

STATE OF TEXAS §

COUNTY OF WILLIAMSON §

**FOURTH AMENDED AND RESTATED DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS FOR SUN CITY TEXAS**

Document reference: Reference is hereby made to that certain Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sun City Texas, recorded as Document No. 2009063124; that certain Amendment to Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sun City Texas, filed as Document No. 2010051844; that certain Amendment to Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sun City Texas, filed as Document No. 2011019503; and that certain Second Amendment to Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sun City, Texas, filed as Document No. 2011087328, all in the Official Public Records of Williamson County, Texas (cumulatively and together with all amendments and supplements thereto, the “**Prior Declaration**”).

Note regarding bolded text: Certain provisions contained in this instrument are produced in bolded text. This has been done to draw special attention to these provisions, many of which (e.g., sections 8.11 & 8.12) limit or disclaim liability for certain matters.

Del Webb Texas Limited Partnership, an Arizona limited partnership, in its capacity as “Declarant” under the Prior Declaration, and as specifically authorized under Section 21.1 of the Prior Declaration, has elected to unilaterally amend the Prior Declaration by replacing the Prior Declaration in its entirety with this **FOURTH AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR SUN CITY TEXAS** (together with the exhibits attached hereto, the “Declaration”).

The Prior Declaration amended and restated that certain Declaration of Covenants, Conditions, and Restrictions for Sun City Georgetown recorded on September 1, 1995, as Document No. 9539293, in the Official Records of Williamson County, Texas (“Original Declaration”). This Declaration shall be afforded the same order of priority as the Original Declaration, it being acknowledged that the Original Declaration was amended and restated in its entirety without interruption by the Prior Declaration and this Declaration amends and restates in its entirety without interruption the Prior Declaration.

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“D”	Rules of Arbitration
“E”	Standards for Designated Preserve Areas
“F”	Capital Asset Fund Policy

INTRODUCTION TO THE COMMUNITY

This Declaration imposes upon the Properties mutually beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the Properties and establishes a flexible and reasonable procedure for the overall development, administration, maintenance and preservation of the Properties. An integral part of the development plan is the creation and operation of Sun City Texas Community Association, Inc. (formerly known as Sun City Georgetown Community Association, Inc.) (the "Community Association"), an association comprised of all Lot Owners in Sun City Texas to own, operate, and maintain common property and community improvements and to administer and enforce the Governing Documents for Sun City Texas.

Article I **CREATION OF THE COMMUNITY**

1.1. Development Intent. Declarant hereby declares that all of the property described in Exhibit "A" and any additional property subjected to this Declaration by Supplemental Declaration shall be held, sold, used, and conveyed subject to the following easements, restrictions, covenants, and conditions, which shall run with title to the land. This Declaration shall be binding on and shall inure to the benefit of all parties having any right, title, or interest in the Properties or any part thereof, their heirs, successors, successors-in-title, and assigns.

1.2. Duration. This Declaration shall be enforceable by the Community Association or any Owner, their respective legal representatives, heirs, successors, and assigns, for a term of 20 years from the date this Declaration is recorded. After such time, this Declaration shall be automatically extended for successive periods of ten years, unless an instrument in writing, signed by the Board of Directors, has been recorded in the Official Public Records of Williamson County, Texas, certifying that Owners holding at least 67 percent of the votes in the Community Association, including votes that may otherwise be suspended, have voted to terminate the Declaration.

1.3. Governing Documents. This Declaration together with all Supplemental Declarations, the Articles, By-Laws, and Rules, (including any amendments or supplements thereto, the "Governing Documents") shall contain the standards for the Properties and the Community Association.

(a) Cumulative Effect; Conflict. The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Neighborhood, and the Community Association may, but shall not be required to, enforce such additional covenants and restrictions; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of incorporation, by-laws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Neighborhood shall be subject and subordinate to those of the Community Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Community Association.

(b) Severability. Invalidity of any provision of this Declaration, in whole or in part, or

any interpretation of a provision of this Declaration by judgment or court order shall in no way affect other provisions or interpretations.

(c) Exhibits. Exhibits “A”, “B”, and “D” attached to this Declaration are incorporated by this reference, and amendment of such exhibits shall be governed by the provisions of Article XXI. All other exhibits are attached for informational purposes and may be amended as provided therein or in the provisions of this Declaration which refer to such exhibits.

Article II **CONCEPTS AND DEFINITIONS**

The terms used in this Declaration shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

2.1. “Age-Qualified Occupant”: Any Person (i) 50 years of age or older who owns and occupies a Dwelling Unit and was the original purchaser of the Dwelling Unit from the Declarant; or (ii) 55 years of age or older who occupies a Dwelling Unit. Except as expressly provided otherwise herein, the terms “occupy”, “occupies”, or “occupancy” or any derivative thereof used throughout this Declaration, shall mean staying overnight in a particular Dwelling Unit for more than 60 times within any given 365 day period. An “Occupant” shall be any Person who occupies a Dwelling Unit.

2.2. “Agreements Related to Declarant’s Obligation to Fund Budget Deficits”: Those certain contractual agreements between the Association and the Declarant attached as an exhibit to that certain Notice of Agreements Related to Declarant’s Obligation to Fund Budget Deficits of Sun City Texas Community Association, Inc., filed as Document No. 2009003843 in the Official Public Records of Williamson County, Texas, including any related future amendments or supplemental agreements.

2.3. “Area of Common Responsibility”: The Common Area, together with those areas, if any, which the Community Association does not own but which by the terms of this Declaration, any Supplemental Declaration or other applicable covenants, or by contract become the responsibility of the Community Association, including, without limitation, the Preserve Areas to the extent that specific walking trails and signage have been designated as the responsibility of the Community Association.

2.4. “Architectural Review Committee”: The committee which the Declarant or Board may create at such time as it shall determine in its discretion to review new construction and administer and enforce architectural standards, as further provided in Section 5.2.

2.5. “Articles”: The Articles of Incorporation of Sun City Georgetown Community Association, Inc., as filed with the Texas Secretary of State, including those certain Articles of Amendment by which the name of the Community Association was changed to Sun City Texas Community Association, Inc., together with any other amendments filed with the Texas Secretary of State.

2.6. “Association” or “Community Association”: Sun City Texas Community Association, Inc., a Texas nonprofit corporation, its successors and assigns.

2.7. “Base Assessment”: The recurring assessment levied against all Lots subject to assessment under Section 9.9, said assessment to be used to fund Common Expenses for the general benefit of all Lots, as more particularly provided for in Section 9.1.

2.8. “Benefited Assessment”: An assessment levied against a particular Lot or Lots for expenses incurred or to be incurred by the Community Association for services and enforcement actions that benefit or relate to said Lot or Lots, all as further provided in Section 9.7.

2.9. “Board of Directors” or “Board”: The body responsible for administration of the Community Association, as further provided in the Articles and By-Laws.

2.10. “Business” and “Trade”: Shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to Persons other than the family of the producer of such goods or services and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time, (b) such activity is intended to or does generate a profit, or (c) a license is required.

2.11. “By-Laws” and “Bylaws”: The By-Laws of Sun City Texas Community Association, Inc., as same may be amended from time to time.

2.12. “Class “B” Control Period”: The period during which the Class “B” Member is entitled to appoint Board Members holding a majority of the voting power on the Board, as provided in the By-Laws.

2.13. “Class “A” Members”: All Owners except for the Class “B” Member, as further provided in Section 7.3(a).

2.14. “Class “B” Member”: The Declarant, for so long as a Class “B” membership right exists, as further provided in Section 7.3(b).

2.15. “Common Area”: All real and personal property which the Community Association now or hereafter owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners. The term shall include the Exclusive Common Area and may include, without limitation, recreational facilities, entry features, signage, landscaped medians, lakes, ponds, rivers, streams, water courses, wetlands, and Golf Courses, if any.

2.16. “Common Expenses”: The actual and estimated expenses incurred or anticipated to be incurred by the Community Association for the general benefit of all Lots, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents.

2.17. “Community-Wide Standard”: The standard of conduct, maintenance, or other activity generally prevailing throughout the Properties as may be described in the Design Guidelines. Such standard may be more specifically determined by the Declarant as long as it owns any portion of the Properties or has the right to annex property pursuant to Section 10.1 and thereafter by the Board and the Modifications Committee with the approval of the Board.

2.18. “Concept Plan”: The Concept Plan for the development of Sun City Texas filed with the City of Georgetown, Texas, as it may be amended, updated, or supplemented from time to time, which plan includes the property described in Exhibit “A” and a portion of the property described in Exhibit “B” which Declarant may from time to time anticipate subjecting to this Declaration. The Concept Plan may also include subsequent plans approved by the City of Georgetown, Texas for the development of all or a portion of the property described in Exhibit “B”. Inclusion of property on the Concept Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration nor shall the exclusion of property from the Concept Plan bar its later annexation.

2.19. “County Clerk’s Office”: The Official Public Records of Williamson County, Texas.

2.20. “Covenant to Share Costs”: Any declaration or other instrument executed by Declarant and recorded in the County Clerk’s Office which creates easements for the benefit of the Community Association and the present and future owners of the real property subject thereto and which obligates the Community Association and such owners to share the costs of maintaining certain described property.

2.21. “Covenants Committee”: That committee that may be created by the Board pursuant to Section 4.23 of the By-Laws to assist in the enforcement of this Declaration and the other Governing Documents.

2.22. “Declarant”: Del Webb Texas Limited Partnership, an Arizona limited partnership, or any successor, successor-in-title, or assignee of Del Webb Texas Limited Partnership, who has or takes title to any portion of the property described in Exhibits “A” or “B” for the purpose of development and/or resale in the ordinary course of business and who is designated as the Declarant in an instrument executed by the immediately preceding Declarant and recorded in the County Clerk’s Office.

2.23. “Design Guidelines”: The architectural, design, development, and other guidelines, standards, controls, and procedures including but not limited to, application and review procedures, adopted pursuant to Article V.

2.24. “Development Agreement”: That certain Development Agreement Between the City of Georgetown and Del E. Webb Development Co., L.P. Concerning Proposed Subdivision and Construction of Master Planned Community, dated February 14, 1995, as may be amended from time to time.

2.25. “Dwelling Unit”: Any building or structure or portion of any building or structure

situated upon a Lot which is intended for use and occupancy as an attached or detached residence for a single family.

2.26. “Exclusive Common Area”: A portion of the Common Area intended for the exclusive use or primary benefit of one or more, but less than all, Neighborhoods, as more particularly described in Article XIII.

2.27. “Golf Course”: Any parcel of land adjacent to or within the Properties developed by the Declarant or any affiliate or designee of the Declarant (a) which is owned by the Community Association (as Common Area) or which is a Private Amenity, and (b) which is operated as a golf course, and all related and supporting facilities and improvements operated and/or maintained in connection with or incidental to such golf course.

2.28. “Governing Documents”: As defined in Section 1.3.

2.29. “Home Owner”: An Owner other than the Declarant.

2.30. “Karst”: Underground crevices or fissures which may be located within Preserve Areas and to which access is restricted. The Declarant in its sole discretion may determine that certain Karst are not critical as habitat or recharge features. At Declarant’s option, such Karst may be filled and conveyed to the Community Association as Common Area.

2.31. “Leasing”: Regular, exclusive occupancy of a Dwelling Unit by any person other than the Owner and the members of the Owner’s household or the Owner’s roommate, for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument.

2.32. “Lot”: A portion of the Properties, whether improved or unimproved, other than Common Area, property dedicated to the public, property owned by the City of Georgetown and operated for public use (for example fire stations) and Preserve Areas, which may be independently owned and conveyed and which is intended to be developed, used, and occupied as a Dwelling Unit. The term shall refer to the land, if any, which is part of the Lot as well as any improvements, including any Dwelling Unit, thereon. In the case of any structure containing multiple Dwelling Units, each Dwelling Unit shall be deemed to be a separate Lot.

Prior to recordation of a subdivision plat, a parcel of vacant land or land on which improvements are under construction shall be deemed to be a single Lot.

2.33. “Member”: A Person entitled to membership in the Community Association, including the Class “A” Members and the Class “B” Member. Every Owner shall be a Member, subject to the limitations on Co-Owners as provided in Sections 7.2, 7.3 of this Declaration and in the By-Laws.

2.34. “Member in Good Standing”: Each Class “A” Member except those who have been notified by the Community Association that they have committed a violation of the Governing

Documents, have exhausted all appeal rights related to that violation, both under the Governing Documents and the Texas Property Code, and who have still not cured the cited violation. A determination of whether or not a Member is a Member in Good Standing shall be made from time to time, as appropriate, by the Board or its designee.

2.35. “Modifications Committee”: The committee established by the Board pursuant to Section 5.2(b) to review applications for modifications to Lots or Dwelling Units.

2.36. “Mortgage”: A mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.

2.37. “Mortgagee”: A beneficiary or holder of a Mortgage.

2.38. “Neighborhood”: Each separately designated residential area within the Properties. By way of illustration and not limitation, a town home development, cluster home development, or single-family detached housing development might each be designated as a separate Neighborhood, or a Neighborhood may be comprised of more than one housing type with other features in common. In addition, each parcel of land intended for development as any of the above may constitute a Neighborhood, subject to division into more than one Neighborhood upon development.

2.39. “Neighborhood Assessments”: Assessments levied against the Lots in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as described in Sections 9.2 and 9.4.

2.40. “Neighborhood Expenses”: The actual and estimated expenses incurred or anticipated to be incurred by the Community Association for the benefit of the Owners of Lots within a particular Neighborhood or Neighborhoods, which may include reasonable reserves, as the Board may specifically authorize and as may be authorized herein or in a Supplemental Declaration applicable to a Neighborhood.

2.41. “Neighborhood Representative”: The representative or alternate selected by the Members within each Neighborhood to communicate views of Home Owners in the Neighborhood on Community Association matters other than those requiring a vote of the membership.

2.42. “Occupant”: As defined in Section 2.1.

2.43. “Owner”: Collectively, one or more Persons who hold the record title to any Lot, except Persons holding an interest merely as security for the performance of an obligation in which case the equitable owner will be considered the Owner.

2.44. “Person”: A natural person, a corporation, a partnership, a trustee, or any other legal entity.

2.445. Policies. A set of substantive, administrative, or procedural directives, primarily applicable to matters other than Lot usage.

2.45. “Preserve Areas”: Separate tracts owned by the Declarant or its assignee and described as “Open Space” or “Control Preserve” on a plat for neighborhoods in Sun City Texas recorded by the Declarant in the County Clerk’s Office. Preserve Areas may include Karst and may serve as habitat for endangered species or may be critical to ground water recharge conditions in the area around Sun City Texas.

2.46. “Private Amenity” and “Private Amenities”: Real property and any improvements and facilities located adjacent to, in the vicinity of, or within the Properties, developed by the Declarant or any affiliate or designee of the Declarant, which are privately owned and operated by Persons other than the Community Association for recreational and related purposes. For example, any Golf Course owned and operated by Persons other than the Community Association shall be a Private Amenity.

2.47. “Properties”: The real property described in Exhibit “A”, together with such additional property as is annexed to this Declaration.

2.48. “Qualified Occupant”: Any of the following Persons occupying a Dwelling Unit:

- (i) any Age-Qualified Occupant;
- (ii) any Person 19 years of age or older occupying a Dwelling Unit with an Age-Qualified Occupant; and
- (iii) any Person 19 years of age or older who occupied a Dwelling Unit with an Age Qualified Occupant and who continues, without interruption, to occupy the same Dwelling Unit after termination of the Age Qualified Occupant’s occupancy thereof.

2.49. “Reviewing Body”: The body authorized to exercise architectural review pursuant to Section 5.2.

2.50. “Rules”: The rules, regulations, policies, architectural rules (aka Design Guidelines or Interpretive Guidelines) and resolutions, including Use Restrictions, that are or may be lawfully adopted or approved by the Board, the Declarant and/or the Members in accordance with its or their authority under State law or the Governing Documents, including but not limited to any rules adopted in accordance with Section 4.2 of this Declaration.

2.51. “Special Assessment”: Assessments levied to cover un-budgeted expenses of the Community Association, as further provided in Section 9.6.

2.52. “Sun City Texas”: The Properties subject to this Declaration, which were formerly known as Sun City Georgetown.

2.53. “Supplemental Declaration”: An amendment or supplement to this Declaration filed pursuant to Article X which subjects additional property to this Declaration, identifies any Common

Area within the additional property, and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein.

2.54. “Unexcused Absence”: (i) The absence of a director elected by the Class A Members from a Board meeting when the director has failed to notify the president or secretary of the Community Association prior to the meeting that he will not be in attendance; and (ii) the absence of a Committee member from a meeting of that Committee when the Committee member has failed to notify the chairperson or secretary of the Committee prior to the meeting that he will not be in attendance. Unexcused Absences do not include instances where the absent director or Committee member subsequently shows that he made a good faith effort to provide notice or else was absent as a result of a bona fide emergency.

2.55. “Use Restrictions”: The Rules and use restrictions primarily applicable to Lot usage, as they may be modified, canceled, limited or expanded pursuant to Article IV and other applicable Governing Document provisions.

2.56. “Voting and Elections Policy”: Those certain policies adopted by the Board and under which the Community Association conducts votes of the Members, including those related to the election of directors, as authorized in the By-Laws.

CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

Article III AGE RESTRICTION

3.1 Operation as an Age-Restricted Community; Occupancy. Sun City Texas is intended to provide housing primarily for persons 55 years of age or older, subject to the rights reserved to Declarant in Section 11.11. The Properties shall be operated as an age restricted community in compliance with all applicable state and federal laws. No person under 19 years of age shall stay overnight in any Dwelling Unit more than 90 times in any calendar year.

Subject to Section 11.11, each Dwelling Unit, if occupied, shall be occupied by at least one Person 55 years of age or older; provided, however, that once a Dwelling Unit is occupied by an Age Qualified Occupant, other Qualified Occupants of that Dwelling Unit may continue to occupy the Dwelling Unit, regardless of the termination of the Age Qualified Occupant’s occupancy. Notwithstanding the above, at all times, at least 80 percent of the Dwelling Units within the Properties shall be occupied by at least one person 55 years of age or older.

3.2 Maintaining Status; Provision of Facilities and Services. The Board shall establish policies and procedures from time to time as necessary to maintain its status as an age restricted community under state and federal law. The Community Association shall provide, or contract for the provision of, those facilities and services designed to meet the physical and social needs of older persons as may be required under such laws.

Article IV

USE AND CONDUCT

4.1. Plan of Development; Applicability; Effect. Declarant has established a general plan of development for the Properties under this Declaration that is intended to protect all Owners' quality of life and collective interests, the aesthetics and environment within the Properties, and the vitality of and sense of community within the Properties, all subject to the Board's and the Members' ability to respond to changes in circumstances, conditions, needs, and desires within the community. This Declaration, including the initial Use Restrictions attached hereto as Exhibit "C", and the Rules adopted by the Board or the Members establish affirmative and negative covenants, easements, and restrictions on the Properties. All provisions of this Declaration and any other Governing Documents shall apply to all Members, Owners, Occupants, tenants, guests and invitees of any Lot.

4.2. Rule Making Authority.

(a) Subject to the terms of this Article and in accordance with its duty of care and undivided loyalty to the Community Association and its Members, the Board may adopt Rules that modify, cancel, limit, create exceptions to, or expand the Rules, including the Use Restrictions, Design Guidelines (subject to Section 5.3 herein), and Policies. The Board shall provide notice of any proposed Rule amendment in accordance with the Governing Documents (see also the OMATI (Open Meetings and Access to Information) Policy).

(b) Nothing in this Article shall authorize the Board or the Class "A" Members to modify, repeal or expand the Declaration (with the exception of Exhibit "C"), the By-Laws, the Articles, or the Design Guidelines. Such documents may be amended as provided therein. In the event of a conflict between the Design Guidelines and the Use Restrictions, the Design Guidelines shall control.

4.3. Owners' Acknowledgment. All Owners are subject to the Use Restrictions and are given notice that (a) their ability to use their privately owned property is limited thereby, and (b) the Board and/or the Class "A" Members may add, delete, modify, create exceptions to, or amend the Use Restrictions in accordance with Section 4.2 and Article XXI.

Each Owner by acceptance of a deed acknowledges and agrees that the use and enjoyment and marketability of his or her property can be affected by this provision and that the Use Restrictions and other Rules may change from time to time.

4.4. Protections of Owners. Except as may be specifically set forth in the Use Restrictions, neither the Board nor the Members may adopt any Rule in violation of the following provisions:

(a) Equal Treatment. Similarly situated Owners and Occupants shall be treated similarly.

(b) Speech. The rights of Owners and Occupants to display on their Lot political signs and symbols of the kinds normally displayed in or outside of residences located in single-family residential neighborhoods in individually owned property shall not be abridged, except that the

Community Association may adopt reasonable time, place, and manner restrictions regulating signs and symbols which are visible from outside the Lot. This Declaration and the Rules shall not be construed to supersede or limit City ordinances regulating signs or symbols on Lots.

(c) Religious and Holiday Displays. The rights of Owners and Occupants to display religious and holiday signs, symbols, and decorations on their Lots of the kinds customarily displayed in residences located in single-family residential neighborhoods shall not be abridged, except that the Community Association may adopt reasonable time, place, and manner restrictions regulating displays which are visible from outside the Lot.

(d) Assembly. The rights of Owners and Occupants to assemble on such portions of the Common Area as are designated by the Board from time to time shall not be eliminated; provided, however, the Board may adopt reasonable time, place, and manner restrictions on assembly. At no time shall Common Area be construed as a place of public assembly.

(e) Household Composition. No Rule shall interfere with the freedom of Occupants of Dwelling Units to determine the composition of their households, within the limitations imposed by Article III, except that the Community Association shall have the power to require that all Occupants be members of a single housekeeping unit and to limit the total number of Occupants permitted in each Dwelling Unit on the basis of the size and facilities of the Dwelling Unit and its fair share use of the Common Area, provided that such limits shall not be less restrictive than applicable city codes in establishing the total number of Occupants.

(f) Activities Within Dwelling Units. No Rule shall interfere with the activities carried on within the confines of Dwelling Units, except that the Community Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Community Association or other Owners, that create a danger to the health or safety of Occupants of other Dwelling Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the Dwelling Unit, or that create an unreasonable source of annoyance.

(g) Pets. The Community Association may adopt reasonable Rules designed to minimize damage and disturbance to other Owners and Occupants, including Rules requiring damage deposits, waste removal, leash controls, noise controls, and pet occupancy limits based on size and facilities of the Lot and fair share use of the Common Area; provided, however, any Rule prohibiting the keeping of ordinary household pets shall apply prospectively only and shall not require the removal of any pet which was being kept on the Properties in compliance with the Rules in effect prior to the adoption of such Rule. Nothing in this provision shall prevent the Community Association from requiring removal of any animal that presents an actual threat to the health or safety of residents or from requiring abatement of any nuisance or unreasonable source of annoyance as determined by the Board or its designee. No Owner shall be permitted to raise, breed or keep animals of any kind, including livestock or poultry, for commercial or Business purposes. All Owners shall comply with applicable City ordinances regarding pets.

(h) Alienation; leasing. No Rule shall prohibit the leasing or transferring of any Lot, or

require consent of the Community Association or Board for leasing or transferring of any Lot; provided, the Community Association or the Board may require an initial lease term of at least 90 days. The Community Association may require that Owners use lease forms approved by the Community Association, but, other than those fees described in Article XIX (lot transfer fees), may only impose fees on the lease or transfer of a Lot that are reasonably based on the costs of the Community Association to administer that lease or transfer. All leases must expressly provide that the tenants, their guests and invitees must at all times comply with the Governing Documents. The right to enter into a lease agreement for a Dwelling Unit is also subject to any restrictions contained in the Rules, including but not limited to those established in the Use Restrictions.

(i) Reasonable Rights to Develop. No Rule or action by the Members or Board shall unreasonably impede Declarant's right to develop in accordance with the Concept Plan, including, but not limited to, the rights of the Declarant as set forth in Article XI.

(j) Abridging Existing Rights. Any Rule that would require Owners to dispose of personal property being kept on the Properties shall apply prospectively only and shall not require the removal of any property which was being kept on the Properties prior to the adoption of such Rule and which was in compliance with all Rules in force at such time unless otherwise required to be removed by law.

(k) Application of Rules. No Rule shall be applied retroactively except as otherwise required by law.

The limitations in this Section 4.4 shall apply to Rules only; they shall not apply to amendments to the other Governing Documents, including amendments to this Declaration adopted in accordance with Article XXI.

4.5. Interference with Private Amenities. No Rule or action by the Members or Board shall interfere with the use or operation of any Private Amenity.

4.6. Drilling. Following the date of recording of this Declaration, no Owner, other than the Declarant, shall enter into any lease or other agreement permitting drilling for minerals, oil, natural gas, water, or other substances on his or her Lot. All drilling under leases or other agreements in effect prior to such time shall take place at least 600 feet away from any Dwelling Unit.

Article V

ARCHITECTURE AND LANDSCAPING

5.1. General. No improvements, alterations, placement or posting of any object on the exterior of any Lot (e.g., fences, signs, antennae and satellite dishes, clotheslines, playground equipment, pools, propane and other fuel tanks (other than portable gas grills), lighting, temporary structures (including tents, shacks, and the like), solar devices, and artificial vegetation, or planting or removing of landscaping) shall take place within the Properties except in compliance with this Declaration, and the Design Guidelines and with the approval of the appropriate Reviewing Body

under Section 5.2.

Any Owner may remodel, paint or redecorate the interior of structures, including the Dwelling Unit, on his or her Lot without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Lot visible from outside the structures on the Lot shall be subject to this Article.

No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications.

This Article shall not apply to the activities of the Declarant nor to improvements to the Common Area. Improvements to the Common Area made by or on behalf of the Community Association shall be approved by the Board or its designee. Any Member or other person or entity desiring to make or place any improvement on the Common Area may do so only after receiving the express written approval of the Board or its designee, all subject to any conditions or restrictions contained in such approval. Such approval may be in the form of pre-existing Rules related to the use of the Common Area. This Article shall not apply to the activities of the City of Georgetown performed on property owned by the City and used for public purposes so long as the City complies with the separate deed restrictions applicable to such property if any.

This Article may not be amended without the Declarant's written consent so long as the Declarant owns any Private Amenity or any land subject to this Declaration or subject to annexation to this Declaration.

5.2. Architectural Review.

(a) New Construction. The Declarant shall not be required to obtain any Community Association approval for its new home construction within the Properties. Until 100% of the Properties have been developed and conveyed to Home Owners, the Declarant shall have exclusive authority to administer and enforce architectural controls under this Article and to review and act upon all applications for original construction within the Properties. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon the expiration or surrender of such right, the Board may, at its option, either create, appoint, and assign such duties to an Architectural Review Committee or, assign such duties to the Modifications Committee. The Architectural Review Committee shall consist of at least three, but not more than five, persons who shall serve and may be removed in the Board's discretion. The Architectural Review Committee shall have no rights or authority until the Declarant's authority under this Article expires or is surrendered.

(b) Modifications. At such time as the Declarant and the Board determine appropriate, the Board shall establish a Modifications Committee, which shall consist of at least three but not more than nine persons. Members of the Modifications Committee shall be appointed and shall serve at the discretion of the Board; provided, however, as long as the Declarant owns any portion of the Properties, any Private Amenity, or has the right to annex property pursuant to Section 10.1, it

shall be entitled, in its discretion, to appoint one member of the Modifications Committee. The Modifications Committee shall be the only Committee with jurisdiction over modifications, additions, or alterations made on or to a Lot containing a Dwelling Unit, including the Dwelling Unit itself and any other structure or improvement on such Lot, subject to such additional authorities and limits as may be prescribed in its charter; provided, however, any change to the Common Area shall require the advance approval of the Declarant as long as it owns any portion of the Properties, any Private Amenity, or has the right to annex property pursuant to Section 10.1. At any time during the review process, the Declarant shall have the right to veto any action taken by the Modifications Committee that the Declarant determines, in its sole discretion, to be inconsistent with the Design Guidelines.

For purposes of this Article, "Reviewing Body" shall refer either to the Declarant, the Modifications Committee, or the Architectural Review Committee, as appropriate under the circumstances. The Reviewing Body may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, landscape architects, engineers or other professionals. The Declarant and the Community Association may employ architects, engineers, or other persons as deemed necessary to perform the review. The Board may include the compensation of such persons in the Community Association's annual operating budget as a Common Expense.

5.3. Guidelines and Procedures. The Declarant shall prepare Design Guidelines that shall apply to all construction activities within the Properties, except as provided in Section 5.1. The Design Guidelines can be amended by: (i) the Declarant, acting alone, for so long as it owns any portion of the Properties, any Private Amenity, or has a right to annex any property pursuant to Section 10.1; (ii) the Board, which shall additionally require the approval of the Declarant if it still retains the authority to unilaterally amend the Design Guidelines under subsection 5.3(i) above; and (iii) after the Declarant no longer has amendment authority under subsection 5.3(i), by the Modifications Committee with the consent of the Board.

The Design Guidelines may contain general provisions applicable to all of the Properties, as well as specific provisions that vary from one portion of the Properties to another depending upon the location, unique characteristics, intended use, the Concept Plan, and any other applicable zoning ordinances. The Design Guidelines are intended to provide guidance to Owners regarding matters of particular concern in considering applications hereunder. The Design Guidelines are not the exclusive basis for decisions of the Reviewing Body and compliance with the Design Guidelines does not guarantee approval of any application.

Any amendments to the Design Guidelines shall apply to applications for construction or modifications processed by the Reviewing Body after the date such amendments are approved, and shall not apply retroactively to construction or modifications that were approved by the Reviewing Body prior to the date the Design Guidelines amendments were approved. If a previously-approved application for construction or modifications expires and a new application to approve work is submitted to the Reviewing Body, the newly-submitted application shall comply with the Design Guidelines as of the date the new application is considered, including any amendments to the Design

Guidelines that may have been approved in the intervening period. There shall be no limitation on the scope of amendments to the Design Guidelines; the Design Guidelines may be amended to remove requirements previously imposed or otherwise to make the Design Guidelines less restrictive.

The Community Association shall make the Design Guidelines available to Owners and builders who seek to engage in development or construction within the Properties and all such Persons shall conduct their activities in accordance with such Design Guidelines. The Design Guidelines shall be recorded in the County Clerk's Office. The recorded version of the Design Guidelines, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

All structures and improvements constructed upon a Lot shall be constructed in strict compliance with the Design Guidelines in effect at the time the plans for such improvements are submitted to the Reviewing Body, unless the Reviewing Body has granted a variance in writing pursuant to Section 5.6. So long as the Reviewing Body has acted in good faith, its findings and conclusions with respect to appropriateness of, applicability of, or compliance with the Design Guidelines and this Declaration shall be final, excepting that an Owner shall have the right to appeal a decision of the Modifications Committee (or Architectural Review Committee, if formed) to the Board.

5.4. Submission of Plans and Specifications.

(a) Prior to commencing any activity within the scope of Section 5.1, an Owner shall submit an application for approval of the proposed work to the appropriate Reviewing Body. For so long as the Declarant owns any portion of the Properties, any Private Amenity, or has a right to annex any property pursuant to Section 10.1, the Declarant shall have the right to request and receive a copy of any such application. Such application shall be in the form required by the Reviewing Body and shall include plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening therefor and other features of proposed construction, as applicable. The Design Guidelines shall set forth the procedure and any additional information for submission of the Plans. Before the Owner may begin the proposed activity, the application must be approved by the Reviewing Body in accordance with the procedures described below. In addition, the Declarant may disapprove any application submitted to a Reviewing Body within 20 days of the Declarant receiving a copy of the application.

(b) In reviewing each submission, the Reviewing Body may consider whatever reasonable factors it deems relevant. The Reviewing Body may require relocation of existing plants within the construction site, if feasible, the installation of an irrigation system for the landscaping, or the inclusion of natural plant life on the Lot as a condition of approval of any submission. The Reviewing Body shall not require permits or other approvals by local government entities other than those issued by such entities in the usual course of business.

The Reviewing Body shall, within the period specified in the Design Guidelines, advise the party submitting the same, in writing, at an address specified by such party at the time of submission, of (i) the approval of Plans, or (ii) the segments or features of the Plans which are deemed by such committee to be inconsistent or not in conformity with this Declaration and/or the Design Guidelines, the reasons for such finding, and suggestions for the curing of such objections. In the event the Reviewing Body fails to advise the submitting party by written notice within the period specified in the Design Guidelines of either the approval or disapproval and suggestions for curing objections, approval shall be deemed to have been given. Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U.S. Postal Service. Personal delivery of such written notice also shall be sufficient and shall be deemed to have been given at the time of delivery to the submitting party.

(c) If construction does not commence on a project for which Plans have been approved within 120 days of such approval, such approval shall be deemed to have expired, and it shall be necessary for the Owner to resubmit the Plans to the Reviewing Body for reconsideration. If construction on a project for which Plans have been approved is commenced in a timely manner but not completed within the period set forth in the Design Guidelines or in the approval, such approval shall be deemed to have expired, and such incomplete construction shall be deemed to be in violation of this Article.

5.5. No Waiver of Future Approvals. Each Owner acknowledges that the members of the Reviewing Body will change from time to time and that interpretation, application and enforcement of the Design Guidelines may vary accordingly. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval. Should the Reviewing Body permit nonconforming improvements through hardship or error, it shall not be construed as a waiver of future enforcement rights or permission for future noncompliance.

5.6. Variance. The Reviewing Body may authorize variances in writing from its guidelines and procedures but only: (a) in accordance with duly adopted rules and regulations, (b) when unique circumstances dictate, such as unusual topography, natural obstructions, hardship or aesthetic or environmental considerations, and (c) when construction in accordance with the variance would be consistent with the purposes of the Declaration and compatible with existing and anticipated uses of adjoining properties. Inability to obtain or the terms of any governmental approval or the terms of any financing shall not be considered a hardship warranting a variance. Notwithstanding the above, the Modifications Committee and Architectural Review Committee may not authorize variances without the written consent of the Declarant, so long as it owns any portion of the Properties, any Private Amenity, or has a right to annex any property pursuant to Section 10.1. After such time, the Modifications Committee may grant variances only with the consent of the Architectural Review Committee.

5.7. Limitation of Liability. Review and approval of any application pursuant to this

Article is made on the basis of aesthetic considerations only and neither the Declarant, the Community Association, the Board, the Architectural Review Committee or the Modifications Committee, nor any member of the foregoing, shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Community Association, the Board, the Architectural Review Committee or the Modifications Committee, nor any member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Lot. In all matters, the ARC and the Modifications Committee and their members shall be defended and indemnified by the Community Association as provided in the By-Laws.

5.8. Compliance. Any construction, alteration or other work done in violation of this Article or the Design Guidelines shall be deemed to be nonconforming. Upon written request from the Declarant, the Architectural Review Committee, the Covenants Committee, or the Board, Owners shall, at their own cost and expense and within such reasonable time frame as set forth in such written notice, cure such nonconformance to the satisfaction of the requester or restore the property, Lot and/or Dwelling Unit to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the Declarant, the Community Association or its designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the rate established by the Board (not to exceed the maximum rate then allowed by law), may be assessed against the benefited Lot and collected as a Benefited Assessment unless otherwise prohibited in this Declaration.

All approvals granted hereunder shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Lot, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work by the deadline set forth in the approval, the Declarant or the Community Association shall be authorized, after notice to the Owner of the Lot and an opportunity to be heard in accordance with the By-Laws, to enter upon the Lot and remove or complete any incomplete or unapproved work and to assess all costs incurred against the Lot and the Owner thereof as a Benefited Assessment unless otherwise prohibited in this Declaration. Failure to enforce compliance with this Article shall not be a waiver of the right to enforce this Article at a later time or in other situations or circumstances.

All acts by any contractor, subcontractor, agent, employee, or invitee of an Owner shall be deemed as an act done by or on behalf of such Owner. Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines may be excluded from the Properties, subject to the notice and hearing procedures contained in the By-Laws. In such event, neither the Declarant, the Community Association, nor their respective officers, directors, employees or agents, shall be held liable to any Person for exercising the rights granted by this paragraph.

In addition to the foregoing, the Community Association and the Declarant shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions

of this Article and the decisions of the Reviewing Body.

Article VI MAINTENANCE AND REPAIR

6.1. Level of Maintenance Required. Sun City Texas shall be maintained consistent with the Community-Wide Standard, the Design Guidelines, the restrictions on use and conduct, and the restrictions on architecture and landscaping. Each Person responsible for maintenance of any portion of the Properties shall maintain or provide for such maintenance in accordance with the above standards. These above standards may include special requirements or exemptions for property owned by the Declarant, the Community Association, or any Private Amenity and for the Area of Common Responsibility.

Maintenance, as used in this Article, shall include, without limitation, repair and replacement as needed, as well as such other duties, including irrigation, as the Board may determine necessary or appropriate to satisfy the Community-Wide Standard. As long as it owns any property described on Exhibits "A" or "B" or until it earlier determines, the Declarant and thereafter the Board may establish a higher Community-Wide Standard for portions of the Properties that are environmentally sensitive or that provide a greater than usual aesthetic value and may require additional maintenance for such areas to reflect the nature of such property; provided, however, the Board may not require such areas to be maintained so that they appear manicured or in such a way that is inconsistent with the natural appearance of the property. Any entity designated by the Declarant to maintain the Preserve Areas may establish additional standards of maintenance and conduct for such areas, and the owner thereof shall at all times comply with any permit conditions and other legal requirements applicable to such areas, including, without limitation the standards described on Exhibit "E".

Notwithstanding anything to the contrary contained herein, neither the Community Association, any Owner, nor any other entity responsible for the maintenance of a portion of the Properties shall be liable for property damage or personal injury occurring on, or arising out of the condition of, property which it does not own unless and only to the extent such property damage or personal injury resulted from the negligence, gross negligence, or willful misconduct of such entity or person in the performance of its maintenance responsibilities.

6.2. Owner's Responsibility. Each Home Owner shall maintain his or her Lot in a manner consistent with the Community-Wide Standard and all applicable covenants and Use Restrictions, unless such maintenance responsibility is otherwise assumed by or assigned to the Community Association pursuant to this Declaration, any Supplemental Declaration, or any other declaration of covenants applicable to such Lot. Each Owner shall take all reasonable preventative measures against oakwilt and other plant pests or diseases and shall provide for the treatment of such conditions immediately upon discovery. Owners shall follow any standards or procedures regarding oakwilt adopted by the Board.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Community Association may perform such maintenance responsibilities and assess all costs incurred in accordance with Section 9.7. The Community

Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to a situation that poses an immediate and material threat to persons or property.

6.3. Responsibility for Repair and Replacement. By virtue of taking title to a Lot, each Home Owner covenants and agrees with all other Owners and with the Community Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Lot, less a reasonable deductible, unless the Community Association carries such insurance (which they may, but are not obligated to do hereunder). If the Community Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Benefited Assessment against the benefited Lot and the Owner. Any Owner(s) making a claim under such a policy is responsible for payment of all deductibles and/or retention amounts, same to be charged as a Benefited Assessments against the claiming Owner(s).

Each Owner further covenants and agrees that, in the event of damage to or destruction of structures on or comprising his Lot, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article V. Alternatively, the Owner shall clear the Lot of building debris and maintain it in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs that are not covered by insurance proceeds.

COMMUNITY GOVERNANCE AND ADMINISTRATION

Article VII

THE COMMUNITY ASSOCIATION AND ITS MEMBERS

7.1. Function of the Community Association. The Community Association shall be (i) the entity responsible for management, maintenance, operation and control of the Area of Common Responsibility; (ii) the primary entity responsible for compliance with and enforcement of this Declaration and the other Governing Documents; and (iii) responsible for administering, monitoring compliance with, and enforcing the Design Guidelines after such time as the Declarant transfers such authority to the Community Association. The Community Association may delegate such responsibilities to committees or engage outside Persons to monitor and enforce the Design Guidelines under the supervision of the Board. The Community Association shall perform its functions in accordance with the Governing Documents and Texas law.

7.2. Membership. There shall be only one membership per Lot; provided, however, if a Lot is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to (i) reasonable Board regulation, (ii) reasonable fees as may be established under Section 12.1, and (iii) the restrictions on voting set forth in this Declaration, the By-Laws, and the Voting and Elections Policy. All such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is a corporation, partnership or other legal entity may be exercised by any officer, director, partner, trustee, or beneficiary, or by

any other individual having apparent authority or designated from time to time by the Owner in a written instrument provided to the Secretary of the Community Association.

7.3. Voting. The Community Association shall have two classes of membership, Class "A" and Class "B".

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member. Class "A" Members shall have one equal vote for each Lot in which they hold the interest required for membership under Section 7.2. There shall be only one Class "A" vote per Lot.

(b) Class "B". The sole Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to disapprove actions of the Board and committees, are specified in the relevant sections of the Governing Documents. The Class "B" membership shall cease and be converted to Class "A" membership upon the earlier of the following:

- (i) two years after the expiration of the Class "B" Control Period; or
- (ii) when, in its discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs first, the Class "B" Member shall be deemed to be a Class "A" Member entitled to one vote for each Lot it owns. The Class "B" Member shall have a right to disapprove actions of the Board and committees as provided in the By-Laws.

(c) Exercise of Voting Rights. Members may vote as provided in the By-Laws and the Voting and Elections Policy. Nothing in the By-Laws or the Voting and Elections Policy may limit the right of the Declarant to vote or disapprove actions established in this Declaration, without regard to whether the Declarant holds a Class "B" or Class "A" Membership. The right of the Declarant to vote or take any other action under the By-Laws or the Declaration at any time shall not be affected, abridged, limited or modified by its failure or alleged failure to be a Member in Good Standing. If there is more than one Owner of a particular Lot, the vote for such Lot shall be exercised as such co-Owners determine among themselves and advise the Secretary of the Community Association in writing prior to any meeting. Absent such notice to the Community Association, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

7.4. Neighborhoods and Neighborhood Representatives.

(a) Neighborhoods. Every Lot shall be located within a Neighborhood. The Lots within a particular Neighborhood may be subject to additional covenants.

Any Neighborhood may, upon the affirmative vote, written consent, or a combination thereof, of Owners of a majority of Lots within the Neighborhood, request that the Community Association provide an increased level of service or special services for the benefit of Lots in such Neighborhood, the costs of which shall be assessed against the Lots within such Neighborhood as a Neighborhood Assessment pursuant to Article IX. The Neighborhood Representative shall

communicate all such requests to the Board.

Each Neighborhood shall hold meetings as needed or as required by the Board. All Owners in the Neighborhood shall be entitled to attend Neighborhood meetings. The Neighborhood Representative or, in his absence, the Alternate, shall preside over Neighborhood meetings and shall place such issues on the agenda as appropriate or as the Board may determine.

Exhibit "A" to this Declaration, and each Supplemental Declaration filed to subject additional property to this Declaration, shall initially assign the property described therein to an existing or newly created Neighborhood by name. Subject to any applicable law, the Declarant, as long as it owns any property on Exhibits "A" or "B", may unilaterally amend this Declaration or any Supplemental Declaration to re-designate Neighborhood boundaries; provided, two or more Neighborhoods shall not be combined without the consent of Owners of a majority of the Lots in each of the affected Neighborhoods. After such time, the Community Association may re-designate Neighborhood boundaries upon the affirmative vote of a majority of Owners in each affected Neighborhood.

(b) Neighborhood Representatives and Alternates; Neighborhood Representative Organization. Each Neighborhood shall be represented by a Neighborhood Representative and an Alternate. The election, appointment, and/or removal of a Neighborhood Representative and an Alternate shall be governed by the bylaws of the Neighborhood Representative Organization, unless the Board establishes other requirements or procedures. A Neighborhood Representative or, in his absence, the Alternate, shall preside over meetings of the Neighborhood, shall be responsible for communication between the Owners in the Neighborhood and the Board, shall attend Neighborhood Representative meetings, shall represent his Neighborhood in the Neighborhood Representative Organization, and shall do such other things as may be provided for in the bylaws of the Neighborhood Representative Organization. The Alternate may attend Neighborhood Representative meetings but shall not be able to formally communicate or act on behalf of his or her Neighborhood except in the Neighborhood Representative's absence.

The Neighborhood Representatives shall serve as the members of the Neighborhood Representative Organization. The Neighborhood Representative Organization shall be the primary body through which the concerns of the Neighborhoods are communicated to the Board and any committees. The Neighborhood Representative Organization shall adopt and maintain bylaws, which shall establish the procedures and functions of the Neighborhood Representative Organization. No such bylaws, or any amendments thereto, shall be effective until ratified in writing by the Board.

Article VIII
COMMUNITY ASSOCIATION POWERS AND RESPONSIBILITIES

8.1. Acceptance and Control of Community Association Property. The Community Association may acquire, hold, and dispose of tangible and intangible personal property and real property. Declarant may convey to the Community Association improved or unimproved real estate located within the Properties, personal property and leasehold and other property interests, including easements for trails in the Preserve Areas. Such property shall be accepted by the Community Association and thereafter shall be maintained as Area of Common Responsibility by the Community Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed, including but not limited to restrictions governing the use of such property.

8.2. Maintenance. As further provided in this Article VIII, the Community Association shall maintain and keep in good repair the Area of Common Responsibility, which shall include, but need not be limited to:

- (a) all Common Area;
- (b) all water service facilities included in the Properties until accepted by the City of Georgetown as provided in the Development Agreement;
- (c) all walls and fences constructed by Declarant on any Lots which serve as perimeter walls for the Properties or which separate any Lot from Common Area or any Golf Course, except that the allocation of responsibility for the maintenance and repair of party walls and party fences is set forth in Section 13.5;
- (d) landscaping, sidewalks, parking lot lights, irrigation systems, and signage, including flashing warning lights, within public rights-of-way or golf crossings within or abutting the Properties;
- (e) landscaping and other flora within any public utility easements and scenic easements within the Common Area (subject to the terms of any easement agreement relating thereto);
- (f) stormwater drainage facilities within the Common Area until accepted by the City of Georgetown as provided in the Development Agreement, but excluding drainage swales between sidewalks and Lots which shall be maintained by Owners of adjacent Lots as provided in a Supplemental Declaration;
- (g) any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, any Covenant to Share Costs, any plat of any portion of the Properties, or any contract or agreement for maintenance thereof entered into by the Community Association;
- (h) any property and facilities owned by the Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Community Association and

its Members and identified by written notice from the Declarant to the Community Association until Declarant revokes such privilege by written notice to the Community Association; and

(i) all Golf Courses owned by the Community Association, including the obligation to maintain the Golf Courses (and all Golf Course ponds and drainage facilities receiving run-off from the Golf Course) in accordance with all requirements of the Texas Commission on Environmental Quality and any permit or other regulatory requirements relating to the application of effluent irrigation on the Golf Course.

The Community Association may also maintain and improve other property that it does not own, including, without limitation, property dedicated to public use, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard and if otherwise permitted by applicable law.

Except as otherwise specifically provided herein, all costs for maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense allocated among all Lots as part of the Base Assessment, without prejudice to the right of the Community Association to seek reimbursement from the Persons responsible for such work pursuant to this Declaration, other recorded covenants, or agreements with such Persons. All costs associated with maintenance, repair and replacement of Exclusive Common Area shall be a Neighborhood Expense assessed as a Neighborhood Assessment against the Lots within the Neighborhood(s) to which the Exclusive Common Area is assigned.

8.3. Wildlife Management. The Board shall have the right and power, but not the obligation, to take any actions in accordance with appropriate law and adopt any policies as may be necessary for the control, relocation, management, and/or extermination of wildlife, including but not limited to deer, skunks, opossums, snakes, reptiles, rodents, feral pigs and other pests within the Area of Common Responsibility. Owners shall not feed wildlife in the Properties except in accordance with Board regulation.

8.4. Tree Maintenance. The Community Association shall have the right, but not the obligation, to remove dead or diseased trees from the Area of Common Responsibility. The Community Association also may, but shall not be obligated to, remove any dead or diseased tree from any Lot, after giving notice to the Owner of such Lot, and charge the costs of such removal to the Owner as a Benefited Assessment. Under no circumstances shall the Community Association be required to remove dead trees or trees with oakwilt from property it does not own.

The Board may establish standards or procedures governing oakwilt affecting trees in the Properties from time to time. The Community Association shall have the right to sponsor educational programs regarding oakwilt and to take any steps necessary to manage and/or prevent oakwilt in the Properties. The Community Association, at its option, shall have access to all Lots for the purpose of treating oakwilt, subject to the provisions contained in Section 6.2.

The Community Association may make any reasonable expenditure it deems necessary for the prevention and management of oakwilt and may include any such expenditure in the Community

Association budget as a Common Expense. As part of its oakwilt management program, the Community Association may establish special requirements for pruning of trees in the Properties and for sealing freshly cut areas.

8.5. Maintenance of Preserve Areas. The Community Association shall be obligated to maintain, as part of the system of walking trails throughout the Properties, trails throughout the Properties, trails that cross Preserve Areas and directional or interpretive signage placed within such areas for the benefit of the Members. In performing such maintenance, the Community Association shall comply with the restrictions pertaining to the Preserve Areas as described in Article XVII and as set forth on Exhibit "E".

Members shall comply with all policies regarding Preserve Areas imposed by the Board from time to time. Members shall not enter Karst at any time.

8.6. Environmental Entities. As long as the Declarant owns any property described in Exhibits "A" or "B", the Declarant shall have the right to enter into agreements with environmental entities for the purpose of observing, maintaining, or preserving the Karsts situated in the Preserve Areas and any recharge features of any aquifer located in the general vicinity of the Properties. Entities designated by the Declarant shall have the right to enter the Properties and Preserve Areas and perform environmental activities subject to reasonable time, place, and manner restrictions adopted by the Board. The Board shall have the right to enter into agreements with environmental entities with the consent of the Declarant as long as it owns any property described in Exhibits "A" or "B" and thereafter in its discretion.

8.7. Maintenance in Public Rights-of-Way. The Community Association shall locate and maintain all improvements of the type described in this Article VIII that are located within or on public easements or public rights-of-way in accordance with applicable ordinances of the City of Georgetown and the terms of any easements or licenses entered into between the City and the Declarant or Community Association.

8.8. Insurance.

(a) Required Coverages. The Community Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(i) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area, if any, and on other portions of the Area of Common Responsibility to the extent that it has assumed responsibility for maintenance, repair and/or replacement in the event of a casualty. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. The Community Association shall have the authority and interest to insure any property for which it has maintenance or repair responsibility, regardless of ownership. Such policies, if reasonably available, shall contain agreed value amounts

as well as replacement cost coverage for any increased cost of construction necessary to ensure compliance with then-current building codes.

(ii) Commercial general liability insurance on the Area of Common Responsibility, insuring the Community Association and its Members for damage or injury caused by the negligence of the Community Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, the commercial general liability coverage (including primary and any umbrella coverage) shall have a limit of at least \$1,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Community Association shall obtain such additional coverages or limits.

(iii) Workers compensation insurance and employers liability insurance, if and to the extent required by law.

(iv) Directors and officers liability coverage.

(v) Fidelity insurance covering all Persons responsible for handling Community Association funds in an amount determined in the Board's best business judgment but not less than an amount equal to one-sixth of the sum of annual Base Assessments on all Lots plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation.

(vi) Such additional insurance as the Board, in its best business judgment, determines advisable, which may include, without limitation, flood insurance, boiler and machinery insurance, and building ordinance coverage.

In addition, the Community Association may obtain and maintain property insurance on the insurable improvements within any Neighborhood in such amounts and with such coverages as the Owners in such Neighborhood may agree upon pursuant to Section 7.4(a). Any such policies shall provide for a certificate of insurance to be furnished to the Community Association and to the Owner of each Lot insured.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses and shall be included in the Base Assessment, except that (i) premiums for property insurance obtained on behalf of a Neighborhood shall be charged to the Owners of Lots within the benefited Neighborhood as a Neighborhood Assessment; (ii) premiums for insurance on Exclusive Common Areas may be included in the Neighborhood Assessment of the Neighborhood(s) benefited unless the Board of Directors reasonably determines that other treatment of the premiums is more appropriate; and (iii) premiums for insurance related to any Golf Course shall be paid out of the related operating account(s). The Community Association shall have no insurance responsibility for any portion of the Private Amenities.

(b) Policy Requirements. All insurance policies obtained by the Community Association

shall have policy limits deemed appropriate by the Board, subject to the Declarant's consent for so long as it owns any portion of the Properties, any Private Amenity, or has a right to annex any property pursuant to Section 10.1, but in no event shall limits be lower than may be expressly required in subsection 8.8(a) above. To ensure that limits and coverages remain at appropriate levels, the Community Association shall arrange for an annual review of the sufficiency of insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Georgetown, Texas area. The requirement for an annual review of coverage shall not apply to the Community Association's blanket property insurance policy if such policy includes agreed value amounts and replacement cost coverage for any increased cost of construction necessary to ensure compliance with then-current building codes.

A certificate of insurance for all Community Association policies shall be made available for inspection by any requesting Member at the Community Association's administrative offices..

The policies may contain reasonable deductibles and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements established herein. Except as may be expressly provided otherwise in this Declaration, in the event of an insured loss, the deductible shall be treated as a Common Expense, a Neighborhood Expense, or a Golf Course operational expense, in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in like manner to that provided for violations and enforcement actions under Section 3.29 of the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Lots as a Benefited Assessment.

All insurance coverage obtained by the Board shall:

- (i) be written with a company authorized to do business in the State of Texas which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;
- (ii) be written in the name of the Community Association as trustee for the benefited parties. Policies on the Common Area shall be for the benefit of the Community Association and its Members. Policies secured on behalf of a Neighborhood shall be for the benefit of the Owners of Lots within the Neighborhood and their Mortgagees, as their interests may appear;
- (iii) not be brought into contribution with insurance purchased by Owners, Occupants, or their Mortgagees individually;
- (iv) contain an inflation guard endorsement; and
- (v) include an agreed amount endorsement, if the policy contains a co-insurance clause.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the

Owners as additional insureds and provide:

- (i) a waiver of subrogation as to any claims against the Community Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;
- (ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;
- (iii) an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Community Association to cure the defect or violation and allowance of a reasonable time to cure;
- (iv) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;
- (v) an endorsement requiring at least 30-days prior written notice to the Community Association of any cancellation, substantial modification, or non-renewal;
- (vi) a cross liability provision; and
- (vii) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

(c) Damage and Destruction. Immediately after damage or destruction to all or any part of the Properties covered by insurance written in the name of the Community Association, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Any damage to or destruction of the Common Area shall be repaired or reconstructed unless such repair or reconstruction is disapproved by the Members. The Members may disapprove such action only with the support of (i) at least 75% of the total Class "A" votes cast at a meeting at which a quorum of votes is present, and (ii) the Class "B" Member, if any. Any such vote of the Class "A" Member must be called (i.e., noticed but not necessarily held) within 60 days of the related damage or destruction.

If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Community Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in

the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If determined in the manner described above that the damage or destruction to the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Community Association in a neat and attractive landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Community Association and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board of Directors may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage.

8.9. Compliance and Enforcement. Every Owner and Occupant of a Lot shall comply with the Governing Documents. The Board or the Covenants Committee may impose sanctions for violation of the Governing Documents after notice and a hearing in accordance with the procedures set forth in Section 3.29 of the By-Laws. Such sanctions may include, without limitation, some or all of the following, in the discretion of the Board:

(a) imposing reasonable monetary fines which shall constitute a Benefited Assessment against the related Owner(s) and Lot(s); an Owner is responsible for payment of fines levied as a result of the actions or omissions of his Occupants, tenants, guests, and invitees; in the event that any non-Owner Occupant of a Lot violates the Governing Documents and a fine is imposed, the Community Association may first attempt to collect payment of the fine from the non-Owner Occupant; provided, however, if the fine is not paid in a timely manner, the Owner shall pay the fine upon notice from the Board;

(b) suspending an Owner's right to vote, except that an Owner's right to vote in Association-wide votes (votes in which all Members of the Association are entitled to vote) shall not be suspended;

(c) suspending any Person's right to use any recreational facilities within the Common Area; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from a Lot;

(d) suspending any services provided by the Community Association to an Owner or the Owner's Lot if the Owner is more than 30 days delinquent in paying any assessment or other charge owed to the Community Association;

(e) levying Benefited Assessments to cover costs incurred in bringing a Lot into compliance in accordance with Section 9.7(b); and

(f) suspending an Member's right to serve as an officer of a chartered club.

In addition to the sanctions listed above, the Board may elect to enforce any provision of this Declaration or the other Governing Documents by self-help. Such authority shall include the right to have one or more agents of the Community Association enter onto a Lot, with at least 7 days written notice to the Owner, to cure an ongoing violation, whether through the alternation or removal of any item or thing or otherwise, all as may be necessary to bring the Owner, Lot and Dwelling Unit into compliance with this Declaration and the other Governing Documents, an express easement for such activity being hereby granted. Any such self-help action shall be done in compliance with city ordinances and State law, including but not limited to the Texas Towing Act. The foregoing notwithstanding, this self-help authority does not extend to the internal, air-conditioned portions of a Dwelling Unit, and the Community Association may not enter such areas without a court order or some other lawful authority.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of the Governing Documents or any of the other Governing Documents, if the Community Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such action.

The Community Association shall not be obligated to take action to enforce any provision in the Governing Documents which the Board reasonably determines is, or is likely to be construed as, inconsistent with the applicable law, or in any case in which the Board reasonably determines that the Community Association's position is not strong enough or funds are not available to justify taking enforcement action. Any such determination shall not be construed to waive or estop the right of the Community Association to enforce such provision at a later time under other circumstances or to enforce any other provision in the Governing Documents.

8.10 Implied Rights; Board Authority. The Community Association may exercise any right or privilege given to it expressly by this Declaration or the By-Laws or which may be reasonably implied from, or reasonably necessary to effectuate, any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Community Association may be exercised by the Board without a vote of the membership.

8.11. Disclaimer of Liability. **The Community Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to promote the health, safety and welfare of Owners and Occupants of any Lot. Notwithstanding anything contained in the Governing Documents or any other document governing or binding the Community Association, neither the Community Association, the Board, the management company of the Community Association, the Declarant nor any successor Declarant shall be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Owner or Occupant of any Lot or any tenant, guest or invitee of any Owner or**

Occupant or for any property of any such Persons. Each Owner and Occupant of a Lot and each tenant, guest and invitee of any Owner or Occupant shall assume all risks associated with the use and enjoyment of the Properties, including all recreational facilities, if any, and may be required to execute specific liability waivers from time to time as a condition of such use.

Neither the Community Association, the Board, the Community Association's management company, the Declarant, nor any successor Declarant shall be liable or responsible for any personal injury, illness or any other loss or damage caused by the presence or malfunction of utility lines, or utility sub-stations adjacent to, near, over, or on the Properties. Each Owner and Occupant of a Lot and each tenant, guest, and invitee of any Owner, Declarant, or Occupant shall assume all risk of personal injury, illness, or other loss or damage arising from the presence or malfunction of utility lines, utility sub-stations, and electromagnetic fields and further acknowledges that the Community Association, the Board, the management company of the Community Association, the Declarant or any successor Declarant have made no representations or warranties, nor has any Owner or Occupant, or any tenant, guest, or invitee of any Owner, Declarant, or Occupant relied upon any representations or warranties, expressed or implied, relative to the condition or impact of utility lines or utility sub-stations, or electromagnetic fields.

No provision of the Governing Documents shall be interpreted as creating a duty of the Community Association, the Board, the management company of the Community Association, the Declarant nor any successor Declarant to protect or further the health, safety or welfare of any Person(s), even if the funds of the Community Association are used for any such purpose.

Each Owner (by virtue of his or her acceptance of title to his or her Lot) and each other Person having an interest in or lien upon, or making any use of, any portion of the Properties (by virtue of accepting such interest or lien or making such use) shall be bound by this Section and shall be deemed to have waived any and all rights, claims, demands and causes of action against the Community Association, the Board, the Community Association's management company, the Declarant and any successor Declarant, their directors, officers, committee and board members, employees, agents, contractors, subcontractors, successors and assigns arising from or connected with any matter for which the liability has been disclaimed.

8.12. Security. It is the goal of all Owners, including Declarant, to have a safe and healthy environment. However, no written or oral representations regarding the safe and secure nature of the community shall be construed in whole or in part as guarantees thereof, it being recognized that circumstances that are beyond the control of the Declarant or the Community Association may arise. The Community Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. Neither the Community Association, its Board of Directors, the Community Association's management company, nor the Declarant, shall in any way be considered insurers or guarantors of security within the Properties. Neither the Community Association, its Board of Directors, the Community Association's management company, nor the Declarant shall be held liable for any loss or damage for failure to provide adequate security or ineffectiveness of security measures undertaken.

All Owners and Occupants of any Lot, and all tenants, guests, and invitees of any Owner or the Declarant, acknowledge that the Community Association, its Board of Directors, the Community Association's management company, the Declarant, any successor Declarant, and the Committees do not represent or warrant that any entrance, patrolling of the Properties, neighborhood watch group, volunteer security patrol, or any security system designated by or installed according to guidelines established by the Declarant or any committee may not be compromised or circumvented; nor that any entrance, patrolling of the Properties, neighborhood watch group, volunteer security patrol, or any security systems will prevent loss by burglary, theft, hold-up, or otherwise; nor that any entrance, patrolling of the Properties, neighborhood watch group, volunteer security patrol, any fire protection system, burglar alarm system, or other security systems will in all cases provide the detection or protection for which the system is designed or intended.

All Owners and Occupants of any Lot and all tenants, guests, and invitees of any Owner or the Declarant assume all risks for loss or damage to Persons, to Lots, and to the contents of Lots and no Owner, Occupant, or any tenant, guest, or invitee of any Owner or the Declarant relied upon any representations or warranties, expressed or implied, relative to any entrance, patrolling of the Properties, neighborhood watch group, volunteer security patrol, or any security systems recommended or installed or any security measures undertaken within the Properties.

8.13. Powers of the Community Association Relating to Neighborhoods. No action of any Neighborhood Community Association shall become effective or be implemented until and unless the Community Association and Declarant, as long as it owns any portion of the Properties or may annex property pursuant to Section 10.1, shall have been given written notice of such proposed action and shall not have disapproved of the proposed action or unless such action is in strict compliance with guidelines set by the Board. The Community Association and the Declarant shall have 60 days from receipt of the notice to disapprove any proposed action. The Community Association may disapprove any action taken or contemplated by any Neighborhood Community Association which the Board reasonably determines to be adverse to the interests of the Community Association or its Members or inconsistent with the Community-Wide Standard.

The Community Association also may require specific action to be taken by any Neighborhood to fulfill its obligations and responsibilities under this Declaration or any other applicable covenants. Without limiting the generality of the foregoing, the Community Association may (a) require specific maintenance or repairs or aesthetic changes to be effectuated by the Neighborhood, and (b) require that a proposed Neighborhood budget include the cost of such work.

Any action specified by the Community Association in a written notice pursuant to the foregoing paragraph shall be taken within the reasonable time frame set in such written notice. If the Neighborhood fails to comply with such requirements, the Community Association shall have the right to take such action.

8.14. Provision of Services. The Community Association may provide services and

facilities for the Members of the Community Association and their guests, lessees and invitees. The Community Association shall be authorized to enter into contracts or other similar agreements with other entities, including Declarant, to provide such services and facilities. In addition to Common Expense charges, the Board shall be authorized to charge additional fees, including use and consumption fees, for such services and facilities. By way of example, some services and facilities which may be provided include landscape maintenance of Lots, pest control service, cable television service, security, caretaker, fire protection, utilities, and similar services and facilities. The Board, shall be permitted to modify or cancel existing services or facilities provided, if any, or to provide additional services and facilities. Nothing contained herein is a representation as to what services and facilities will or will not be provided. The cost of providing such services and facilities may be assessed against the benefited Lot and collected as a Benefited Assessment in accordance with Article IX.

Article IX

COMMUNITY ASSOCIATION FINANCES

9.1. Budgeting and Allocating Common Expenses. No more than 90 days or fewer than 30 days before the beginning of each calendar year, the Board shall prepare a budget covering the Common Expenses estimated to be incurred during the coming year. The budget shall include a capital contribution to establish a reserve fund in accordance with a budget separately prepared as provided in Section 9.3, but shall not include expenses incurred during the Class "B" Control Period for initial development, original construction, installation of infrastructure, original capital improvements, or other original construction costs unless approved by a majority of the total Class "A" Members. The foregoing notwithstanding, expenses related to the drilling, completion and operation of water wells and related irrigation infrastructure during the Class "B" Control Period, including the creation of a reserve account, and the inclusion of any such expenses or accounts in the budget, shall be approved by a majority of the Class "A" Directors. The foregoing notwithstanding, the Board may allocate a portion of the Common Expense Budget, or other income designated in a Capital Asset Fund Policy, to a Capital Asset Fund. The Capital Asset Fund will be used as intended in paragraph 3 of the Resolution of the Board of Directors, approved April 29, 2010, known as the Water Wells Resolution (filed of record in Document No. 2010051464 of the Official Public Records of Williamson County, Texas), and the Capital Asset Fund Policy dated November 18, 2010 and filed of record as Exhibit F hereto.

The Base Assessment shall be levied equally against all Lots subject to assessment and shall be set at a level that is reasonably expected to produce total income for the Community Association equal to the total budgeted Common Expenses, including contributions to reserves. In determining the level of assessments, the Board, in its discretion, may consider other sources of funds available to the Community Association. In addition, the Board shall take into account the number of Lots subject to assessment under Section 9.9 on the first day of the calendar year for which the budget is prepared and the number of Lots reasonably anticipated to become subject to assessment during the calendar year.

The Declarant may, but shall not be obligated to, reduce the Base Assessment for any calendar year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 9.5), which may be either a contribution, an advance against future assessments due from the

Declarant, or a loan, in the Declarant's discretion. Any such subsidy shall be disclosed as a line item in the Common Expense budget. The payment of such subsidy in any year shall not obligate the Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Community Association and the Declarant.

The budget shall become effective unless disapproved at a meeting by at least a majority of the total Community Association vote and by the Declarant as long as the Declarant owns any portion of the Properties or has the right to annex property pursuant to Section 10.1. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings in Section 2.4 of the By-Laws, which petition must be presented to the Board within 30 days after notice of the assessments.

Notice of assessments shall be posted in a prominent place within the Properties and included in the Community Association's newsletter, if any. If the proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined, the budget in effect for the immediately preceding year shall continue for the current year.

9.2. Budgeting and Allocating Neighborhood Expenses. At least 30 days before the beginning of each calendar year, the Board shall prepare a separate budget for each Neighborhood covering the estimated Neighborhood Expenses, if any, expected to be incurred on behalf of such Neighborhood during the coming year. The Board shall be entitled to set such budget only to the extent that (a) this Declaration, any Supplemental Declaration, or the By-Laws specifically authorizes the Board to assess certain costs as a Neighborhood Assessment, or (b) the Community Association expects to incur expenses to provide additional services for a Neighborhood. Any Neighborhood may request that additional services or an increased level of services be provided by the Community Association, and in such case, any additional costs shall be added to such budget. Such budget shall include a reserve contribution establishing a fund for repair and replacement of items maintained as a Neighborhood Expense, if any, within the Neighborhood.

Neighborhood Expenses shall be levied as a Neighborhood Assessment against all Lots within the benefited Neighborhood and shall be allocated equally among those Lots. If specified in the Supplemental Declaration applicable to such Neighborhood or if directed by petition signed by a majority of the Owners within the Neighborhood, any portion of the assessment intended for exterior maintenance of Dwelling Units or other structures, insurance on Dwelling Units or other structures, or replacement reserves which pertain to particular structures shall be levied on each of the benefited Lots in proportion to the benefit received. Such proportion shall be specified in the Supplemental Declaration applicable to such Neighborhood, or if not so specified, shall be approved by a majority of the Owners within the Neighborhood and Declarant, as long as Declarant owns any property within such Neighborhood.

Neighborhood budgets shall become effective unless disapproved by a majority vote of the Owners of Lots in the Neighborhood for which the Neighborhood budget applies. There shall be no obligation to call a meeting for the purpose of considering the Neighborhood budget except on petition of Owners representing at least 10% of votes in such Neighborhood, which petition must be

presented to the Board within 30 days after notice of the Neighborhood Assessments. Notice of Neighborhood Assessment shall be provided as set forth in Section 9.1. The right to disapprove shall apply only to those line items in the Neighborhood budget which are attributable to services requested by the Neighborhood. In the event the Owners within any Neighborhood disapprove any line item of a Neighborhood budget, the Community Association shall not be obligated to provide the services anticipated to be funded by such line item of the budget. If the Board fails for any reason to determine the Neighborhood budget for any year, then and until such time as such budget shall have been determined as provided herein, the Neighborhood budget in effect for the immediately preceding year shall continue for the current year.

9.3. Budgeting for Reserves. The Board shall prepare, on an annual basis, reserve budgets for both general and Neighborhood purposes that take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost of each asset. The Board shall include in the Base Assessments and Neighborhood Assessments reserve contributions in amounts sufficient to meet these projected needs, if any.

The Board may adopt resolutions regarding the expenditure of reserve funds, including policies designating the nature of assets for which reserve funds may be expended. Such policies may differ for general Community Association purposes and for each Neighborhood. So long as the Declarant owns any portion of the Properties or has the right to annex property pursuant to Section 10.1, neither the Community Association nor the Board shall adopt, modify, limit or expand such policies without the Declarant's prior written consent.

9.4. Authority to Assess Owners; Obligation for Assessments. The Community Association may levy assessments against each Lot for Community Association expenses as the Board may specifically authorize from time to time. There shall be four types of assessments for Community Association expenses: (a) Base Assessments to fund Common Expenses for the general benefit of all Lots; (b) Neighborhood Assessments for Neighborhood Expenses benefiting only Lots within a particular Neighborhood or Neighborhoods; (c) Special Assessments as described in Section 9.6; and (d) Benefited Assessments as described in Section 9.7. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties is deemed to covenant and agree to pay these assessments.

All assessments, together with interest from the due date of such assessment at a rate determined by the Community Association (not to exceed the highest rate allowed by Texas law), late charges, costs, including lien fees and administrative costs, fines, reasonable attorneys' fees, and any other amounts owed in accordance with the Governing Documents shall be a charge and continuing lien upon each Lot against which the assessment is levied until paid, as more particularly provided in Section 9.8 and shall be the personal obligation of the Person who was the Owner of such Lot at the time the assessment arose. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable with the grantor for any assessments and other charges due at the time of conveyance. No first Mortgagee who obtains title to a Lot by exercising the remedies provided in its Mortgage shall be liable for unpaid assessments that accrued prior to such acquisition of title. The Board may apply amounts received from an Owner to any amounts owed by the Owner, regardless of instructions or notations on checks.

Assessments shall be paid in such manner and by such dates as the Board may establish. Unless the Board otherwise provides, the Base Assessment and any Neighborhood Assessment for each Lot shall be due and payable in advance of each calendar year. If any Owner is delinquent in paying any assessments or other charges levied on his or her Lot, the Board may assess a late charge and require unpaid installments of all outstanding assessments to be paid in full immediately.

The Community Association shall, upon request by an Owner, furnish to any Owner a certificate in writing signed by an officer of the Community Association setting forth whether assessments for such Owner's Lot have been paid and any delinquent amount. Such certificate shall be conclusive evidence of payment. The Community Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

No Owner may exempt himself or herself from liability for assessments, by nonuse of Common Area, abandonment of his or her Lot or Dwelling Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Community Association or Board to take some action or perform some function required of it or for inconvenience or discomfort arising from repairs or improvements or other action taken by it.

9.5. Declarant's Option to Fund Budget Deficits. During the Class "B" Control Period, Declarant may annually elect either to pay assessments on all of its unsold Lots or to pay the shortage (or operating deficit) for such calendar year. Such "shortage" shall be deemed to exist if Income and Revenues, as defined in paragraph (a) below, are less than Expenditures incurred, as defined in paragraph (b) below.

(a) Income and Revenues are: the amount of all income and revenue of any kind received and/or earned by the Community Association, including but not limited to, assessments collected on all Lots, use fees, advances made by Declarant, and income from all other sources.

(b) Expenditures are: the amount of all actual operating expenses incurred, or obligated for, by the Community Association during the calendar year, including any reserve contributions for such year, but excluding all non-cash expenses such as depreciation or amortization, all expenditures and reserve contributions for making additional capital improvements or purchasing additional capital assets, and all expenditures made from reserve funds.

If the Declarant elects to pay the shortage, such payment shall be made within 30 days after receipt of the calendar year's audited and certified financial statements. Calculation of the shortage shall be performed as defined above. Financial statements, prepared in accordance with generally accepted accounting principles, shall be audited by an independent Certified Public Accountant selected by the Board and approved by the Declarant so long as the Class "B" Membership exists.

Unless the Declarant otherwise notifies the Board in writing at least 60 days before the beginning of each calendar year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding calendar year. The Community Association is

specifically authorized to enter into subsidy contracts or contracts for “in kind” contribution of services, materials, or a combination of services and materials with the Declarant or other entities for payment of Common Expenses. After termination of the Class “B” Control Period, the Declarant shall pay assessments on its unsold Lots in the same manner as any other Owner.

Notwithstanding the foregoing, the Declarant’s obligation to fund budget deficits is further subject to the Agreements Related to Declarant’s Obligation to Fund Budget Deficits. To the extent that any provision contained in this Section 9.5 conflicts with the Agreements Related to Declarant’s Obligation to Fund Budget Deficits, the Agreements Related to Declarant’s Obligation to Fund Budget Deficits shall control.

9.6. Special Assessments. In addition to other authorized assessments, the Community Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Such Special Assessment may be levied against the entire membership, if for Common Expenses, or against the Lots within any Neighborhood, if for Neighborhood Expenses. Such Special Assessments shall become effective unless (a) disapproved at a meeting of the Owners representing at least a majority of the total votes allocated to Lots which will be subject to such Special Assessment, or (b) disapproved by the Declarant, as long as the Declarant owns any portion of the Properties or has the right to annex property pursuant to Section 10.1.

There shall be no obligation to call a meeting for the purpose of considering Special Assessments except on petition of the Members or Owners as provided for special meetings in Section 2.4 of the By-Laws, which petition must be presented to the Board within 30 days after notice of the Special Assessment. Notice of Special Assessment shall be provided as set forth in Section 10.1. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the calendar year in which the Special Assessment is approved.

9.7. Benefited Assessments. The Board may levy Benefited Assessments against particular Lots for expenses incurred or to be incurred by the Community Association, as follows:

(a) to cover the costs, including overhead and administrative costs, of providing benefits, items, or services to the Lot or Occupants thereof pursuant to this Declaration or upon request of the Owner pursuant to a menu of special services which the Board may from time to time authorize, which assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner; and

(b) to cover costs incurred in bringing the Lot into compliance with the terms of this Declaration or the other Governing Documents, and costs incurred as a consequence of the conduct of the Owner or Occupants of the Lot, their licensees, invitees, or guests; provided, the Board shall give the Lot Owner prior written notice and an opportunity for a hearing before levying a Benefited Assessment under this subsection (b).

The Community Association may also levy a Benefited Assessment against the Lots within a

Neighborhood to reimburse the Community Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Declaration or the other Governing Documents, provided the Board gives the Members from such Neighborhood prior written notice and an opportunity to be heard before levying any such assessment.

9.8. Lien for Assessments. The Declarant does hereby establish, reserve, create and subject each Lot to a perfected contractual lien in favor of the Community Association to secure payment of delinquent assessments owed on account of such Lot, as well as interest (subject to the limitations of Texas law), late charges, fines, and any other amounts owed in accordance with the Governing Documents, and costs of collection (including attorney's fees, lien fees and administrative costs). Such lien shall be prior to and superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with the first priority over other Mortgages) made in good faith and for value. Declarant hereby assigns such lien to the Community Association without recourse. The lien shall be self operative and shall continue in inchoate form without being reserved or referenced in any deed or other document and without any other action required. The Community Association may enforce such lien, when any assessment or other charge is delinquent, by suit, judgment, and judicial and nonjudicial foreclosure in accordance with Texas law.

Although no further action is required to create or perfect the lien, the Community Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Lot the amount of the delinquent sums due the Community Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Community Association to execute and record any such document shall not, to any extent, affect the validity, enforceability, or priority of the lien. The lien may be foreclosed through judicial or, to the extent allowed by law, nonjudicial foreclosure proceedings in accordance with Tex. Prop. Code Ann. Section 51.002 (Vernon 1984), as it may be amended, in like manner of any deed of trust on real property, subject to such additional rights and conditions as may be provided in State law, including but not limited to Section 209 of the Texas Property Code. Each Owner hereby grants to the Community Association, whether or not it is so expressed in the deed or other instrument conveying such Lot to the Owner, a power of sale to be exercised in accordance with Tex. Prop. Code Ann. Section 51.002 (Vernon 1984), as it may be amended.

At any foreclosure proceeding, any Person, including but not limited to Declarant, the Community Association, and any Owner may bid for the Lot at foreclosure sale and acquire and hold, lease, mortgage, and convey the Lot. While a Lot is owned by the Community Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Lot shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Community Association. The Community Association may sue for unpaid Common Expenses and costs without foreclosing or waiving the lien securing the same.

The sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments. However, a Mortgagee holding a first Mortgage of record

or other purchaser of a Lot who obtains title pursuant to foreclosure of the Mortgage shall not be personally liable for assessments on such Lot due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Lots subject to assessment under Section 9.9, including such acquirer, its successors and assigns.

9.9. Date of Commencement of Assessment Obligations. The obligation to pay assessments shall commence as to each Lot on the first day of the month following: (a) the date the Lot is made subject to this Declaration, or (b) the date the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The first annual Base and Neighborhood Assessments against each Lot shall be adjusted according to the number of months remaining in the calendar year at the time assessments commence on the Lot.

9.10. Failure to Assess. Failure of the Board to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments and Neighborhood Assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is made, at which time the Community Association may retroactively assess any shortfalls in collections.

9.11. Exempt Property. The following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, and Special Assessments:

- (a) all Common Area;
 - (b) all property dedicated to and accepted by any governmental authority or public utility;
- and
- (c) all Preserve Areas.

In addition, the Declarant and/or the Community Association shall have the right, but not the obligation, to grant exemptions to certain Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Declaration for purposes listed in Section 501(c).

COMMUNITY DEVELOPMENT

Article X EXPANSION OF THE COMMUNITY

10.1. Expansion by the Declarant.

(a) Until all property described in Exhibit "B" has been subjected to this Declaration or 50 years after recordation of this Declaration, whichever is earlier, Declarant may unilaterally subject to the provisions of this Declaration all or portions of the real property described in Exhibit "B".

(b) Declarant may transfer or assign this right to annex property, provided that the transferee or assignee is the developer of at least a portion of the real property described in Exhibits "A" or "B" and that such transfer is memorialized in a written, recorded instrument executed by Declarant. Nothing in this Declaration shall be construed to require the Declarant or any successor to annex or develop any of the property set forth in Exhibit "B" in any manner whatsoever.

(c) Such annexation shall be accomplished by filing a Supplemental Declaration in the County Clerk's Office describing the property to be annexed and specifically subjecting it to the terms of this Declaration. Such Supplemental Declaration shall not require the consent of Members, but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein.

10.2. Expansion by the Community Association. The Community Association or the Declarant may subject any real property to the provisions of this Declaration with the consent of the owner of such property, the affirmative vote of at least 67% of the Class "A" Members at a meeting duly called for such purpose, and the consent of the Declarant so long as Declarant owns property subject to this Declaration or has the right to annex property pursuant to Section 10.1.

Such annexation shall be accomplished by filing a Supplemental Declaration in the County Clerk's Office describing the property to be annexed and specifically subjecting it to the terms of this Declaration. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Community Association, and by the owner of the annexed property. Any such annexation shall be effective upon filing unless otherwise provided therein.

10.3. Additional Covenants and Easements. The Declarant may unilaterally subject any portion of the property submitted to this Declaration initially or by Supplemental Declaration to additional covenants and easements, including covenants obligating the Community Association to maintain and insure such property on behalf of the Owners and obligating such Owners to pay the costs incurred by the Community Association through Neighborhood Assessments. Such additional covenants and easements shall be set forth in a Supplemental Declaration filed either concurrent with or after the annexation of the subject property and shall require the written consent of the owner of such property, if other than the Declarant.

10.4. Amendment. This Article shall not be amended without the prior written consent of Declarant so long as the Declarant owns any portion of the Properties or has the right to annex property pursuant to Section 10.1.

Article XI
SPECIAL RIGHTS RESERVED TO DECLARANT

11.1. Withdrawal of Property. The Declarant reserves the right to amend this Declaration so long as it has a right to annex additional property pursuant to this Article, without prior notice and without the consent of any Person, for the purpose of removing property then owned by the Declarant, its affiliates, or the Community Association from the coverage of this Declaration, to the extent originally included in error or as a result of any changes in the Declarant's plans for the Properties, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Properties.

11.2. Master Planned Community. Any Person that acquires any interest in the Properties acknowledges awareness that Sun City Georgetown is a master planned community, the development of which is likely to extend over many years, and agrees not to protest or otherwise object to (a) zoning or changes in zoning, or to uses of or changes in density of the Properties (other than within such Owner's or other Person's Neighborhood) or (b) changes in any conceptual or Concept Plan for the Properties, including, but not limited to, the Concept Plan (other than within such Owner's or other Person's Neighborhood); provided, such revision is or would be lawful and is not inconsistent with what is permitted by the Declaration as it may be amended from time to time.

11.3. Construction of Improvements. The Declarant and its employees, agents and designees shall have a right and easement over and upon all of the Common Area for the purpose of making, constructing, installing, modifying, expanding, replacing, and removing such improvements to the Common Area as it deems appropriate in its sole discretion as long as the Declarant owns any property described in Exhibits "A" or "B".

11.4. Models and Sales Offices. So long as construction and initial sales of Lots shall continue or the Declarant owns any Private Amenity, the Declarant and its designees may maintain and carry on upon the Common Area and any property owned by the Declarant such facilities and activities as, in the sole opinion of the Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such Lots or the construction, marketing or use of Vacation Getaways under Section 11.5, including, but not limited to, business offices, signs, model units, market trails, sales offices, and storage of building materials and equipment. The Declarant and its designees shall have easements for access to and use of such facilities. The Declarant's or any designee's unilateral right to use the Common Area for purposes stated in this paragraph shall not be exclusive and shall not unreasonably interfere with use of such Common Area by Owners unless leased pursuant to a lease agreement with the Community Association providing for payment of reasonable rent.

11.5. Vacation Getaways. The Declarant may, in its discretion, construct residential

improvements for temporary occupancy within or adjacent to the Properties and designate such improvements as "Vacation Getaways." Vacation Getaways shall not be considered Dwelling Units or Lots; provided, however, Vacation Getaways within the Properties shall be subject to assessments as provided in Article IX. Owners and Occupants of Vacation Getaways shall not become Members of the Community Association. The Declarant may transfer or lease Vacation Getaways and make Vacation Getaways available for use by guests selected in its sole discretion. The Declarant hereby reserves for itself, its guests, and any Occupants of any Vacation Getaway, a non-exclusive easement for use, access, and enjoyment in and to the Common Area, including but not limited to any recreational facilities within the Common Area.

The Declarant, in its discretion, may convert a Vacation Getaway located in the Properties to a Lot by filing a Supplemental Declaration in the County Clerk's Office identifying such property as a Lot or Lots. Any such conversion of a Vacation Getaway to a Lot shall be effective upon the filing of such Supplemental Declaration unless otherwise provided therein.

11.6. Equal Treatment. So long as the Declarant owns any property described on Exhibits "A" or "B" or any Private Amenity, the Community Association shall not, without the prior written approval of the Declarant, adopt any policy, rule or procedure that:

(a) Limits the access of the Declarant, its successors, assigns and/or affiliates or their personnel, invitees, or guests to the Common Area of the Community Association or to any property owned by any of them;

(b) Limits or prevents the Declarant, its successors, assigns and/or affiliates or their personnel from advertising, marketing or using the Community Association or its Common Area or any property owned by any of them in promotional materials;

(c) Limits or prevents purchasers of new Dwelling Unit constructed by the Declarant, its successors, assigns and/or affiliates in Sun City Georgetown from becoming members of the Community Association or enjoying full use of its Common Area, subject to the membership provisions of this Declaration and the By-Laws;

(d) Discriminates against any group of Members or prospective Members or the Declarant; this provision shall expressly prohibit the establishment of a fee structure (e.g., assessments, Special Assessments, and other mandatory fees or charges other than Benefited Assessments, chartered club dues, and use fees) that discriminates against any group of Community Association members or the Declarant, but shall not prohibit the establishment of Benefited Assessments;

(e) Impacts the ability of the Declarant, its successors, assigns and/or affiliates, to carry out to completion its development plans and related construction activities for Sun City Georgetown, as such plans are expressed in the Concept Plan, as such may be amended and updated from time to time. Policies, rules or procedures affecting the provisions of existing easements established by the Declarant and limiting the establishment by the Declarant of easements necessary to complete Sun City Texas shall be expressly included in this provision; easements that may be established by the

Declarant shall include but shall not be limited to easements for development, construction and landscaping activities and utilities; or

(f) Impacts the ability of the Declarant, its successors, assigns and/or affiliates to develop and conduct customer service programs and activities in a customary and reasonable manner.

The Community Association shall not exercise its authority over the Area of Common Responsibility or Common Area (including, but not limited to, any entrance and other means of access to the Properties, the Exhibit "B" property, or any Private Amenity) to interfere with the rights of the Declarant set forth in this Declaration or to unreasonably impede access to any portion of the Properties, the Exhibit "B" property, or any Private Amenity over the streets and other Common Area within the Properties.

11.7. Other Covenants Prohibited. For so long as the Declarant owns any portion of the Properties, any Private Amenity, or has a right to annex any property pursuant to Section 10.1, no Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant.

11.8. Use of the Phrases "Sun City Georgetown" and "Sun City Texas". No Person shall use the phrases "Sun City Georgetown" or "Sun City Texas," any derivative thereof, or any other term that Declarant may select as the name of this development or any component thereof, in any printed or promotional material without the Declarant's prior written consent. However, Owners may use the phrases "Sun City Georgetown" and "Sun City Texas" in printed or promotional matter solely to specify that particular property is located within the Properties, and the Community Association shall be entitled to use the phrases "Sun City Georgetown" and "Sun City Texas" in its name.

11.9. Del Webb Marks. Any use by the Community Association of names, marks or symbols of Del Webb Corporation or any of its affiliates (collectively "Del Webb Marks") shall inure to the benefit of Del Webb Corporation and shall be subject to Del Webb Corporation's periodic review for quality control. The Community Association shall enter into license agreements with Del Webb Corporation, terminable with or without cause and in a form specified by Del Webb Corporation in its sole discretion, with respect to permissive use of certain Del Webb Marks. The Community Association shall not use any Del Webb Mark without Del Webb Corporation's prior written consent.

11.10. Right to Transfer or Assign Declarant Rights. Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the By-Laws may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in this Declaration or the By-Laws. No such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the County Clerk's Office. Nothing in this Declaration shall be construed to require Declarant or any successor to develop any of the

property set forth in Exhibit "B" in any manner whatsoever.

11.11. Sale by Declarant of Lots for Occupancy by Persons Under Age 55. Notwithstanding the restriction set forth in Article III, Declarant reserves the exclusive right to sell Lots to Persons between the ages of 50 and 55, inclusive, for the purpose of such Persons occupying such Lots; provided, such sales may not result in Sun City Texas failing to comply with applicable State and Federal laws permitting the Properties to be developed and operated as an age-restricted community. No other Person shall be permitted to sell Lots to Persons under the age of 55 for the purpose of such Person occupying such Lots.

11.12. Amendment of Article XI. This Article shall not be amended without the prior written consent of the Declarant so long as the Declarant owns any property described in Exhibits "A" or "B" or any Private Amenity. The rights contained in this Article shall terminate upon the earlier of (a) 50 years after the conveyance of the first Lot to a Home Owner, or (b) upon recording by Declarant of a written statement that all sales activity has ceased. Thereafter, the Declarant and its designees may continue to use the Common Area for purposes stated in this Article only pursuant to a rental or lease agreement between the Declarant and/or such designee and the Community Association which provides for rental payments based on the fair market rental value of any such portion of the Common Area.

PROPERTY RIGHTS WITHIN THE COMMUNITY

Article XII EASEMENTS

12.1. Easements in Common Area. Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) This Declaration, the By-Laws and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Community Association;
- (c) The right of the Board to adopt Rules regulating the use and enjoyment of the Common Area, including Rules restricting use of recreational facilities within the Common Area to Occupants of Dwelling Units and their guests, and Rules limiting the number of Occupants and guests who may use the Common Area;
- (d) The right of the Board to suspend the right of an Owner to use recreational facilities within the Common Area pursuant to the Governing Documents or State law;
- (e) The right of the Declarant and Community Association to dedicate or transfer all or any part of the Common Area to governmental entities pursuant to the Governing Documents or State law;

(f) The right of the Board to impose reasonable membership requirements and charge reasonable membership, admission, or other fees for the use of any recreational facility situated upon the Common Area;

(g) The right of the Board to permit use of any Common Area recreational facilities by non-Owners, their families, lessees and guests upon payment of Board established use fees;

(h) The right of the Board to create, enter agreements with, grant easements to and transfer portions of the Common Area to tax-exempt organizations under Section 18.1;

(i) The right of the Community Association to mortgage, pledge, or hypothecate any or all of its real or personal property as security for Community Association obligations;

(j) The rights of certain Owners to the exclusive use of those portions of the Common Area designated as Exclusive Common Area, as more particularly described in Section 13.2;

(k) The right of the Community Association to rent or lease any portion of any clubhouse and other recreational facilities within the Common Area on a short-term basis to any Person approved by the Community Association for the exclusive use of such Person and such Person's family and guests; and

(l) The right of the Board to change the use of any portion of the Common Area with the consent of the Declarant so long as it owns any property described on Exhibits "A" or "B".

12.2. Easements of Encroachment. Declarant reserves unto itself, so long as it owns any portion of the Properties or has the right to annex property pursuant to Section 10.1, easements of encroachment, and for maintenance and use of any permitted encroachment, between each Lot and any adjacent Common Area and between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with this Declaration) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of the Declarant. Additionally, Declarant reserves easements of encroachment for Lot Owners if the encroaching item or structure was built in substantial conformity with plans approved by the appropriate Reviewing Body pursuant to Article V.

12.3. Easements for Utilities, Etc. Declarant reserves unto itself, so long as it owns any portion of the Properties or has the right to annex property pursuant to Section 10.1, and grants to the Community Association an easement for the purpose of access and maintenance upon, across, over, and under all of the Properties to the extent reasonably necessary to install, replace, repair, and maintain cable television systems, master television antenna systems, security and similar systems, roads, walkways, bicycle pathways, trails, lakes, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, gas, and electricity. The Declarant and/or the Community Association may assign these rights to any local utility supplier, cable company, security company or other company providing a service or

utility to Sun City Texas subject to the limitations herein.

This easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any existing Dwelling Unit on a Lot, and any damage to a Lot resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or Occupant.

Declarant specifically grants to the local utility suppliers easements across the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes. However, the exercise of this easement shall not extend to permitting entry into the Dwelling Unit on any Lot, nor shall any utilities be installed or relocated on the Properties, except as approved by the Board or Declarant.

12.4. Easements for Preserve Areas. Declarant, as owner of the Preserve Areas as of the date of recording of this Declaration, hereby grants to the Community Association, for limited use and access by Members, an easement upon walking trails constructed by the Declarant. The exercise of such easement by Members shall be subject to strict compliance with posted restrictions affecting use of such areas and the restrictions set forth in Exhibit "E"

12.5. Easements to Serve Additional Property. The Declarant hereby reserves for itself and its duly authorized agents, representatives, employees, successors, assigns, licensees, and Mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B" whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property. Declarant agrees that it shall be responsible for any damage caused to the Common Area as a result of vehicular traffic connected with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof is not made subject to this Declaration, the Declarant shall enter into a reasonable agreement with the Community Association to share the cost of maintenance of any access roadway serving such property.

12.6. Easements for Private Amenities.

(a) The owner of any Private Amenity, its respective agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Area reasonably necessary, with or without the use of maintenance vehicles and equipment, for the operation, maintenance, repair and replacement of such Private Amenity.

(b) The owner of any Private Amenity, its respective agents, successors and assigns, shall have a perpetual, non-exclusive easement to the extent reasonably necessary, over the Properties for the installation, maintenance, repair, replacement and monitoring of utility lines, wires, drainage pipelines and pipelines serving all or portions of such Private Amenity.

(c) The Community Association and the Members shall not restrict or seek to restrict the rights of the Members of the Private Amenities and guests and authorized users of the Private Amenities to park their vehicles on and otherwise use the roadways located within the Properties at reasonable times before, during, and after tournaments and other similar functions held by or at the Private Amenities.

(d) The owner of any Private Amenity, its respective agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over such portion of the Properties designated by the Declarant as the common maintenance area. Such common maintenance area may be used by the owner of any Private Amenity and the Community Association for offices of maintenance personnel, for the storage of maintenance vehicles, parts, fuel and materials, and for vehicle maintenance.

12.7. Easements for Golf Courses.

(a) Every Lot and Common Area are burdened with an easement permitting golf balls unintentionally to come upon such Lot and Common Area, and for golfers at reasonable times and in a reasonable manner to come upon the Common Area or the exterior portions of a Lot to retrieve errant golf balls; provided, however, if any Lot is fenced or walled, the golfer shall seek the Owner's permission before entry. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: the Declarant; the Community Association or its Members (in their capacity as such); the management company of the Community Association; the owner of any Golf Course; its successors, successors-in-title to any Golf Course, or assigns; any successor Declarant; any builder or contractor (in their capacities as such).

(b) The Properties immediately adjacent to any Golf Course are hereby burdened with a non-exclusive easement in favor of the owner of such course for overspray of water, materials used in connection with fertigation, and effluent from any irrigation system serving such course. The owner of any Golf Course may use treated effluent in the irrigation of any Golf Course. Under no circumstance shall the Community Association or the owner of any Golf Course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(c) The owner of any Golf Course, its respective agents, successors and assigns, shall have a perpetual, exclusive easement of access over the Properties for the purpose of retrieving golf balls from bodies of water within the Common Area lying reasonably within range of golf balls hit from such Golf Course.

(d) The owner of any Golf Course, its respective agents, successors and assigns, shall have a perpetual non-exclusive easement, to the extent reasonably necessary, over the Properties, excluding Preserve Areas, for the installation, operation, maintenance, repair, replacement, monitoring and controlling of irrigation systems and equipment, including, without limitation, wells, pumps and pipelines, serving all or portions of the Golf Course.

(e) The Properties are hereby burdened with easements in favor of any Golf Course for natural drainage of storm water runoff from such Golf Course.

(f) The Properties are hereby burdened with easements in favor of any Golf Course for golf cart paths serving such Golf Course. Under no circumstances shall the Community Association or the owner of any Golf Course, or their respective agents, successors, or assigns, be held liable for any damage or injury resulting from the exercise of this easement.

(g) The owner of any Golf Course, its respective agents, successors and assigns, as well as its members, guests, invitees, employees, and authorized users of the Golf Course shall at all times have a right and non-exclusive easement of access and use over the golf cart paths, if any, located within the Properties as reasonably necessary for the use and enjoyment of the Golf Course.

(h) There is hereby established for the benefit of the owner of any Golf Course, its respective agents, successors and assigns, as well as its members, guests, invitees, employees, and authorized users of the Golf Course, a right and nonexclusive easement of access and use over all roadways located within the Properties reasonably necessary to travel between the entrance to the Properties and the Golf Course. Without limiting the generality of the foregoing, members of the Golf Course and guests and authorized users of the Golf Course shall have the right to park their vehicles on the roadways located within the Properties at reasonable times before, during and after tournaments and other similar functions held by or at the Golf Course to the extent that the Golf Course has insufficient parking to accommodate such vehicles.

12.8. Easements for Cross-Drainage. Every Lot and the Common Area shall be burdened with easements for natural drainage of storm water runoff from other portions of the Properties; provided, no Person shall alter the natural drainage on any Lot to increase materially the drainage of storm water onto adjacent portions of the Properties without the consent of the Owner(s) of the affected property, the Board, and the Declarant as long as it owns any portion of the Properties, any Private Amenity, or may annex property pursuant to Section 10.1. This easement shall not extend into Preserve Areas unless specifically granted in a separate recorded instrument.

12.9. Right of Entry. The Community Association shall have the right, but not the obligation, and a perpetual easement is hereby granted to the Community Association, to enter all portions of the Properties, including each Lot and Dwelling Unit, for emergency, security, and safety reasons. Such right may be exercised by the authorized agents of the Community Association, its Board, officers or committees, and by all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in emergencies, entry into a Dwelling Unit shall be only during reasonable hours and after notice to and permission from the Owner thereof. This easement includes the right to enter any Lot or Dwelling Unit to cure any condition which increases the risk of fire or other hazard if an Owner fails or refuses to cure the condition within a reasonable time after request by the Board, but does not authorize entry into any Dwelling Unit without permission of the Owner, except by emergency personnel acting in their official capacities. Public providers of emergency services shall have access to Lots in an emergency as provided by state law and, if applicable, City of Georgetown operating policies.

12.10. Easements for Maintenance and Enforcement. Authorized agents of the Community Association, including the Covenants Committee, shall have the right, and a perpetual easement is hereby granted to the Community Association, to enter all portions of the Properties, including each Lot or Dwelling Unit to (a) perform its maintenance responsibilities under Article VI, and (b) make inspections to ensure compliance with this Declaration and the other Governing Documents. Except in emergencies, entry into a Dwelling Unit shall be only during reasonable hours and after notice to and permission from the Owner. This easement shall be exercised with a minimum of interference to the quiet enjoyment to Owners' property, and any damage caused by the Community Association shall be repaired by the Community Association at its expense. The Community Association also may enter a Lot to abate or remove, using such measures as may be reasonably necessary, any structure, thing or condition which violates this Declaration or any other Governing Documents.

12.11. Rights to Stormwater Runoff, Effluent and Water Reclamation. Declarant hereby reserves for itself and its designees, including but not limited to the owner of any Private Amenity, all rights to ground water, surface water, storm water runoff, and effluent located or produced within the Properties, and each Owner agrees, by acceptance of a deed to a Lot, that Declarant shall retain all such rights until such time as the City of Georgetown exercises its right to use stormwater runoff as specified in Section 17.2 below. Such right shall include an easement over the Properties for access, and for installation and maintenance of facilities and equipment to capture and transport such water, runoff and effluent. This Section 12.11 may not be amended without the consent of the Declarant or its successor, and the rights created in this Section 12.10 shall survive termination of this Declaration.

The Properties are hereby burdened with a non-exclusive easement in favor of the Community Association for overspray of water from any irrigation system serving the Area of Common Responsibility. The Community Association may use treated effluent in the irrigation of any Area of Common Responsibility. Under no circumstances shall the Community Association be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

Notwithstanding the reservation of ground water rights set forth first above in this Section 12.11, Declarant has assigned and does hereby assign to the Association the perpetual right to drill and operate up to twelve water wells and to produce and use ground water from such wells to irrigate the Golf Courses and other Common Area. The Association may drill replacement wells as it deems necessary, but at no point shall it produce water from more than twelve wells (or such larger number of wells as may be subsequently agreed to by the Declarant).

12.12. Easements for Lake and Pond Maintenance and Flood Water. Declarant reserves for itself, the Community Association, and their successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon the lakes, ponds, rivers, streams, and wetlands located within the Area of Common Responsibility to (a) construct, maintain, and repair pumps in order to provide water for the irrigation of any of the Area of Common Responsibility; (b) construct, maintain, and repair any bulkhead, wall, dam, or other structure retaining water; and (c) remove trash and other debris therefrom and fulfill their maintenance responsibilities as provided in

this Declaration. Declarant, the Community Association, and their successors, assigns and designees shall have an access easement over and across any of the Properties abutting or containing any portion of any of the lakes, ponds, rivers, streams, or wetlands to the extent reasonably necessary to exercise their rights under this Section.

There is further reserved herein for the benefit of Declarant, the Community Association, and their successors, assigns and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Lots (but not the Dwelling Units thereon) adjacent to or within one hundred feet of lake beds, ponds, rivers, streams and wetlands within the Properties, in order to (a) temporarily flood and back water upon and maintain water over such portions of the Properties; (b) fill, drain, dredge, deepen, clean, fertilize, dye, and generally maintain the lakes, ponds, rivers, streams, and wetlands within the Area of Common Responsibility subject to the approval of all appropriate regulatory bodies; (c) maintain and landscape the slopes and banks pertaining to such lakes, ponds, rivers, streams, and wetlands; and (d) enter upon and across such portions of the Properties for the purpose of exercising their rights under this Section. All Persons entitled to exercise these easements shall use reasonable care in and repair any damage resulting from, the intentional exercise of the rights granted under such easements. Nothing herein shall be construed to make Declarant, the Community Association, or any other Person liable for damage resulting from flooding due to heavy rainfall, hurricanes, or other natural occurrences.

12.13. Easements for Tax Exempt Organizations. Tax exempt organizations designated or established by the Declarant or the Community Association to maintain or assist in the preservation of any of the Preserve Areas shall have easements over the Area of Common Responsibility to the extent necessary to carry out their responsibilities.

12.14. Easement for Provision of Services. Declarant hereby reserves unto itself, so long as it owns any portion of the Properties or has the right to annex property pursuant to Section 10.1, and grants to the Community Association, and the authorized agents and assigns of the Declarant and the Community Association, a perpetual, non-exclusive easement of entry on to, over, and across any Lot for the performance of such services (including, but not limited to, landscaping or other exterior maintenance services) as the Community Association is authorized to provide pursuant to this Declaration. The exercise of this easement shall not permit entry into any Dwelling Unit or any portion of the Lot which is enclosed by a privacy wall as permitted under the Design Guidelines and approved pursuant to Article V without the permission of the Owner.

Article XIII
SPECIAL PROPERTY RIGHTS

13.1 Activity Cards. Ownership of each Lot occupied by an Age-Qualified Occupant shall entitle the Owner thereof to receive up to two activity cards for use by the Qualified Occupant and other members of his or her household. The cards for each Lot may be renewed by the Community Association on an annual basis, provided that all applicable assessments and other charges have been paid and provided the Dwelling Unit on such Lot continues to be occupied by a Qualified Occupant. The Board may establish policies, limits, and charges with regard to the issuance of additional cards and guest privilege cards.

Subject to reasonable Board regulation and any transfer fees established by the Board, any Owner may assign the right to receive activity cards to the Qualified Occupant of his or her Dwelling Unit. An Owner who leases his or her Lot to a Qualified Occupant shall be deemed to have assigned such rights to the lessee of such Lot, unless the Board adopts a resolution permitting Owners to reserve such rights and such Owner provides the Board with written notice of such reservation. Any Owner may reassign the right to receive activity cards by providing the Community Association with written notice of such reassignment and surrendering previously issued cards.

The Board may issue activity cards to Persons who have signed binding contracts to purchase a Lot, subject to such policies as the Board may determine from time to time.

As long as the Declarant owns any portion of the Properties or has the right to annex property pursuant to Section 10.1, the Community Association shall provide the Declarant with as many activity cards as the Declarant, in its sole discretion, deems necessary for the purpose of marketing the Properties or the property described on Exhibit "B". The Declarant may transfer the activity cards to prospective purchasers of Lots subject to such terms and conditions as it, in its sole discretion, may determine. Activity cards held by the Declarant shall entitle the bearer to use all Common Area and recreational facilities and shall not be subject to any fee or payment by the bearer or the Declarant.

13.2. Exclusive Common Area. The Declarant reserves the right to designate certain portions of the Common Area as Exclusive Common Area as long as it owns any portion of the Properties or may annex property pursuant to Section 9.1. Exclusive Common Area shall be Common Area that is reserved for the exclusive use or primary benefit of Owners, Occupants, and invitees of specified Lots or Lots within a particular Neighborhood or Neighborhoods. Exclusive Common Area may include, without limitation, recreational facilities, landscaped rights of way and medians, and other portions of the Common Area. All costs associated with maintenance, repair, replacement, and insurance of Exclusive Common Area shall be assessed as a Neighborhood Assessment in addition to the Base Assessment against the Owners of Lots to which the Exclusive Common Area is assigned.

The Declarant may designate Exclusive Common Area or change such designation by filing a Supplemental Declaration with the County Clerk's Office indicating the Exclusive Common Area and the Lots or Neighborhoods to which it is assigned. The Community Association also may

designate Common Area as Exclusive Common Area or change such designation by filing a Supplemental Declaration with the consent of the Declarant as long as it owns any portion of the Properties or has the right to annex property pursuant to Section 10.1. The Community Association may permit Owners of Lots to use all or a portion of Exclusive Common Area assigned to other Lots upon payment of reasonable use fees which shall offset the expenses attributable to such Exclusive Common Area.

13.3. Governmental Interests. So long as the Declarant owns any portion of the Properties or has the right to annex property pursuant to Section 10.1, the Declarant may designate sites within the Properties for fire, police, utility facilities, drainage facilities, parks, and other public facilities in accordance with the Concept Plan and applicable laws. The sites may include Common Area and in such case, the Community Association shall dedicate and convey such sites as directed by the Declarant, and no membership approval shall be required.

13.4. View Impairment. Neither the Declarant nor the Community Association guarantees or represents that any view over and across any property, including any Lot, from adjacent Lots will be preserved without impairment. Neither the Declarant nor the Community Association shall have the obligation to prune or thin trees or other landscaping except as set forth in Article VIII. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

13.5. Party Walls and Party Fences.

Each wall and fence built as a part of the original construction on the Lots:

(a) any part of which is built upon or straddling the boundary line between two adjoining Lots or between a Lot and the Common Area, or between a Lot and any Golf Course; or

(b) which is constructed within four feet of the boundary line between adjoining Lots or between a Lot and the Common Area, or between a Lot and any Golf Course, has no windows or doors, and is intended to serve as a privacy wall for the benefit of the adjoining Lot; or

(c) which, in the reasonable determination of the Board, otherwise serves and/or separates two adjoining Lots or between a Lot and the Common Area, or between a Lot and any Golf Course, regardless of whether constructed wholly within the boundaries of one Lot, shall constitute a party wall or party fence (herein referred to as "Party Structures").

The owners of the property served by a Party Structure (the "Adjoining Owners") shall own that portion of the Party Structure lying within the boundaries of their respective properties and shall have an easement for use and enjoyment and, if needed, for support, in that portion, if any, of the Party Structure lying within the boundaries of the adjoining property. Each Adjoining Owner shall be responsible for maintaining a property insurance policy on that portion of any Party Structure lying within the boundaries of such Owner's Lot providing coverage for damage to the Party Structure caused by or attributable to the Owner, his guests, family members, invitees, tenants or other Occupants, and shall be entitled to all insurance proceeds paid under such policy on account of

any insured loss.

Any Owner that causes or is responsible for damage to a Party Structure shall be responsible for its repair to the extent the Owner caused or is responsible for the damage; and provided further that each Adjoining Owner shall be responsible for painting and making cosmetic repairs to the portion of the Party Structure as provided in the subsequent paragraph. Should the Community Association fail to repair damage to a Party Structure within 120 days after determining that it is responsible for the repair, an Adjoining Owner has the right to cause the repair to be done and to receive reimbursement from the Community Association for all reasonable related expenses. If other Adjoining Owners thereafter benefit from the Party Structure, they shall contribute to the restoration cost in equal shares without prejudice to any Owners' right to larger contributions from other users under any rule of law, but shall likewise have a right to a proportionate share of any reimbursement from the Community Association. Any Owner's right to contribution from another Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title. The costs incurred by the Community Association in maintaining and repairing Party Structures pursuant to this Section shall be a Common Expense allocated among all Lots as part of the Base Assessment, without prejudice to the right of the Community Association to seek reimbursement from the Persons responsible for such work pursuant to this Declaration, other recorded covenants, or agreements with such Persons.

With respect to Party Structures between Lots and Common Area, the Community Association shall be responsible for maintenance and repair thereof, subject to the provisions of Section 9.7(b), except that each Adjoining Owner shall be responsible for painting and making cosmetic repairs to the portion of the Party Structure, other than any wrought iron comprising such Party Structure, facing his or her Lot. The Community Association shall be responsible for all maintenance and repair, including painting and cosmetic repairs, of all wrought iron comprising Party Structures between Lots and Common Area. The costs incurred by the Community Association in maintaining and repairing Party Structures pursuant to this Section shall be a Common Expense allocated among all Lots as part of the Base Assessment, without prejudice to the right of the Community Association to seek reimbursement from the Persons responsible for such work pursuant to this Declaration, other recorded covenants, or agreements with such Persons.

With respect to Party Structures located between residential lots, The Community Association shall be responsible for the structural repair and maintenance of those walls identified as retaining walls. Retaining walls are defined as those walls which are 48 inches or higher. Those walls located between residential lots which are less than 48 inches above grade and hold soils in place are defined as landscaping walls and the adjoining residents shall be responsible for the repair and maintenance of these and all other fencing between residential lots.

RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

Article XIV

DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

14.1. Agreement to Avoid Litigation. The Declarant, the Community Association, its

officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Properties, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described in Sections 14.2 ("Claims") shall be resolved using the procedures set forth in Section 14.3 in lieu of filing suit in any court.

14.2. Claims. Unless specifically exempted below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Governing Documents, or the rights, obligations and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements on the Properties, shall be subject to the provisions of Section 14.3.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 14.3:

(a) any suit or other collection action by the Community Association against any Bound Party to enforce the provisions of Article IX;

(b) any suit by the Community Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Community Association's ability to enforce the provisions of Article V and Article IV;

(c) any suit by an Owner to challenge the actions of the Declarant, the Community Association, the Architectural Review, the Modifications Committee, the Covenants Committee, or any other committee with respect to approval, disapproval, application or enforcement of the provisions of Article V or Article IV;

(d) any suit between Owners, which does not include Declarant or the Community Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;

(e) any suit in which any indispensable party is not a Bound Party; and

(f) any suit which otherwise would be barred by any applicable statute of limitations.

(g) any action by the Community Association against a Bound Party which relates to an actual or potential threat to the health or safety of any Bound Party.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 14.3.

14.3. Mandatory Procedures.

(a) Notice. Any Bound Party having a Claim (“Claimant”) against any other Bound Party (“Respondent”) (collectively, the “Parties”) shall notify each Respondent in writing (the “Notice”), stating plainly and concisely:

- (i) the nature of the Claim, including the Persons involved and Respondent’s role in the Claim;
- (ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
- (iii) Claimant’s proposed remedy; and
- (iv) that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation and Mediation.

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

(ii) If the Parties do not resolve the Claim within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) (“Termination of Negotiations”), Claimant shall have 30 additional days to submit the Claim to mediation either to the Community Association if it has adopted a mediation procedure for Sun City Texas, or to an independent agency providing dispute resolution services in the Williamson County, Texas area.

(iii) If Claimant does not submit the Claim to mediation within 30 days after Termination of Negotiations, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(iv) Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the Parties do not settle the Claim within 30 days after submission of the matter to the mediation process, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings (“Termination of Mediation”). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

(v) Within five days of the Termination of Mediation, the Claimant shall make a final written settlement demand (“Settlement Demand”) to the Respondent and the Respondent shall make a final written settlement offer (“Settlement Offer”) to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant’s original Notice shall constitute the Settlement Demand. If

the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a “zero” or “take nothing” Settlement Offer.

(c) Final and Binding Arbitration.

(i) If the Parties do not agree in writing to a settlement of the Claim within 15 days of the Termination of Mediation, the Claimant shall have 15 additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration contained in Exhibit “D” or such rules as may be required by the agency providing the arbitrator. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons other than Claimant.

(ii) This subsection (c) is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of Texas. The arbitration award (the “Award”) shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Texas.

14.4. Allocation of Costs of Resolving Claims.

(a) Subject to Section 14.4(b), each Party shall bear its own costs, including any attorneys fees incurred, and each Party shall share equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding (“Post Mediation Costs”).

(b) Any Award which is equal to or more favorable to Claimant than Claimant’s Settlement Demand shall add Claimant’s Post Mediation Costs to the Award, such costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than any Respondent’s Settlement Offer shall award to such Respondent its Post Mediation Costs.

14.5. Enforcement of Resolution. After resolution of any Claim, if any Party fails to abide by the terms of any agreement or Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to comply again with the procedures set forth in Section 14.3. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorney’s fees and court costs.

Article XV
GOLF COURSES AND PRIVATE AMENITIES

15.1. Right to Use. Access to and use of the Private Amenities, if any, are strictly subject to the rules and procedures of the Private Amenities, and no Person automatically gains any right to enter or to use those facilities by virtue of membership in the Community Association, ownership of a Lot, or occupancy of a Dwelling Unit.

Rights to use the Private Amenities will be granted only to such persons, and on such terms and conditions, as may be determined by their respective owners. Such owners shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities and to terminate use rights altogether.

The ownership or operational duties of and as to the Private Amenities may change at any time and from time to time by virtue of, but without limitation, (a) the sale to or assumption of operations by an independent entity, (b) conversion of the membership structure to an "equity" club or similar arrangement whereby the members of a Private Amenity or an entity owned or controlled thereby become the owner(s) and/or operator(s) of the Private Amenity, or (c) the conveyance of a Private Amenity to one or more subsidiaries, affiliates, shareholders, employees, or independent contractors of the Declarant, or (d) the conveyance of a Private Amenity to the Community Association by the Declarant or any affiliate or designee of the Declarant. No consent of the Community Association or any Owner shall be required to effectuate such a transfer or conversion.

At a time to be determined in the Declarant's sole discretion, but not later than the termination of the Class "B" Control Period, the Declarant or, upon the direction of the Declarant, an affiliate of the Declarant, shall convey to the Community Association the initial 18-hole Golf Course and clubhouse to be located within the property described in Exhibits "A" and "B". Such property shall be accepted by the Community Association, subject to any restrictions set forth in the deed of conveyance, including but not limited to, restrictions governing the use of such property.

After such conveyance, the Golf Course shall thereafter be deemed Common Area, and the Community Association shall have the responsibility for the maintenance, operation, and insurance of such Golf Course in accordance with this Declaration; provided, however, the Community Association shall not make any modification with regard to the maintenance, operation, or insurance of the Golf Course, without the prior written consent of the Declarant, so long as the Declarant owns any portion of the Properties or any Private Amenity or has the unilateral right to annex property.

Except as provided herein, no representations or warranties, either written or oral, have been or are made by the Declarant or any other Person with regard to the nature or size of improvements to, or the continuing ownership or operation of the Private Amenities. No purported representation or warranty, written or oral, in conflict with this Section shall be effective without an amendment to this Declaration executed or joined into by the Declarant or the owner(s) of the Private Amenities which are the subject thereof.

15.2. Assumption of Risk and Indemnification. Each Owner, by its purchase of a Lot in the vicinity of any Golf Course, hereby expressly assumes the risk of noise, personal injury or property damage caused by maintenance and operation of any such Golf Course, including, without limitation: (a) noise from maintenance equipment (it being specifically understood that such maintenance typically takes place around sunrise or sunset), (b) noise caused by golfers, (c) use of pesticides, herbicides and fertilizers, (d) use of effluent in the irrigation or fertigation of the Golf Course, (e) reduction in privacy caused by constant golf traffic on the

Golf Course or the removal or pruning of shrubbery or trees on the Golf Course, (f) errant golf balls and golf clubs, and (g) design of the Golf Course.

Each such Owner agrees that neither Declarant, the Community Association nor any of Declarant's affiliates or agents shall be liable to Owner or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of Owner's Lot to the Golf Course, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, any of Declarant's affiliates or agents or the Community Association. The Owner hereby agrees to indemnify and hold harmless Declarant, Declarant's affiliates and agents and the Community Association against any and all claims by Owner's visitors, tenants and others upon such Owner's Lot.

15.3. View Impairment. Neither the Declarant, the Community Association nor the owner or operator of any Private Amenity or Golf Course guarantees or represents that any view over and across any Private Amenity or Golf Course from adjacent Lots will be preserved without impairment. No provision of this Declaration shall be deemed to create an obligation of the Community Association, the owner of any Private Amenity, nor the Declarant to relocate, prune, or thin trees or other landscaping except as provided in Article VI. The Community Association and the owner of any Private Amenity may, in their sole and absolute discretion, add trees and other landscaping to their Private Amenities and Golf Courses from time to time. In addition, the owner of any Golf Course may, in its sole and absolute discretion, change the location, configuration, size and elevation of the tees, bunkers, fairways and greens on such Golf Course from time to time. Any such additions or changes to Golf Courses or Private Amenities may diminish or obstruct any view from the Lots and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed. Any such addition or change to any Private Amenity may not adversely affect drainage flow across the Properties.

15.4. Architectural Control. Neither the Community Association, the Modifications Committee or Architectural Control Committee shall approve or permit any construction, addition, alteration, change, or installation on or to any portion of the Properties which is adjacent to, or otherwise in the direct line of sight of, any Private Amenity without giving the owner of the Private Amenity at least 15-days prior written notice of its intent to approve or permit the same together with copies of the request and all other documents and information finally submitted in such regard. The owner of the Private Amenity shall then have 15 days to approve or disapprove the proposal in writing delivered to the appropriate committee or Community Association, stating in detail the reasons for any disapproval. The failure of a Private Amenity owner to respond to the notice within the 15-day period shall constitute a waiver of the Private Amenity owner's right to object to the matter. This Section shall also apply to any work on the Common Area.

15.5. Limitations on Amendments to Article XV. In recognition of the fact that the provisions of this Article are for the benefit of the Private Amenities, no amendment to this Article, and no amendment in derogation of any other provisions of this Declaration benefiting any Private

Amenity, may be made without the written approval of the owner of the Private Amenities affected thereby. The foregoing shall not apply, however, to amendments made by the Declarant.

15.6. Jurisdiction and Cooperation. It is Declarant's intention that the Community Association and the Private Amenities shall cooperate to the maximum extent possible in the operation of the Properties and the Private Amenities. Each shall reasonably assist the other in upholding the Community-Wide Standard as it pertains to maintenance and the Design Guidelines. The Community Association shall have no power to promulgate Use Restrictions other than those set forth in Exhibit "C" affecting activities on or use of the Private Amenities without the prior written consent of the owners of the Private Amenities affected thereby.

Article XVI **PROTECTION OF MORTGAGEES**

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots in the Properties. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

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

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

(b) Any delinquency in the payment of assessments or charges owed by a Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Declaration or By-Laws relating to such Lot or the Owner or Occupant which is not cured within 60 days. Notwithstanding this provision, any holder of a first Mortgage is entitled to written notice upon request from the Community Association of any default in the performance by an Owner of a Lot of any obligation under the Declaration or By-Laws which is not cured within 60 days; or

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

16.2. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgages of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

16.3. Notice to Community Association. Upon request, each Owner shall be obligated to furnish to the Community Association the name and address of the holder of any Mortgage

encumbering such Owner's Lot.

Article XVII RELATIONSHIPS WITH GOVERNMENT

17.1. Standards for Maintenance of Preserve Areas. The Karst located in the Preserve Areas shall be maintained in accordance with the standards established by the Texas Commission on Environmental Quality and the U.S. Fish and Wildlife Service, including the standards described on Exhibit "E". The standards described on Exhibit "E" may be amended by the Declarant from time to time as long as it owns any property described on Exhibits "A" or "B" and thereafter by any entity designated by the Declarant for the maintenance or preservation of Karst in the Preserve Areas; provided, however, such amendments must be consistent with all requirements established by the applicable governmental authorities.

Monitoring of water quality and maintenance of drainage for the Preserve Areas shall be controlled to avoid any negative impact upon quality of the habitat for endangered species present upon the Preserve Areas and shall include the maintenance standards set forth in Exhibit AF, @ in addition to compliance with all legal requirements established in permits issued for the project construction under State or Federal laws or regulations as applicable to such Preserve Areas from time to time.

Declarant shall fulfill the maintenance obligations described herein, including those matters as described on Exhibit "E", for all such areas owned by Declarant until conveyed either by easement or conveyance of title to the Community Association, to another non-profit organization, to an entity designated by the Declarant for the maintenance or preservation of Karst (collectively, a "Non-Profit Reserve Maintenance Organization"), provided that all subsequent owners or holders of other interests in the Preserve Areas shall be obligated to fulfill the requirements described herein, and Declarant shall be released from further responsibility upon such conveyance.

Declarant reserves for itself, its successors and assigns, a perpetual easement over and across all Preserve Areas conveyed to a Non-Profit Preserve Maintenance Organization, which easement shall be for the purposes of (a) entering onto and inspecting the Preserve Area to assure it is being maintained in strict accordance with the terms of this Declaration and any applicable legal requirements established in any permits issued for the development and construction of property within Sun City Georgetown under State or Federal laws or State or Federal regulations applicable to such Preserve Areas from time to time (the "Legal Requirements"), or to perform any other scientific investigations or studies; (b) in the event the Preserve Areas are not being maintained in accordance with this Declaration or the Legal Requirements, performing any and all appropriate maintenance activities on behalf of the Non-Profit Preserve Maintenance Organization as determined in the sole discretion of Declarant, provided that Declarant shall have no obligation to perform such maintenance activities, none being implied by this reservation of easement; (c) entering onto the Preserve Area to plant, maintain, trim, and remove landscaping or natural vegetation and perform cleaning, maintenance, or related activities to maintain the Preserve Area in a clean and orderly condition, so long as all such activities are consistent with Exhibit "E" of this Declaration and the Legal Requirements, and further provided that Declarant shall have no obligation to perform such

cleaning or maintenance activities, none being implied by this reservation of easement; (d) constructing, installing, and maintaining walkways, pathways, benches, lighting, signage, educational or demonstrative displays, structures, drainage features, water features, telephone and electric lines and appurtenances, water and wastewater pipelines and appurtenances, and similar utility infrastructure so long as such construction, installation, and maintenance activities are performed in accordance with Exhibit "E" of this Declaration and the Legal Requirements; and (e) pedestrian and vehicular ingress and egress over the Properties for the purposes permitted by (a) - (d) above and any additional purpose permitted under this Declaration and the Legal Requirements.

17.2. Water Requirements. All use of the Properties shall be subject to the requirements of the Water Pollution Abatement Plans recorded from time to time in the County Clerk's Office. The City of Georgetown shall have the right to use all stormwater leaving the Properties entering the City's treatment system for stormwater and shall have easements over the Common Area to the extent necessary to collect such stormwater; provided however, the City rights to stormwater shall not extend to water within Golf Course ponds or similar detention ponds and the exercise of such easements shall not unreasonably interfere with the Community Association's activities or the Owners' use and enjoyment of the Common Area.

17.3. Golf Crossings and Golf Cart Operations. The Community Association shall maintain all golf crossings in the Area of Common Responsibility in accordance with reasonable safety requirements established by the City of Georgetown. Golf crossings shall be marked with flashing lights or signage to warn oncoming traffic. All golf cart operators shall operate their carts in accordance with State and local law. The Community Association may, but shall not be obligated to, impose sanctions under Section 8.8 or any other authority based on laws regulating the use of golf carts.

Article XVIII

RELATIONSHIPS WITH OTHER ENTITIES

18.1. Relationship with Tax-Exempt Organizations. The Community Association may create, enter into agreements or contracts with, grant exclusive and/or non-exclusive easements over the Common Area to, or transfer portions of the Common Area to non-profit, tax-exempt organizations, including but not limited to organizations that provide facilities or services designed to meet the physical or social needs of older persons, for the benefit of the Properties, the Community Association, its Members and residents. The Community Association and the Declarant may contribute money, real or personal property or services to any such entity. Any such appropriate contribution by the Community Association shall be a Common Expense of the Community Association and included as a line item in the Community Association's annual budget.

For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code ("Code"), such as but not limited to entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

18.2. Reciprocal Amenities Use Agreements. Declarant may cause the Community

Association to, and the Community Association may from time-to-time, enter into a reciprocal amenities use agreements, whereby persons associated with other master planned communities which are age-restricted pursuant to the Federal Fair Housing Act and developed by the Declarant or any affiliate of the Declarant, shall be entitled to use the Community Association's recreational facilities and other amenities, and whereby the Members and their guests, as described in such agreements, shall be entitled to use the recreational facilities and other amenities owned by the other parties to such agreements or the Declarant or the Declarant's affiliates to the extent specifically identified in the Amenities Agreement. Such reciprocal amenities use agreements shall be referred to as "Amenities Agreements". The provisions of any Amenities Agreement will be determined by Declarant or the Board, as the case may be, but the initial term of any Amenities Agreement shall not exceed three years, with successive automatic renewal provisions. Amenities Agreements shall be subject to termination upon the vote of at least 67% of the Class "A" Members or in the discretion of the Declarant, as long as it owns any property or has the unilateral right to annex property.

All Members and their guests, as described in the Amenities Agreements, shall be entitled to enjoy the benefits of any Amenities Agreements to which the Community Association is a party, including, without limitation, the privilege of using recreational facilities and other amenities owned by parties to such Amenities Agreements or the Declarant or the Declarant's affiliates to the extent provided in the Amenities Agreement. In consideration for such rights, if any, each Member shall be responsible for user fees for the use of facilities by such Member and such Member's guests, in accordance with any applicable Amenities Agreement. The right of Members and their guests to use any or all recreational facilities and other amenities shall be subject to any priorities for use established under the Amenities Agreements and any rules and regulations established by the parties to such Amenities Agreements.

The Community Association may enter into more than one Amenities Agreement and may amend Amenities Agreements for any purpose, including but not limited to, adding additional parties in accordance with the terms of such Amenities Agreements.

18.3. Conflicts. In the event of any conflict between this Declaration or any Supplemental Declaration and the Development Agreement, the Development Agreement shall control in all respects. This Declaration is not intended to supersede applicable City ordinances and all Owners and Members are required to comply with City codes and ordinances. In the event of any conflict between the standards set forth in this Declaration or any Supplemental Declaration, and the standards contained in City ordinances, the more stringent standard shall be applied.

CHANGES IN THE COMMUNITY

Article XIX

CHANGES IN OWNERSHIP OF LOTS

Any Owner, other than the Declarant, desiring to sell or otherwise transfer title to his or her Lot shall give the Community Association at least seven days prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as

the Community Association may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Lot, including assessment obligations, until the date upon which such notice is received by the Community Association, notwithstanding the transfer of title. The Community Association may require the payment of a reasonable administration or registration fee by the transferee.

Immediately preceding the transfer of title to a Lot, the transferor, other than the Declarant, shall be legally responsible for paying a transfer fee to the Community Association in such amount as may be determined by the Board from time to time, but not to exceed in total one-quarter of one percent (0.25%) of the sales price of the Lot. After termination of the Class "B" Control Period, the maximum transfer fee under this Article shall be one-third of one percent (0.33%) of the sales price of the Lot. The transferor, if he so chooses, may demand that the transferee reimburse the transferor for a portion or all of the transfer fee, but no such demand shall relieve the transferor of the obligation to ensure that the transfer fee is paid prior to the title transfer. Such transfer fee shall be paid to the Community Association or such charitable entity serving the Properties as the Community Association shall determine. In the event that the transferor fails to pay such transfer fee, the transferee shall be jointly and severally liable for payment of the transfer fee, and such transfer fee may be charged to the transferee as a Benefited Assessment.

Article XX **CHANGES IN COMMON AREA**

20.1. Condemnation. Whenever any part of the Common Area shall be taken or conveyed under threat of condemnation by any authority having the power of eminent domain, each Owner shall be entitled to notice thereof. The Board may convey Common Area under threat of condemnation. Such a conveyance must additionally be approved by the Declarant, but only for so long as it owns any portion of the Properties, any Private Amenity, or has a right to annex any property pursuant to Section 10.1.

The award made for such taking shall be payable to the Community Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, the Community Association, acting through the Board, shall restore or replace such improvements on the remaining land, included in the Common Area, to the extent practicable. The Board shall alert the Class "A" Members of its plans with regard to the lost improvement(s) by a posting on the Community Association web portal or by such other means as it deems sufficient. The foregoing notwithstanding, the Class "A" Members have a right to override the proposed action of the Board. The Class "A" Members may exercise this right solely by calling for a meeting of the Class "A" Members and holding a vote. The meeting may and shall be called only if, within 60 days of the Class "A" Members being notified of the Board's plans, the Board is presented with a petition that: (i) clearly states the proposed alternative with regard to the lost improvement(s), (ii) demands a meeting of the Class "A" Members to vote on this alternative; and (iii) is signed by Owners holding at least 10 percent of the voting power allocated to the Class "A" Members and otherwise complies with the requirements for a special meeting petition under the By-Laws. If a proper and timely

petition is presented, the alternate plan with regard to the lost improvement(s) shall be adopted only if approved by 67 percent of the Class "A" votes present at the meeting once a quorum of votes is established.

All construction related to the replacement or restoration of improvements lost to condemnation shall be in accordance with plans approved by the Board.

If the taking does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Community Association and used for such purposes as the Board shall determine.

20.2 No Partition. Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action for partition of the whole or any part thereof without the written consent of all Owners and Mortgagees.

20.3. Dedication of Common Area. The Community Association may dedicate or grant easements over portions of the Common Area to any local, state, or federal governmental entity.

Article XXI **AMENDMENT OF DECLARATION**

21.1. Amendment by Declarant. Until termination of the Class "B" membership, Declarant may unilaterally amend this Declaration for any purpose. Thereafter, the Declarant may unilaterally amend this Declaration if such amendment is (i) necessary to bring any provision into compliance with any applicable governmental statutes, rule, regulation, or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on the Lots; (iii) required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to make or purchase Mortgage loans on the Lots; (iv) necessary to enable any governmental agency or reputable private insurance company to guarantee or insure Mortgage loans on the Lots; or (v) otherwise necessary to satisfy the requirements of any governmental agency for approval of this Declaration. However, any such amendment shall not adversely affect the title to any Lot unless the affected Owner shall consent thereto in writing. In addition, so long as Declarant owns any portion of the Properties or has the unilateral right to annex property, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

21.2. Amendment by Class "A" Members. Except as otherwise specifically provided in this Declaration, this Declaration may be amended by the Class "A" Members only by the affirmative vote of Class "A" Members holding at least 67 percent of the votes present and voting at a meeting of the Class "A" Members once a quorum of Class "A" votes is established. The related meeting may be an annual meeting or a special meeting. Under either circumstance, the meeting notice must specifically provide that a vote will held on the potential adoption of a Declaration amendment and must further include a copy of the proposed amendment or a reasonable and

complete summary of the proposed amendment. For so long as the Declarant owns any portion of the Properties, any Private Amenity, or has a right to annex any property pursuant to Section 10.1, such an amendment by the Class "A" Members must additionally be approved by written consent of the Declarant. During that period in which the Declarant has a right to consent to a proposed amendment of this Declaration by the Class "A" Members, the Board shall seek and obtain the written consent of the Declarant prior to calling any special meeting of the Class "A" Members and initiating any vote to amend this Declaration, and no special meeting of Class "A" Members may be called or vote of Class "A" Members held to amend this Declaration unless and until the proposed amendment has been approved in writing by the Declarant.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

21.3. Validity and Effective Date of Amendments. Amendments to this Declaration shall become effective upon recordation in the County Clerk's Office unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority so to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

For so long as the Declarant owns any portion of the Properties, any Private Amenity, or has a right to annex any property pursuant to Section 10.1, no amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 7 day of May 2014.

DEL WEBB TEXAS LIMITED PARTNERSHIP,
an Arizona Limited Partnership

By: Del Webb Southwest Co., an Arizona
corporation

Its General Partner

By: [Signature]
Name: Brent Baker
Title: Vice President Land

Acknowledgement

STATE OF TEXAS §
 §
COUNTY OF Williamson §

This instrument was acknowledged before me on this 7th day of May 2014, by Brent Baker, a person known to me in his or her capacity as Vice President Land of Del Webb Southwest Co., as general partner of Del Webb Texas Limited Partnership, on behalf of said limited partnership.

[Signature: Katherine Sutton]
Notary Public, in and for the State of Texas

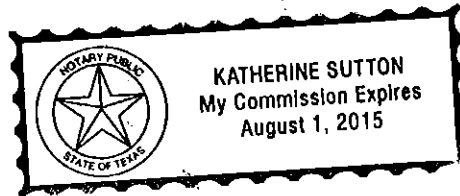


EXHIBIT "A"

Property Description

All of those lands legally described on Exhibit "A" to that certain Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sun City Georgetown, filed as Document No. 2002062374 in the Official Public Records of Williamson County, Texas, together with any additional land annexed into the Association/Declaration thereafter, and excluding any land withdrawn thereafter, all as further evidenced by filings in the Official Public Records of Williamson County, Texas.

EXHIBIT "B"

Land Subject to Annexation

ALL THOSE TRACTS OR PARCELS OF LAND located within 25 miles of the property described on Exhibit "A".

EXHIBIT "C"

Use Restrictions

Note: Section 4.2 of this Declaration authorizes the Board and/or the Class "A" Members to modify, cancel, limit, create exceptions to, or expand these Use Restrictions, so long as same do not conflict with any other restrictions contained in this Declaration. Owners should be familiar with any such modifications that may have been approved subsequent to the adoption of the Declaration in order to ensure a complete understanding of the Use Restrictions.

1. General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Community Association or business offices for the Declarant or the Community Association consistent with this Declaration and any Supplemental Declaration), subject to applicable laws. Any Supplemental Declaration or additional covenants imposed on the property within any Neighborhood may impose stricter standards than those contained in this Declaration and the Community Association shall have standing and the power to enforce such standards.

1.1 Declarant activity exempt. These Use Restrictions shall not apply to any activities conducted by the Declarant with respect to its development, marketing and sale of the Properties or its use of any Lots which it owns within the Properties, including its ability to designate such Lots as Vacation Getaways. These Use Restrictions shall apply, however, to the use of any Lots designated as Vacation Getaways by Occupants other than the Declarant.

2.1. Prohibited Activities. The following activities are prohibited within the Properties unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board:

(a) Subdivision. Subdivision of a Lot into two or more Lots after a subdivision plat including such Lot has been approved and filed with the appropriate governmental authority, or changing the boundary lines of any Lot is prohibited, except that the Declarant shall be permitted to subdivide or change the boundary lines of Lots which it owns and that an Owner of two adjacent Lots may combine them with the permission of the Declarant, provided that such Owner shall be entitled to all rights and subject to all obligations of membership in the Community Association for each originally platted Lot;

(b) Use of bodies of water. Active use of lakes, ponds, rivers, streams, wetlands, retaining ponds, ponds on a Golf Course, or other bodies of water within the Properties is prohibited, except (i) as expressly authorized by the Board through the adoption of Rules, and (ii) the owner(s) of any Golf Course and their agents, successors and assigns, shall have the exclusive right and easement to retrieve golf balls from bodies of water within the Common Area. The Community Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, rivers, streams, wetlands, retaining ponds, ponds on a Golf Course, or other bodies of water within or adjacent to the Properties;

(c) *Timesharing.* Operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Dwelling Unit rotates among participants in the program on a fixed or floating time schedule over a period of years is prohibited;

(d) *Occupancy limits.* Occupancy of a Dwelling Unit by more than two persons per bedroom in the Dwelling Unit is prohibited; for the purposes of this provision only, "occupancy" means staying overnight in the Dwelling Unit more than 30 times in any six-month period;

(e) *Harassment and feeding of wildlife.* With the exception of feeding birds, capturing, trapping, killing or feeding wildlife by any means within the Properties is prohibited, except in circumstances when wildlife poses an imminent threat to the safety of persons or pets on the Properties or when such action is authorized and supervised by the Board in accordance with a game management program; for purposes of this provision, "wildlife" refers to animals that naturally and commonly exist in a wild state, including but not limited to deer, feral pigs, raccoons, opossums, squirrels, reptiles, and rabbits;

(f) *Animals and pets.* The raising, breeding or keeping of animals of any kind, including but not limited to livestock, poultry, monkeys, reptiles, pigs, and ferrets, is prohibited, except as expressly provided below for domestic pets or by subsequent Rule; notwithstanding this restriction, and subject to compliance with any city codes or ordinances, the Owners of each Dwelling Unit shall be permitted to keep therein and on the related Lot either two domestic dogs, two domestic cats, or one domestic dog and one domestic cat. The foregoing notwithstanding, no animal or pet may be kept within a Dwelling Unit or on a Lot if, because of its nature or past actions, it poses a threat to the health, safety or welfare of any Person, or constitutes a nuisance or inconvenience to any Person, whether because of noise, smell, bodily functions, or otherwise.

(g) *Pollution.* Activities that materially disturb or destroy the vegetation, wildlife, or air quality within the Properties or that result in unreasonable levels of sound or light pollution are prohibited;

(h) *Weapons, explosives and fireworks.* Discharge of weapons, explosives or fireworks within the Properties is prohibited; for purposes of this provision, the term "weapons" means and includes rifles, shotguns, pistols, "B-B" guns, pellet guns, bows and arrows (including cross bows), and any other item or thing that could pose a risk of harm or injury to persons or property as a result of the discharge of a projectile, regardless of size or intended use;

(i) *Antennae.* Exterior antennae, aerials, satellite dishes, or any other apparatus for the transmission or reception of television, radio, satellite, or other signals of any kind are prohibited except to the extent same comply with the Design Guidelines; provided, the Declarant and the Community Association shall have the right, without obligation, to erect or install and maintain such apparatus for the benefit of all or a portion of the Properties;

(j) *Business activity.* Conducting any business or trade is prohibited, except that an Owner or Occupant residing in a Dwelling Unit may conduct business activities which are

commonly conducted within residential areas within the Dwelling Unit so long as: (A) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Dwelling Unit; (B) the business activity conforms to all zoning requirements for the Properties; (C) the business activity does not involve visitation of the Lot or Dwelling Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Properties; and (D) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board; and

(k) *Estate and moving sales.* Garage sales, rummage sales, estate sales and moving sales are prohibited, except that a one-time estate or moving sales may be conducted after written application to and approval by the Covenants Committee; these sales shall be permitted only in the event a resident Owner has passed away or an Owner is required to relocate as a result of deteriorating health; the Owner holding the sale must confirm that the sale will be directed by a licensed, commercial estate sales agent, identify the agent, agree that the sale will be held entirely indoors so as not to disturb neighbors or cause an unsightly disturbance anywhere on the Lot, and describe what steps will be taken so as to not create hazardous traffic or congestion; directional signs are not permitted, but one Estate or Moving Sale sign will be permitted on the Lot on the day of the sale, as provided in Section 2.2 below.

2.2. Signage. Unless more restricted by city ordinance, no signs other than those specified in this Section 2.2 may be posted by Home Owners, Occupants, contractors, guests or invitees on the Properties, including any Lot or Common Area, including but not limited to street right-of-ways within the Properties:

(a) *“For Sale”, “For Rent” and “For Lease” signs.* An Owner is permitted to place one professionally lettered “For Sale”, “For Rent” or “For Lease” sign on his Lot only and only for such period of time that the related Lot and Dwelling Unit are being actively marketed for sale or lease. The sign must be removed no later than two working days following the closing of a sale or lease/rental agreement or the termination of a listing agreement. The sign may be double-sided and the surface area shall be no larger than nine square feet (e.g., three feet by three feet). Such signs shall be mounted on matching posts.

(b) *No soliciting signs.* An Occupant is permitted to place one “No Soliciting” or similar sign either (i) near or on the front door to the Dwelling Unit, or (ii) near the entrance to a courtyard mounted on gate pillar, wall or similar surface near such entrance. The sign may not be mounted other than as provided above, which includes a prohibition on mounting the sign in a yard area. Any such sign shall not exceed a size of 25 square inches (e.g., five inches by five inches). The color, font and style of the sign shall be as commercially available.

(c) *Security signs.* An Occupant shall be permitted to post the following signs from a security/alarm company providing services to the related Dwelling Unit: (i) one single-sided security/alarm sign in the front yard where visible to persons approaching the Dwelling Unit, such sign not to be placed in any setback areas, not to exceed two feet in total height from finished grade, and not to be larger than 72 square inches in total size (e.g., eight by nine inches); and (ii) one

window decal sign placed on the surface of a window of the Dwelling Unit not exceeding 16 square inches in size (e.g., four inches by four inches).

(d) *“Open House” signs.* An Owner is permitted to place one professionally-lettered “Open House” sign on the Lot being sold, subject to the size and location restrictions for “For Sale” signs under subsection (a) above. The sign may remain posted on the Lot only for the duration of the open house event. The sign must be removed daily upon termination of open house hours. “Open House” directional signs are not permitted within the Properties, including a prohibition on placing same on other Lots, on Common Area, or street right-of-ways within the Properties.

(e) *Patriotic signs.* Residents may display patriotic signs only on the inside of the windows of a Dwelling Unit.

(f) *Political signage.* An Occupant may place one or more political signs on his Lot subject to compliance with the Association’s Rules. (Note: Residents of Texas have a lawful right to place certain political signs -- i.e., those related to a public election or public ballot item and not Association elections or votes -- on their Lot under State law. This right is not absolute and may be lawfully restricted and conditioned by the Association. The Association has adopted and will maintain a detailed Rule with regard to the right of an Occupant to place such political signs on his Lot.)

(g) *Signs related to Association elections and votes.* Candidates for positions on the Board or other leadership positions in the Association subject to member vote may place signs within the Properties only as expressly authorized by the Association’s Rules.

(h) *Directional signs to private events.* Directional signs for special events such as wedding receptions, anniversary celebrations, and family reunions may be displayed along the street without approval from the Covenants Committee. The signs shall be displayed no sooner than the day before the event and removed no later than the day after the event.

(i) *Declarant signage.* This subsection shall not apply to any activity conducted by the Declarant with respect to its development, marketing and sale of the Properties, as further provided in Section 1.1 above. The Declarant and its designees may place signage on the Common Areas as authorized in Section 11.4 of the Declaration or any other provision of the Declaration or the other Governing Documents.

3. Additional Use Restrictions. The following use restrictions shall apply to the Properties, including all Lots and Common Areas:

(a) *Garage doors.* Garage doors shall remain closed at all times except when entering and exiting the garage or while Occupants or their contractors are actively working inside the garage or in the yard.

(b) *Excessive exterior lighting.* The placement or use of lighting by Home Owners that unreasonably interferes with the peaceable enjoyment of neighboring Lots or Common Area is

prohibited, including but not limited to lighting that violates the relevant provisions in the Design Guidelines. The Covenants Committee and/or Board shall have the sole discretion of determining when lighting is excessive in violation of this restriction.

(c) *Outside storage of materials.* The storage by Home Owners , on the Common Area or any portion of a Lot that is visible from outside the Lot, of furniture, fixtures, appliances, machinery, equipment, tools of any kind, ladders, wheelbarrows, wood, stone, gravel or dirt piles, or other goods and chattels not in actual active use is prohibited. The foregoing notwithstanding, commercial portable storage devices may be stored on the driveway of a Lot only if used in conjunction with an Occupant relocating to or from another residence and only for no more than five consecutive days.

(d) *Storage of pollutants.* The storage by Home Owners of any material that could pollute surrounding areas, including but not limited to oil, oil pans, paints, solvents, tires, gasoline, diesel fuel and large batteries, is prohibited. The foregoing notwithstanding, Occupants may store small quantities of such items as may be necessary and commonly kept and used in conjunction with the routine use and maintenance of the residence, vehicles and equipment, but only if stored in appropriate locations and in containers designed to prevent the leakage or escape of such pollutants.

4. Leasing. Leasing, as defined in the Declaration, means regular, exclusive occupancy of a Dwelling Unit by any person other than the Owner and the members of the Owner's household or the Owner's roommate, for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. Dwelling Units may be leased only in their entirety. No fraction or portion may be leased. No structure on a Lot other than the primary residential Dwelling Unit shall be leased or otherwise occupied for residential purposes, except that any Lot comprised of more than one acre of land may make residential use of such a structure for an ancillary use such as in-law suite or nanny suite, but not for independent leasing. There shall be no subleasing of Dwelling Units or assignment of leases unless prior written approval is obtained from the Board or such activity expressly complies with additional Rules, if any, regulating subleasing or assignments. All leases shall be in writing. No transient tenants may be accommodated in a Dwelling Unit, and all leases, other than leases of Vacation Getaways, shall be for an initial term of no less than 30 days. In addition, no Dwelling Unit, other than a Vacation Getaway, may be leased more than four times over any 365-day period. If an existing lease is extended or renewed and the related occupancy does not change, that extension or renewal shall not count as a new lease for purposes of the foregoing restriction on the number of times a Dwelling Unit may be leased. (*See also* Section 4.4(h) of the Declaration.)

Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Lot Owner within ten days of execution of the lease. As provided in Section 4.1 of this Declaration, all leases must expressly provide that the tenants, their guests and invitees must at all times comply with the Governing Documents. The Owner must make available to the lessee copies of the Governing Documents prior to permitting occupancy under the lease. The Board may adopt reasonable Rules regulating leasing and subleasing.

5. Nuisances. No rubbish or debris of any kind shall be placed or permitted to

accumulate upon or adjacent to any Lot so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other portion of the Properties.

Woodpiles or other material shall be stored in a manner so as not to be visible from ground level outside the Lot and so as not to be attractive to native rodents, snakes, and other animals and to minimize the potential danger from fires. No other nuisance shall be permitted to exist or operate upon any Lot so as to be offensive or detrimental to any other portion of the Properties. No activities shall be conducted upon or adjacent to any Lot or within improvements constructed thereon which are or might be unsafe or hazardous to any Person or property. No open fires shall be lighted or permitted on the Properties, except in a contained outdoor fireplace or barbecue unit complying with the Design Guidelines and while attended, or within a safe and well designed interior fireplace.

6. Trash Containers and Collection; dumpsters. No garbage or trash shall be placed or kept on any Lot, except in covered containers of a type, size and style that are approved in accordance with Article V or as required by the applicable governing jurisdiction. Such containers shall be kept inside garages or other structures on Lots except when they are being made available for collection and then only for the shortest time reasonably necessary to effect such collection. Unless there are extenuating reasons otherwise, residential trash containers (i.e., garbage cans) should not be placed at the curb for collection until the evening (preferably after the evening meal) of the night before collection, and should be retrieved as soon as possible after collection. Empty trash containers should not be left outside overnight after pickup, but should be retrieved and returned to inside the garage no later than the evening of the same day the trash was collected. All rubbish, trash, or garbage shall be removed from the Lots and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Lot.

An Occupant may not place dumpsters or other large-scale debris collection devices on any street or Common Area. Such items may be placed on a lot to the extent authorized in the Design Guidelines.

7. Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Lot.

8. Vehicles and Parking.

(a) Vehicles.

(1) The term "vehicles" as used in this section shall include, without limitation, automobiles, trucks, boats or other watercraft, trailers of any type, motorcycles, motor or electric scooters, campers, vans of any type including those modified for special purposes, recreational vehicles of all types, and golf carts.

(2) Operation of all vehicles within the Properties shall be operated in accordance with Texas State law.

(b) Parking.

(1) Except as otherwise provided in this Section, all non-commercial and non-recreational vehicles parked within the Properties overnight may only be parked in an enclosed garage (the preferred place), on the driveway of a Lot, or in an area designated by the Board of Directors. Vehicles parked in such designated areas must have a permit secured from the CA

office affixed to the windshield or in another visible location. Vehicles parked overnight on the driveway of a Lot shall not display any advertising on the vehicle.

(2) Vehicles belonging to visitors to the home of a resident may be parked on the driveway or the street unless specified otherwise in this section.

(3) In the interest of safety and to improve street visibility, any vehicle parked in driveway must be parked as close to the garage as possible. In addition, no vehicle of any type having a gross weight of 10,000 pounds or more shall be parked in a driveway. No portion of a vehicle parked in a driveway may extend into the street or over any portion of a sidewalk.

(4) Private or contractor-owned commercial vehicles, recreational vehicles, mobile homes, trailers, campers, motorcycles, motor or electric scooters, golf carts, boats or other watercraft, and other oversized vehicles shall not be parked overnight within the Properties (including on any street or driveway overnight) other than in enclosed garages unless specified otherwise in this section. Stored (e.g. vehicles not used on a regular basis as determined in the Board's discretion), unlicensed or inoperable vehicles shall not be parked within the Properties other than in enclosed garages.

(5) No vehicles shall be parked on the street overnight unless specified otherwise in this section.

(6) One recreational vehicle may be parked temporarily on the street directly in front of the owner's lot immediately prior to and following usage so long as such recreational vehicle is parked

- (i) a minimum of 15 feet from any street intersection or fire hydrant,
- (ii) for a total period of time not to exceed 24 hours within any seven day period;
- and, (iii) in a manner that does not otherwise violate City of Georgetown ordinances.

(7) A boat, trailer, camper or recreational vehicle may be parked temporarily on the owner's driveway for a total period of time not to exceed 24 hours within any seven day period, providing such vehicle weighs less than 10,000 pounds.

(c) Exceptions.

The Board shall have authority to make exceptions to this Section. Any exceptions to the provisions of this Section must be submitted to the Covenants Committee for its consideration and recommendation to the Board of Directors for final decision.

EXHIBIT "D"

Rules of Arbitration

Note: These Rules of Arbitration are to be used if and when a legal dispute arises among or between Members and/or the Community Association and such dispute is required to be submitted to arbitration pursuant to Section Article XIV of the Declaration.

1. Claimant shall submit a Claim to arbitration under these Rules of Arbitration by giving written notice to all other Parties stating plainly and concisely the nature of the Claim, the remedy sought and Claimant's submission of the Claim to arbitration ("Arbitration Notice").

2. The Parties shall select arbitrators ("Party Appointed Arbitrators") as follows: all the Claimants shall agree upon one Party Appointed Arbitrator, and all the Respondents shall agree upon one Party Appointed Arbitrator. The Party Appointed Arbitrators shall, by agreement, select one neutral arbitrator ("Neutral") so that the total arbitration panel ("Panel") has three arbitrators.

3. If the Panel is not selected under Rule 2 within 45 days from the date of the Arbitration Notice, any party may notify the nearest chapter of The Community Associations Institute, for any dispute arising under the Governing Documents, or the American Arbitration Community Association, or such other independent body providing arbitration services, for any dispute relating to the design or construction of improvements on the Properties, which shall appoint one Neutral ("Appointed Neutral"), notifying the Appointed Neutral and all Parties in writing of such appointment. The Appointed Neutral shall thereafter be the sole arbitrator and any Party Appointed Arbitrators or their designees shall have no further duties involving the arbitration proceedings.

4. No person may serve as a Neutral in any arbitration in which that person has any financial or personal interest in the result of the arbitration. Any person designated as a Neutral or Appointed Neutral shall immediately disclose in writing to all Parties any circumstance likely to affect impartiality, including any bias or financial or personal interest in the outcome of the arbitration ("Bias Disclosure"). If any Party objects to the service of any Neutral or Appointed Neutral after receipt of that Neutral's Bias Disclosure, such Neutral or Appointed Neutral shall be replaced in the same manner in which that Neutral or Appointed Neutral was selected.

5. The Appointed Neutral or Neutral, as the case may be ("Arbitrator") shall fix the date, time and place for the hearing. The place of the hearing shall be within the Properties unless otherwise agreed by the Parties. In fixing the date of the hearing, or in continuing a hearing, the Arbitrator shall take into consideration the amount of time reasonably required to determine Claimant's damages accurately.

6. Any Party may be represented by an attorney or other authorized representative throughout the arbitration proceedings. In the event the Respondent fails to participate in the arbitration proceeding, the Arbitrator may not enter an Award by default, but shall hear Claimant's case and decide accordingly.

7. All persons who, in the judgment of the Arbitrator, have a direct interest in the arbitration are entitled to attend hearings. The Arbitrator shall determine any relevant legal issues, including whether all indispensable parties are Bound Parties or whether the claim is barred by the statute of limitations.

8. There shall be no stenographic record of the proceedings.

9. The hearing shall be conducted in whatever manner will, in the Arbitrator's judgment, most fairly and expeditiously permit the full presentation of the evidence and arguments of the Parties. The Arbitrator may issue such orders as it deems necessary to safeguard rights of the Parties in the dispute without prejudice to the rights of the Parties or the final determination of the dispute.

10. If the Arbitrator decides that it has insufficient expertise to determine a relevant issue raised during arbitration, the Arbitrator may retain the services of an independent expert who will assist the Arbitrator in making the necessary determination. The scope of such professional's assistance shall be determined by the Arbitrator in the Arbitrator's discretion. Such independent professional must not have any bias or financial or personal interest in the outcome of the arbitration, and shall immediately notify the Parties of any such bias or interest by delivering a Bias Disclosure to the Parties. If any Party objects to the service of any professional after receipt of a Bias Disclosure, such professional shall be replaced by another independent licensed professional selected by the Arbitrator.

11. No formal discovery shall be conducted in the absence of express written agreement among all the Parties. The only evidence to be presented at the hearing shall be that which is disclosed to all Parties at least 30 days prior to the hearing; provided, however, no Party shall deliberately withhold or refuse to disclose any evidence which is relevant and material to the Claim, and is not otherwise privileged. The Parties may offer such evidence as is relevant and material to the Claim, and shall produce such additional evidence as the Arbitrator may deem necessary to an understanding and determination of the Claim. The Arbitrator shall be the sole judge of the relevance and materiality of any evidence offered, and conformity to the legal rules of evidence shall not be necessary. The Arbitrator shall be authorized, but not required, to administer oaths to witnesses.

12. The Arbitrator shall declare the hearings closed when satisfied the record is complete.

13. There will be no post-hearing briefs.

14. The Award shall be rendered immediately following the close of the hearing, if possible, and no later than 14 days from the close of the hearing, unless otherwise agreed by the Parties. The Award shall be in writing, shall be signed by the Arbitrator and acknowledged before a notary public. If the Arbitrator believes an opinion is necessary, it shall be in summary form.

15. If there is more than one arbitrator, all decisions of the Panel and the Award shall be by majority vote.

16. Each Party agrees to accept as legal delivery of the Award the deposit of a true copy in the mail addressed to that Party or its attorney at the address communicated to the Arbitrator at the hearing.

EXHIBIT "E"

Standards for Designated Preserve Areas

1. Check conditions of fences and Karst gates regularly, and maintain or repair as necessary to avoid disturbance of Preserve Areas.
2. Maintain drainage swales and natural sheet flow areas as necessary to prevent any obstruction of stormwater flows where diversion has not occurred in the approved project design.
3. Maintain berms and stormwater control features along roadways and within Preserve Areas where such diversion structures have been designed to divert stormwater flows away from the Karst.
4. Monitor any changes in quantity or quality of overland flows reaching Preserve Areas due to circumstances other than weather.
5. Chemical pesticides, herbicides and chemical fertilizers will be prohibited for use or application within the Preserve Areas.
6. Any application of Logic or similar fire ant bait within any Preserve Areas shall not occur until necessary permits are obtained from governmental agencies having jurisdiction, if such application is to occur within 50 feet from the entrance to any Karst. Application of fire ant control shall be in accordance with U.S. Fish and Wildlife and EPA standards. Within the 50-foot radius around each Karst within a Preserve Area, only boiling water shall be applied into ant mounds.
7. All Preserve Areas shall be kept litter free. These areas shall be monitored at least once per week and all litter, and other non-native materials shall be removed as necessary to preserve the areas in their natural state.
8. New growth ashe juniper shall be removed within a 50-foot diameter of the entrance to each Karst within a Preserve Area and overlying the footprint of the Karst.
9. All vehicles other than those performing maintenance within the Preserve Area to the limited extent required or permitted herein will be prohibited from driving in unpaved areas, specifically as indicated in the form of vehicular no-access easements on recorded plats.
10. Any and all vandalism of any type impacting Preserve Areas shall be repaired and restored to natural conditions to the extent reasonably possible.
11. Maintenance contractors shall mechanically weed abate along any fencing adjacent to Preserve Areas.
12. Irrigation with non-potable water shall be limited to areas a minimum of 50 feet from each Karst within a Preserve Area.

Sun City Texas Community Association, Inc Capital Asset Fund Policy

1. PURPOSE:

The Capital Asset Fund Policy implements the Resolution of the Board of Directors of the Sun City Texas Community Association, Inc. (the Association) dated 7-22-2010 relating to Water Wells and Capital Asset Fund, (the Fund).

2 SCOPE:

This Capital Asset Fund Policy (the Policy) applies to sources of income and expenditures for the acquisition of Capital assets Authorized in an annual Capital Asset Budget.

3. DEFINITIONS:

3.1 Base Assessment

The annual assessment of Home Owner's Dues as approved in the Common Expense Budget.

3.2 Board - The Association's Board of Directors

3.3 Declarations

Covenants, Conditions and Restrictions (CC&Rs).

3.4 Extraordinary Income

Monies received from non-operational sources, usually one-time payment for an easement, sale of real property, gift, etc.

3.5 Reserve Fund

A fund established for replacement, major repairs, refurbishment and/or renovation of Association assets.

3.6 Capital Asset Budget

An annual budget, separate and apart from the operating budget, that identifies planned revenues and expenses for new Capital Assets and Capital Improvement Projects to be purchased during the upcoming year.

3.7 Capital Asset Fund

A fund established for the acquisition of Capital Assets and Capital Improvement Projects.

3.8 Transfer Fee

Fee assessed by the Association for the transfer of a resale home title.

3.9 Capital Asset

An asset that has an expected useful life greater than one year and a replacement cost greater than \$2,000.

3.10 Capital Improvement Project

A project that may include Capital Assets as well as engineering, design, construction, installation and other such services in the end use of such Capital Assets.

4. RESPONSIBILITY:

4.1 Reviewing and Recommending

The Director of Finance, in conjunction with the Executive Director and the Finance Committee, shall be responsible for reviewing and recommending to the Board changes and/or amendments to this policy for the Board's review and approval.

4.2 Implementing and Administering

The Association's Staff shall be responsible for implementing and administering this policy.

5. THE POLICY:

Use of the Fund by means of an annual Capital Asset Budget. This budget shall set forth a list of proposed expenditures based on a priority list of projects developed by the Association Staff, reviewed by the Association's Advisory Committees, and approved by the Board. Additions or substitutions to the approved list during the calendar year shall follow the same review and approval process. A 2-3 year forecast of capital requirements shall be developed as part of the annual Association budget planning process.

5.1 Sources of Dollar Additions to the Fund

5.1.1 A budgeted contribution as part of the Base Assessment as authorized in the Declarations.

5.1.2 All or a portion of Transfer Fees as determined by the Board.

5.1.3 All or a portion of any HOA operating surplus at year end as determined by the Board.

5.1.4 Extraordinary, non-operations monies received, such as payment for the sale of real property, easements, gifts or other one-time receipts.

5.1.5 Other sources of funds as may be approved by the Board

5.1.6 The maximum balance in the fund at any point in time shall be \$400,000 to limit the overall scale of the fund and budgeted contributions from the HOA Base Assessment.

5.2 Expenditures From the Fund

5.2.1 Recommendations to the Board involving use of the Fund must be supported by lease-buy and/or cost-benefit analyses reviewed by the

Finance Committee and Property and Grounds Committee or by additional analyses as may be required by these Committees.

5.2.2 The maximum expenditure for any single Capital Asset or Capital Improvement Project shall be \$150,000.

5.2.3 Any year-end balance in the Fund will be carried over to the next year.

5.2.4 Requests for expenditures will also be reviewed and approved in accordance with the Association's Purchasing Policy.

5.2.5 Purchases or contracts will be accomplished in accordance with the Association's Purchasing Policy.

5.3 Financial Records

The Director of Finance shall account for the monies in the Fund separately from the operating and reserve funds of the Association.

5.4 Investment of Funds

Fund monies shall be invested in accordance with the Association's Investment Policy. All investment earnings shall be reinvested in the Fund and be used only for purposes described in this Policy. The timing of the maturity of Fund investment may require that temporary advances be made from the operating fund to timely proceed with a capital asset acquisition; if so, when a sufficient amount of Fund investments mature, the operating fund shall be immediately and automatically reimbursed by Association Staff without further approvals.

5.5 Communications

The homeowners shall be advised in their annual statement if a portion of the Base Assessment is to be contributed to the Fund. Information on the anticipated expenditures from the Fund in the following year will be available to homeowners in the annual budget process.

6 REFERENCES:

6.1 Resolution of the Board of Directors of Sun City Texas Community Association, Inc. (Related to Water Wells and Capital Asset Fund)

6.2 Current Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sun City Texas and related Letter Agreements.

6.2 Current Amended and Restated By-Laws of Sun City Texas Community Association, Inc.

6.3 Association Purchasing Policy

6.4 Association Reserve Policy and related Letter Agreements.

6.5 Association Investment Policy

6.6 American Institute of CPA's Audit and Accounting Guide for Common Interest Realty Associations

POLICY APPROVAL AND TRACKING INFORMATION

Policy # 2010-000	Title Capital Asset Fund Policy
Responsible Party CA Executive Director	Frequency of Review Every two years following approval of initial creation or modification and at 90% of the 7,500 rooftops to be sold.

BOARD APPROVAL

Signature	Title	Date
-	Board President	11/21/13

REVISION RECORD

Rev.	Date of Board Approval	Change Description
0	11/18/2010	Policy creation.
1	8/23/12	Amended and Approved for Purpose Clarification and Approval for Expenditures Processes
2	11/21/13	Increase of Maximum Balance and Increase of Maximum Expenditure for Any Single Capital Asset or Project
3		
4		

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Niemann & Heyer LLP
1122 Colorado Suite 313
Austin, TX 78701

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OFFICIAL PUBLIC RECORDS

Nancy E. Rister

Nancy E. Rister, County Clerk

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Williamson County Texas