarant may take the subject action without the consent, approval, vote, or joinder of any other person, such as owners, mortgagees, Builders, and the Association. Certain provisions in this Appendix and elsewhere in the Documents authorize Declarant to act unilaterally. Unilateral action by Declarant is favored for purposes of efficiency and to protect the interests of Declarant.

C.3. **DECLARANT CONTROL PERIOD RESERVATIONS - GOVERNANCE.** Declarant reserves the following powers, rights, and duties during the Declarant Control Period:

C.3.1. **Incorporation of Association.** Declarant will incorporate the Association as a Texas nonprofit corporation before the end of the Declarant Control Period. Before the Association is incorporated, Declarant may delay the initiation of annual meetings, the keeping of minutes of meetings, and other corporation-type requirements of the Bylaws until such time as Declarant, in its sole discretion, deems appropriate.

C.3.2. **Officers & Directors.** During the Declarant Control Period, the Board may consist of 3 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 "Leader." Declarant's unilateral right to remove and replace officers and directors applies to officers and directors who were elected or designated by lot owners other than Declarant, as well as to Declarant's appointees.

C.3.3. **Weighted Votes.** During the Declarant Control Period, the vote appurtenant to each lot owned by Declarant is weighted 3 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 3 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.

C.3.4. **Association Meetings.** During the Declarant Control Period, meetings of the Association may be held at a location, date, and time that is convenient to Declarant, whether or not it is mutually convenient for the owners.

C.3.5 **Transition Meeting.** Within 60 days after the end of the Declarant Control Period, or sooner at Declarant's option, Declarant will call a transition 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 transition meeting must be given to an owner of each lot at least 10 days before the meeting. For the transition meeting, owners of 10 percent of the lots constitute a quorum. The directors elected at the transition meeting will serve 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.

C.4. **DECLARANT CONTROL PERIOD RESERVATIONS - FINANCIAL.** Declarant reserves the following powers, rights, and duties during the Declarant Control Period:

C.4.1. Association Budget. During the Declarant Control Period, the Declarant-appointed board will establish a projected budget for the Property as a fully developed, fully phased, fully constructed, and fully occupied residential community with a level of services and maintenance that is typical for similar types of developments in the general area of the Property, using cost estimates that are current for the period in which the budget is prepared. The Association budget may not include enhancements voluntarily provided by Declarant or by Builders to facilitate the marketing of new homes in the Property.

C.4.2. Budget Funding. During the Declarant Control Period only, Declarant may elect to be responsible for the difference between the Association's actual operating expenses and the regular assessments received from owners other than Declarant. If such election is made by Declarant, Declarant may provide any additional funds necessary to pay actual cash outlays of the Association and receive a note from the Association for repayment to Declarant for any or all of such cash outlays, in Declarant's reasonable discretion.

C.4.3. Enhancements. During the Declarant Control and Development Periods, Declarant - solely at Declarant's discretion - may voluntarily provide enhancements for the Property, such as higher levels of maintenance, management, insurance, seasonal color in landscaping, and recreational personnel. Such enhancements are not included in the Association's annual operating budget or, alternatively, if included are identified as Declarant enhancements.

C.4.4. Declarant Assessments & Reserves. Real property or lots owned by Declarant are not subject to assessment by the Association. Declarant is not required to make contributions to the Association's reserve funds for the lots owned by Declarant. Declarant's obligation to fund the difference in the Association's operating expenses may not be construed to require Declarant to fund reserve accounts.

C.4.5. 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.

C.4.6. Expenses of Declarant. Expenses related to the completion and marketing of the Property will be paid by Declarant or by Builders and are not expenses of the Association.

C.4.7. 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.

C.5. DECLARANT'S RIGHT TO INSPECT & CORRECT ACCOUNTS. For a period of 5 years after termination of the Declarant Control Period, Declarant reserves for itself and for Declarant's accountants and attorneys, the right, but not the duty, to inspect, correct, and adjust the Association financial records and accounts from the Declarant Control Period. The Association may not refuse to accept an adjusting or correcting payment made by or for the benefit of Declarant. By way of illustration but not limitation, Declarant may find it necessary to recharacterize an expense or payment to conform to Declarant's obligations under the Documents or applicable State law. This Section may not be construed to create a duty for Declarant or a right for the Association, and may not be amended without Declarant's written and acknowledged consent. In support of this reservation, each owner, by accepting an interest in or title to a lot, hereby grants to Declarant a right of access to the Association's books and records that is independent of Declarant's rights during the Declarant Control and Development Periods.

C.6. CHANGES TO STEADMAN FARMS. Declarant reserves the following rights, exercisable at Declarant's sole discretion, from time to time and at all times during the Development Period, which continues after Declarant ceases to control the Association.

C.6.1. Platting. If the Property includes unplatted parcels, they may be platted in whole or in part, and in phases. The right to plat belongs to the owner of the unplatted parcel, provided, however, that a plat that creates common areas or obligations for the Association must also be approved by Declarant. Declarant's right to have the Property platted, or to approve such plats, is for a term of years and does not require that Declarant own land described in Appendix A or in the following Section C.6.2, titled "Expansion," at the time or times Declarant exercises its right of platting.

C.6.2. Expansion. The Property is subject to expansion. Declarant annexes real property by subjecting it to the Declaration and the jurisdiction of the Association by recording a supplement or an amendment of this Declaration, executed by Declarant, in the Real Property Records of Tarrant County, Texas. The supplement or amendment of annexation must include a description of the additional real property or a reference to the recorded plat that describes the additional real property. Declarant's right to annex land is for a term of years and does not require that Declarant own land described in Appendix A or described below at the time or times Declarant exercises its right of annexation. During the Development Period, Declarant may - but is not required to - annex - in whole or in part, and from time to time - any or all of the following real property:

- a. Any portion of which is contiguous with, adjacent to, or within one mile of any real property that is subject to this Declaration.
- b. In any addition or subdivision platted by Tarrant County or the City of Ft. Worth as a phase or section of Steadman Farms.
- c. Located in a planned development district created by the City of Ft. Worth or Tarrant County for property subject to this Declaration.

C.6.3. Withdrawal. During the Development Period, Declarant may withdraw real property from the Property and the effect of this Declaration (1) if the owner of the withdrawn property consents to the withdrawal, and (2) if the withdrawal does not significantly and detrimentally change the appearance, character, operation, or use of the Property.

C.6.4. Changes 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 dwelling size; (c) change the building setback requirements; and (d) eliminate or modify any other feature of the Property.

DEVELOPMENT PLAN SUBJECT TO CHANGE

C.7. DIFFERENT STANDARDS. During the Development Period, Declarant has the right (1) to establish specifications for the construction of all initial improvements in Steadman Farms, (2) to establish different specifications within Steadman Farms, and (3) to grant variances or waivers from community-wide standards to certain areas of Steadman Farms. That Declarant includes Builders in the development of

specifications for a particular area of Steadman Farms does not entitle those Builders to approve or disapprove specifications for other portions of the Property.

C.8. **ARCHITECTURAL CONTROL.** During the Development Period, Declarant has the absolute right to serve as the Architectural Reviewer pursuant to Article 5. Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under Article 5 and this Appendix to an architectural control committee appointed by the board, or a committee comprised of architects, engineers, or other persons who may or may not be members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant (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. **Neither 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.**

Declarant may amend Documents UNILATERALLY.

C.9. **UNILATERAL AMENDMENT.** During the Development Period, Declarant may amend this Declaration and the other Documents, without consent of other owners or any mortgagee, **for any purpose, including without limitation** the following purposes:

- a. To add real property to the Property.
- b. To withdraw real property from the Property.
- c. To create lots, easements, and common areas within the Property.
- d. To subdivide, combine, or reconfigure lots.
- e. To convert lots into common areas.
- f. To allocate the use of certain common areas to specified lots as limited common areas.
- g. To modify the construction, fence and use restrictions of the SF Covenant.
- h. To modify the requirements for reserve contributions, transfer fees, and HOA Sale Fees described by this Declaration.
- i. To designate Areas of Common Responsibility.
- j. To merge the Association with another property owners association.
- k. To comply with requirements of an underwriting lender.
- l. To resolve conflicts, clarify ambiguities, and to correct misstatements, errors, or omissions in the Documents.
- m. To enable any reputable title insurance company to issue title insurance coverage on the lots.
- n. To enable an institutional or governmental lender to make or purchase mortgage loans on the lots.
- o. To change the name or entity of Declarant.
- p. To change the name of the addition in which the Property is located.
- q. To change the name of the Association.
- r. For any other purpose.

C.10. **ADDITIONAL DEVELOPMENT RIGHTS.** Declarant reserves the following additional rights, reservations, and easements, exercisable at Declarant's sole discretion, at any time during the Development Period.

C.10.1. **Completion.** During the Development Period, Declarant has the right to complete or make improvements indicated on the plat; the right to sell or lease any lot owned by Declarant; and an

easement and right to erect, construct, and maintain on and in the common area 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.

C.10.2. Easement to Inspect & Right to Correct. During the Development Period, Declarant reserves for itself and for Builders 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 or Builder, as applicable, 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, a Builder, or the Association.

DIFFERENT RULES

Declarant and Approved Builders have rights and privileges to use the Property in ways that are not available to other owners and residents.

C.10.3. 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 houses, 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 brokers parties - at the Property to promote the sale of lots. During the Development Period, Declarant also reserves the right to permit Builders to place signs and promotional materials on the Property and the right to exempt Builders from the sign restriction in this Declaration.

C.10.4. Offices. During the Development Period, Declarant reserves for itself the right to use dwellings 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 dwellings used by Declarant as models, storage areas, and offices, as may be necessary to adapt them to the uses permitted herein.

C.10.5. 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 Additional Land, and for discharging Declarant's obligations under this Declaration. Declarant also has the right to provide a reasonable means of access for the homebuying public through any existing or future gate that restricts vehicular access to the Property or to the Additional Land 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.

C.10.6. 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 of the Property or not owned by Declarant, Declarant must have the prior written consent of the land owner.

C.10.7. 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.

C.10.8. 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 an obligation for transfer or resale certificate fees, and the transfer-related provisions of Article 7 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.

C.11. RELATIONSHIP WITH BUILDERS. Declarant does not intend to construct dwellings on the lots. Instead, Declarant intends to sell the lots to one or more Approved Builders to improve the lots with dwellings to be sold and occupied.

C.11.1. Approved Builders. From time to time, Declarant may invite an Approved Builder to share in the exercise of any, some, or all of its easements and rights, without any formality other than the consent of Declarant and Approved Builder. Notwithstanding such sharing, an Approved Builder will not become a Successor Declarant, or assume the duties and liabilities of Declarant under this Declaration unless Approved Builder and Declarant join in an instrument that assigns and transfers Declarant rights and duties under this Declaration, signed and acknowledged by both Declarant and Approved Builder, and recorded in the Real Property Records of Tarrant County, Texas.

C.11.2. Builder Obligations. During the Declarant Control Period only, Declarant has the right but not the duty to reduce or waive the assessment obligation of a Builder, and 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.

C.11.3. Builder Transfer Fees. During the Declarant Control Period only, Declarant has the right but not the duty 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.

C.11.4. Approval of Builder Plans. If a Builder intends to construct a number of pre-designed homes in a phase of the Property, the Builder may submit the set of house plans and elevations to Declarant for approval by the Architectural Reviewer. Such plans may be submitted and approved prior to Builder's purchase of lots in the Property. House plans and elevations that are pre-approved by Declarant for use by Builder in a particular phase of the Property may be constructed by Builder without re-submitting plans on a lot by lot basis as the houses are constructed, unless the actual house plan or elevation deviates substantially from the pre-approved plan and elevation. Examples of

substantial deviation include reversing a garage from rear entry to front entry, or vice versa, reducing the size of the dwelling by more than 15 percent, reducing the amount of masonry exterior material by more than 15 percent, changing the style of the front elevation, such as from Cape Cod to Spanish, and replacing a garage with a porte cochere or carport.

C.11.5. Individual Lot Application. Builder must apply to the Architectural Reviewer for approval of any substantial modifications or variations from or additions to the pre-approved plans for the Property, as well as the plot plan for each house. Builder may presume that its request has been approved by the Architectural Reviewer if Builder has not received the Architectural Reviewer's written response - approving, denying, or requesting additional information - within 45 calendar days after delivering his complete application to the Architectural Reviewer.

C.11.6. Builder Marketing. 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 Steadman Farms 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 houses, lots, or other products located outside the Property or the Additional Land.

C.11.7. Builder Signs. During the Development Period, Declarant also reserves the right to permit Builders to place signs and promotional materials on the Property and the right to exempt a Builder from the sign restriction in this Declaration. Any sign used by Builders in the Property shall be approved in writing by Declarant prior to installation, and is subject to summary removal if not approved and if Declarant finds it objectionable. As used in this Section, "sign" includes, without limitation, lettering, images, symbols, pictures, shapes, lights, banners, and any other representation or medium that conveys a message.

C.11.8. Different Builders - Different Privileges. Declarant is not required to provide uniform privileges for all Builders in the Property. Although Declarant expects all Builders to be Approved Builders, Declarant may discriminate between Approved Builders and all other Builders in the granting of privileges. Although Declarant expects to provide uniform privileges to all Approved Builders, Declarant reserves the right to discriminate among Approved Builders in the granting of privileges.

C.12. MODEL HOME NOTICE. In connection with its development and marketing of the Property, Declarant may authorize one or more marketing centers in the Property, with homes that serve as models of what may be constructed in any part of the Property. With the approval of Declarant, a Builder may use a model home lot in one part of the Property to market homes in other parts of the Property, or outside the Property, even though the sizes, styles, appearances, materials, and construction specifications of model homes may differ significantly from other homes in the immediate vicinity. The designation of a lot or lots as models is entirely within the discretion of Declarant. No Builder has a duty to reproduce a home for which a model was constructed. With the approval of Declarant, a Builder may substantially remodel a model home, or may remove a model home and construct a different home in its place. All aspects of a model home are deemed to have been approved by the Architectural Reviewer. Neither the Association nor the Architectural Reviewer may enact rules, guidelines, or specifications that - by intent or effect - are disproportionately adverse to the homes that are or have been used as models.

C.13. FEATURES. During the Development Period, the initial plans for use and development of the Property may change in response to a number of circumstances, influences, and opportunities that may not be apparent or applicable at the inception of the development. An owner who acquires a lot while the Property is being developed is hereby given notice that a common area improvement or feature that is not installed at the time an owner contracts is subject to change. Representations given to a prospective

purchaser about a proposed feature are based on a development plan that makes assumptions that are subject to change.

The number, style, location, quality, size, nature, appearance, and ownership of to-be-built common area improvements or features is subject to change.

C.13.1. Open Space or Park. As used on a plat, "open space," "park," "green space," or "common green" are imprecise terms for a piece of land that will not be improved with homes, and which may or may not have recreational features, landscaping, irrigation, and lighting. The use of these terms - alone - may not be construed to require certain improvements.

C.13.2. Private v. Public. As used in connection with a common area, "private" means that it is not available to the general public. The terms "public" and "private" to label a platted tract may not be construed to limit the ultimate disposition of the tract. A tract platted as "public park" may ultimately be conveyed to the Association as a private park. Similarly, a tract platted as "private park" or "open space" may ultimately be conveyed to a governmental entity as a public park.

C.13.3. Screening. "Landscape and screening easement" (or similar) is an imprecise term used in the platting process for a piece of land that may be improved with xeriscaping, irrigated landscaping, and/or a screening feature, such as a berm, fence, wall, poles, or other item that creates a visual demarcation of the Property's boundaries or primary thoroughfares. "Screening" may not be construed to require a feature that completely conceals an area of the Property. A screening feature may be "see through," "see over," or "see under."

C.14. MARKETING OTHER LOCATIONS. This Declaration grants to Declarant a number of significant rights to market the Property. Declarant hereby reserves for itself and its affiliates the right to use each and every such right and privilege for the additional purposes of promoting, identifying, and marketing off-site developments of Declarant or its affiliates for the duration of the Development Period, even though the marketing of lots or houses in the Property may be complete. Additionally, Declarant - at Declarant's sole option and discretion - may extend the effect of this Section for up to 24 months after the end of the Development Period by paying the Association \$4,000.

C.15. COMMON AREAS. Declarant will convey title to the common areas to the Association or possibly a governmental entity - with or without warranty. **At the time of conveyance to the Association, the common areas will be free of encumbrance except for the property taxes accruing for the year of conveyance.** 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.

C.16. SUCCESSOR DECLARANT. Declarant may designate one or more successor Declarants 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 by the successor Declarant, and recorded in the Real Property Records of Tarrant County, Texas. Declarant (or a successor Declarant) may impose limitations and reservations on the designation of successor Declarant. Unless the designation of a successor Declarant provides otherwise, a successor Declarant has the rights of Declarant under this Section and may designate further successor Declarants.

C.17. CONTRIBUTIONS BY INITIAL HOMEBUYERS. During the Development Period, Declarant (not the Association) determines the type, number, and amounts of initial non-refundable contributions to the Association to be made by buyers of new homes. Declarant requires this authority to protect the marketability of new homes in Steadman Farms. The one-time contributions are to be collected at closing from the home buyer other than Declarant, a Successor Declarant, or a Builder. If not collected at closing, neither Declarant nor the Builder becomes liable for the home buyer's contribution. Instead, the home buyer remains liable to the Association for the contributions until received by the Association. Contributions are not advance payments of regular assessments and are not refundable to the home buyer by the Association, Declarant, or a Builder. This Section may not be construed to prevent a selling owner from negotiating reimbursement of the contribution from a purchaser.

C.17.1. Fund Working Capital. Declarant may (but is not required to) help finance the initial operating funds of the Association by requiring initial homebuyers - the first purchaser of a lot with a new home - to make a one-time contribution in the amount published on the Notice of HOA Sale Fees, as amended and restated from time to time. The home buyer's contribution to the Association's operating funds may be used to defray Declarant's obligation, if any, for the Association's operating expenses that are not funded by regular assessments received from other owners during the Declarant Control Period. After the Declarant Control Period, the Association will transfer to Declarant the initial operating fund contributions received from initial buyers of new homes.

C.17.2. Fund Reserves. Declarant may (but is not required to) establish an initial reserve fund for the Association by requiring initial homebuyers - the first purchaser of a lot with a new home - to make a one-time contribution in the amount published on the Notice of HOA Sale Fees, as amended and restated from time to time.

(End of Appendix C)

APPENDIX D - 1
CONSENT TO DECLARATION BY LIENHOLDER

Texas Capital Bank, N.A. is a financial institution whose mailing address is 2350 Lakeside Blvd., Suite 800, Richardson, Texas 75082.

Texas Capital Bank, N.A. holds a promissory note signed by Steadman Farms, LLC. The promissory note is secured by a deed of trust lien against real property that includes the property described in Appendix A of this Declaration. The deed of trust lien is contained in the Deed of Trust (with Security Agreement and Assignment of Rents), recorded on December 18, 2012, as Document No. D212309025 modified and amended by that certain First Modification Agreement to Note and Deed of Trust, recorded on June 21, 2013, as Document No. D213160691, Official Public Records, Tarrant County, Texas.

By signing this instrument, Texas Capital Bank, N.A., consents to the recording of the Declaration of Covenants, Conditions & Restrictions for Steadman Farms, which will not be extinguished by foreclosure of any lien assigned to or for the benefit of Texas Capital Bank, N.A., or its trustees, successors, and assigns.

SIGNED on the ____ day of April, 2014.

LIENHOLDER

Texas Capital Bank, N.A.

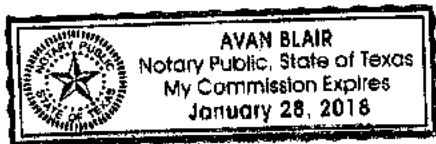
By:


Jerry Schillaci
 Senior Vice President

THE STATE OF TEXAS §

COUNTY OF DALLAS §

SVP This instrument was acknowledged before me on the 20th day of May, 2014, by Jerry Schillaci,
 of Texas Capital Bank, N.A., on behalf of the financial institution.




 Notary Public, The State of Texas

APPENDIX D - 4
CONSENT TO DECLARATION BY LIENHOLDER

Bloomfield Homes, L.P., is a Texas limited partnership whose mailing address is 1050 E. Highway 114, Suite 210, Southlake, Texas 76092.

Bloomfield Homes, L.P. holds a deed of trust lien contained in the Deed of Trust and Security Agreement, recorded on December 18, 2012, as Document No. D212309027, in the Official Public Records of Tarrant County, Texas ("**Deed of Trust**"). The Deed of Trust secures payment of the obligations described in the Deed of Trust, as well as that certain Contract of Sale dated effective as of November 30, 2012, by and between Hanover Property Company, LLC as Seller and Bloomfield Homes, L.P. as Purchaser (collectively, "**Obligations**"). The Obligations are secured by the Deed of Trust lien against real property that includes the property described in Appendix A of this Declaration.

By signing this instrument, Bloomfield Homes, L.P., consents to the recording of the Declaration of Covenants, Conditions & Restrictions for Steadman Farms, which will not be extinguished by foreclosure of any lien assigned to or for the benefit of Bloomfield Homes, L.P., or its trustees, successors, and assigns.

SIGNED on the 25th day of April, 2014.

LIENHOLDER

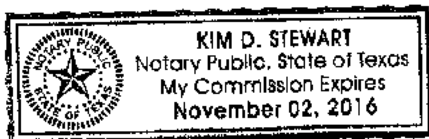
Bloomfield Homes, L.P.
a Texas limited partnership

By: Bloomfield Properties, Inc.
its general partner

By: 
Donald J. Dykstra, President

THE STATE OF TEXAS §
 §
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 25th day of April, 2014, by Donald J. Dykstra, President, of Bloomfield Properties, Inc., in its capacity as general partner of Bloomfield Homes, L.P., on behalf of the limited partnership.




Notary Public, The State of Texas

APPENDIX D - 5
CONSENT TO DECLARATION BY LIENHOLDER

First Texas Homes, Inc., is a Texas corporation whose mailing address is 500 Crescent Court, Suite 350, Dallas, Texas 75201.

First Texas Homes, Inc. holds a deed of trust lien contained in the Deed of Trust and Security Agreement, recorded on December 18, 2012, as Document No. D212309027, in the Official Public Records of Tarrant County, Texas ("**Deed of Trust**"). The Deed of Trust secures payment of the obligations described in the Deed of Trust, as well as that certain Contract of Sale dated effective as of November 30, 2012, by and between Hanover Property Company, LLC as Seller and First Texas Homes, Inc. as Purchaser (collectively, "**Obligations**"). The Obligations are secured by the Deed of Trust lien against real property that includes the property described in Appendix A of this Declaration.

By signing this instrument, First Texas Homes, Inc., consents to the recording of the Declaration of Covenants, Conditions & Restrictions for Steadman Farms, which will not be extinguished by foreclosure of any lien assigned to or for the benefit of First Texas Homes, Inc., or its trustees, successors, and assigns.

SIGNED on the 30 day of April, 2014.

LIENHOLDER

First Texas Homes, Inc.
a Texas corporation

By: [Signature]
~~Randall Van Wolfswinkel, President~~
Keith Hardesty Division President

THE STATE OF TEXAS §
 §
 COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of April, 2014, by Randall Van Wolfswinkel, President First Texas Homes, Inc., on behalf of the corporation.



[Signature]
Notary Public, The State of Texas

After Recording Return To:
Scott J. Conrad
Shackelford, Melton, McKinley & Norton, LLP
3333 Lee Parkway
10th Floor
Dallas, Texas 75219

APPENDIX D - 2
CONSENT TO DECLARATION BY LIENHOLDER

HMH Lifestyles, L.P., is a Texas limited partnership, d/b/a Rendition Homes, whose mailing address is 9001 Airport Freeway, Suite 400, North Richland Hills, Texas 76180.

HMH Lifestyles, L.P. holds a deed of trust lien contained in the Deed of Trust and Security Agreement, recorded on December 18, 2012, as Document No. D212309026, modified and amended by that certain First Amendment to Deed of Trust and Security Agreement, recorded on April 15, 2013, as Document No. D2130094529, both in the Official Public Records of Tarrant County, Texas ("*Deed of Trust Lien*"). The Deed of Trust secures payment of the obligations described in the Deed of Trust, as well as that certain Contract of Sale dated effective as of November 7, 2012, by and between Hanover Property Company, LLC as Seller and HMH Lifestyles, L.P. as Purchaser (collectively, "*Obligations*"). The Obligations are secured by the Deed of Trust Lien against real property that includes the property described in Appendix A of this Declaration.

By signing this instrument, HMH Lifestyles, L.P., consents to the recording of the Declaration of Covenants, Conditions & Restrictions for Steadman Farms, which will not be extinguished by foreclosure of any lien assigned to or for the benefit of HMH Lifestyles, L.P., or its trustees, successors, and assigns.

SIGNED on the 24 day of April, 2014.

LIENHOLDER

HMH Lifestyles, L.P.

a Texas limited partnership

By: BNMJR, Inc.
 its general partner

By: 
 B. Nelson Mitchell, Jr., President

THE STATE OF TEXAS §
 §
 COUNTY OF TARRANT §

This instrument was acknowledged before me on the 24 day of April, 2014, by B. Nelson Mitchell, Jr., President, of BNMJR, Inc., in its capacity as general partner of HMH Lifestyles, L.P., on behalf of the limited partnership.



Notary Public, The State of Texas

APPENDIX D - 3
CONSENT TO DECLARATION BY LIENHOLDER

Gehan Homes, Ltd. is a Texas limited partnership whose mailing address is Two Addison Circle, 15725 North Dallas Parkway, Suite 300, Addison, Texas 75001.

Gehan Homes, Ltd. holds a deed of trust lien contained in the Deed of Trust and Security Agreement, recorded on December 18, 2012, as Document No. D212309026, modified and amended by that certain First Amendment to Deed of Trust and Security Agreement, recorded on April 15, 2013, as Document No. D2130094529, both in the Official Public Records of Tarrant County, Texas ("**Deed of Trust Lien**"). The Deed of Trust secures payment of the obligations described in the Deed of Trust, as well as that certain Contract of Sale dated effective as of November 9, 2012, by and between Hanover Property Company, LLC as Seller and Gehan Homes, Ltd. as Purchaser (collectively, "**Obligations**"). The Obligations are secured by the Deed of Trust Lien against real property that includes the property described in Appendix A of this Declaration.

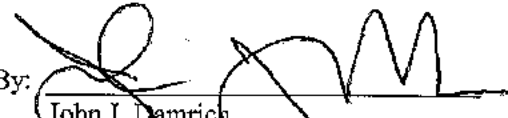
By signing this instrument, Gehan Homes, Ltd., consents to the recording of the Declaration of Covenants, Conditions & Restrictions for Steadman Farms, which will not be extinguished by foreclosure of any lien assigned to or for the benefit of Gehan Homes, Ltd., or its trustees, successors, and assigns.

SIGNED on the 28th day of April, 2014.

LIENHOLDER

Gehan Homes, Ltd.
a Texas limited partnership

By: Gehan Homes I, Inc.
its general partner

By: 
John J. Damrich
Corporate Vice President, Land Operations

THE STATE OF TEXAS §
 Travis §
COUNTY OF ~~DALLAS~~ §

This instrument was acknowledged before me on the 28th day of April, 2014, by John J. Damrich, Corporate Vice President, Land Operations of Gehan Homes I, Inc., in its capacity as general partner of Gehan Homes, Ltd., on behalf of the limited partnership.




Notary Public, The State of Texas