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STATE OF TEXAS §
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COUNTY OF COLLIN §

SUBORDINATE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE MILLSTONE ESTATES HOMEOWNERS ASSOCIATION, INC. FRISCO, TEXAS

This Declaration (this "Declaration") is executed effective as of July 9, 2015, by CADG Warren Parkway, LLC; a Texas limited liability company (the "Declarant").

RECITALS:

- A. Declarant is the owner of the real property in Collin County, Texas, described on Exhibit A attached hereto (the "Property"). The Declarant has or will cause the Property to be developed as a Phase (as defined below) to be known as "The Millstone Estates Homeowner's Association, Inc." (the "Subdivision") being an addition to the Town of Frisco, Texas (the "City"), and part of a master planned community known as "The Millstone Estates Master Association" (the "Master Association").
- B. The Declarant (as "Owner," as such term is defined below) desires to establish the Association (as hereinafter defined) and, accordingly, has executed this Declaration to impose the covenants, conditions, restrictions, and easements herein described upon the Property.

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ARTICLE I
ESTABLISHMENT

Section 1.1 Establishment of Covenants, Conditions and Restrictions. The Declarant hereby imposes upon the Property the covenants, conditions, restrictions, liens and easements set forth in this Declaration (the "Covenants") for the purposes of establishing a general scheme for development of the Property, enhancing the value of the Lots and Residences (defined below), and establishing restrictions for residential use for the benefit of the Declarant, Builders (defined below) and the Owners (defined below). The Declarant does not guarantee that all of these purposes will be accomplished through the creation and imposition of the Covenants. The Covenants touch and concern title to the Property, run with the land and shall be binding upon all persons hereafter acquiring any portion of the Property.

Section 1.2 Definitions. The terms set forth below shall have the indicated meanings when used in this Declaration; other terms are defined elsewhere herein and shall have the meaning given to them in this Declaration.

"ACC" shall mean Architectural Control Committee which may be established by the Declarant and/or Board pursuant to the terms of this Declaration.

"Alley" means a minor right-of-way, which affords a secondary means of vehicular access to the back or side of properties otherwise abutting a street, and which may be used for public utility purposes and/or vehicle maneuvering into garages or into other off-street parking spaces.

"Assessments" means the Master Association Assessments, Maintenance Assessments, including any Special or Individual Assessments provided for in this Declaration as defined below.

"Association" means the Millstone Estates Homeowner's Association, Inc., a Texas non-profit corporation, or such other homeowners' association name selected and available at the time of formation and established as provided in this Declaration.

"Association Documents" means the Certificate of Formation (herein so called), and the Bylaws (herein so called) of the Association, as amended and modified from time to time, and the resolutions and certifications adopted by the Association from time to time.

"Board" means the Board of Directors of the Association. During the period of Declarant control, Declarant maintains the sole right to appoint and remove members of the Board.

"Builder" means any homebuilder constructing the initial Residence upon a Lot in the normal course of conducting its business for profit.

"City" means the Town of Frisco, Texas.

"Common Amenities" means the following: (i) any community amenity center or facility constructed on the Property for the use and benefit of the Owners or on real property in the vicinity of or adjacent to the Property for which the Association and its Members have a right to use and/or obligation to contribute to maintenance, including (without limitation) any pool, clubhouse, play-scape, pavilion and parking improvements (the "Amenity Center"), constructed or to be constructed within the Property; (ii) any and all entry features, signage and monuments, landscape areas and screening walls, and all landscape easements, other similar areas within the Property whether or not shown on the Plat (as hereinafter defined), whether within or surrounding or along the boundaries of the Property, including, without limitation, the landscape features installed and screening walls constructed in the entry areas; (iii) any other property or improvements within or immediately surrounding the Property for which the Association is or may hereafter become obligated to maintain, improve or preserve, including, without limitation, private storm sewer and drainage systems within the Property and retaining walls constructed by Declarant within the Property; (iv) any real and/or personal property, fixtures or improvements conveyed or dedicated to the Association for the common use and benefit of Owners within the Property, and/or to be maintained by the Association, including, without limitation, the Alleys within the Subdivision; (v) any and all other fixtures, Structures or other improvements installed by Declarant or the Association within the Property, and all equipment, accessories, utilities and machinery used in the operation or maintenance of any such Common Amenities, and which are not expressly made the responsibility of the Lot Owner pursuant to the provisions of this Declaration, and (vi) the cost for providing electric service to and for the operation of street lighting in the Subdivision and maintaining street lights in the Subdivision to the extent not maintained by the City. All Common Amenities shall be maintained by the Association. Notwithstanding anything to the contrary contained herein, in no event shall the Common Amenities include any Common Amenities to be maintained by the Master Association pursuant to the Master Declaration.

"Common Area" means those portions of the Property depicted or described as such in or on the Plat (defined below) that do not constitute Lots (defined below), including, without limitation, Streets (defined below), Alleys, roads or other rights-of-way which are not part of a Lot and/or dedicated to and maintained by the City or other governmental authority as a public right-of-way, and/or any real property and/or lot within the Subdivision comprising or on which the Common Amenities are located.

"Declarant" means CADG Warren Parkway, LLC, a Texas limited liability company, and its successors or any assignee of Declarant to whom Declarant expressly assigns all of its rights and obligations as Declarant under this Declaration in accordance with Section 3.8 hereof.

"Design Guidelines" shall mean and refer to those particular standards, restrictions, guidelines, recommendations and specifications set forth on Exhibit B attached hereto and incorporated herein by reference, as may be supplemented, amended and/or modified from time to time, by the Declarant or the ACC in accordance with Section 3.3(d) hereof and which are applicable to any or all aspects of construction, placement, location, alteration, maintenance and design of any improvements within the Property, together with any interpretations thereof.

"Development Period" means the period of time between the date of this Declaration and the earlier of (i) one hundred twenty (120) days after the Declarant and all affiliates of

Declarant have sold and conveyed to unrelated third-parties, in the aggregate, ninety-five percent (95%) or more of the Property (exclusive of easements publically dedicated Streets and Common Areas), (ii) the date which is fifty (50) years after the date of this Declaration, or (iii) the effective date for expiration of the Development Period as set forth in writing by an instrument executed by Declarant and recorded in the Real Property Records of Collin County, Texas.

"Lot" means any of the individual platted building lots reflected, or to be reflected, on the Plat that are to be used for construction of a Residence (defined below) thereon as herein described. The Term "Lot" shall include any lot to be used for construction of a Residence reflected on a master plan or concept plan of the Property or any Tract thereof. In the event any Common Area is conveyed to Declarant or another third party to be used for construction of a Residence, then such conveyed property shall be included in the definition of a "Lot".

"Managing Agent" means any Person who has been engaged and designated by the Board to manage the daily affairs and operations of the Association.

"Master Association" means Ordinance No. 14-09-52 Owners, or such other homeowners' association name selected and available at the time of formation and established as provided in the Master Declaration.

"Master Association Documents" means the Certificate of Formation (herein so called), and the Bylaws (herein so called) of the Master Association, and as they may be amended and modified from time to time, and the resolutions and certifications adopted by the Master Association from time to time.

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

"Master Common Area(s)" means those Common Areas to serve and benefit all Owners of Lots within the Subdivision and all Members of the Master Association and which are to be dedicated and/or conveyed to the Master Association to be maintained by the Master Association in accordance with the terms of the Master Declaration. All Master Common Areas shall be maintained by the Master Association.

"Member" means any Owner of Lots developed within the Property, including, without limitation, Declarant, which is automatically a member of the Association with respect to Lots owned by it; provided, however, neither the City or other applicable governmental authority, which has acquired by dedication pursuant to a Plat or otherwise, title to property (including, without limitation, Streets, if applicable) within the Property shall be a Member for purposes of this Declaration.

"Owner" means any Person owning fee title to any Tract or Lot, but excluding any mortgagee or beneficiary under a deed of trust until such time as it acquires legal title to a Tract or Lot.

"Person" means any individual, corporation, limited liability company, partnership or other entity of any kind or type whatsoever.

"Plat" means (i) initially, the preliminary plat, and thereafter the final plat, for the Property submitted by Declarant to and approved by the City, or any other applicable governmental entity; (ii) after recordation thereof, the final Plat for the Property as recorded in the Real Property Records of Collin County, Texas; and, (iii) any replat of, or amendment to, the foregoing made by the Declarant in accordance with applicable requirements of the City or other applicable governmental authority. The term "Plat" shall also include the final recorded plat of any additional property annexed into the Property pursuant to Sections 8.1 and/or 8.2.

"Property" shall have the meaning ascribed to such terms as set forth in the recitals of this Declaration.

"Residence" means a single-family residence residing upon a Lot in conformance with this Declaration.

"Special Assessments" means collectively, the Special Purpose Assessments and Special Member Assessments, as such terms are defined in Article 6 hereof.

"Street" means any paved road, which is located within a right-of-way of the Subdivision, but specifically excludes Alleys.

"Street Trees" means those trees which may be required by the City to be installed and maintained in the right-of-way adjacent to each Lot.

"Structure" means any structure (other than a Residence), fence, driveway, sidewalk, planting, landscaping, irrigation system, wall, tennis court, swimming pool, outbuilding, playground equipment, or other improvement of any kind or type.

"Subdivision" shall have the meaning ascribed to such terms as set forth in the recitals of this Declaration.

"Vehicle" means any vehicle of any kind or type whatsoever, including any automobile, truck, motorcycle, boat, mobile home, motor home, boat trailer, or other kind of trailer.

"Zoning" means, collectively, the City's laws pertaining to the use and development of the Property, including, without limitation, the City Ordinance No. 11-04-09 passed and approved by the City of Frisco, and therein modified and amended, duly passed and approved by the Frisco City Council on September 16, 2014, and filed as Ordinance No. 14-09-52.

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ARTICLE 2
USE PROVISIONS

Section 2.1 Permitted Uses. The following shall be uses generally permitted in the Property.

(a) **Lots Limited to Residential Use.** Except as otherwise provided in this Declaration, Lots shall be used only for private residential purposes and activities reasonably related thereto. Additional uses for purposes such as schools, churches, or similar activities may not be permitted within the Property, without the prior written approval from the Association and the Declarant.

(b) **Common Area and Common Amenities Uses.** The Common Area designated as the open space and/or that portion to be maintained by the Association as designated on the Plat and/or by this Covenant and any Common Amenities shall be used only for recreational and other similar purposes as approved by the Declarant or by the Association. The Common Area consisting of landscaping, maintenance, wall maintenance easements, or similar areas shall be used for such purposes or similar purposes as approved by Declarant or by the Association. The Common Area consisting of sanitary sewer easements, drainage easements, utility easements or similar areas shall be used for such purposes or similar purposes as approved by the Declarant or by the Association.

(c) **Sales Offices and Similar Uses.** The Declarant or any Builder may maintain on its Lots one or more signs, sales offices, or trailers on Lots for the purpose of facilitating sales of Lots and/or Residences on such Lots. Upon written approval of the Declarant or ACC, the Declarant or ACC may grant to the Builder(s) constructing Residences on Lots within the Property the right to conduct their sales and marketing programs for the Property from any permanent or temporary sales buildings or trailers, and conduct improvement work and activities on portions of the Property owned by them and do all things reasonably necessary or convenient as required to expeditiously commence, continue and complete such improvement work, including, but not limited to, the provision of temporary buildings (including, without limitation, trailers), temporary storage of construction materials and equipment and the installation of temporary signage of such types, in such sizes and at such locations on portions of the Property owned by them as they deem appropriate and in accordance with any applicable governmental requirements.

Section 2.2 Prohibited Uses and Activities. The following uses shall be prohibited within the Property, except as may be otherwise expressly permitted by the terms of this Declaration.

(a) **No Further Subdivision.** No Lot may be further subdivided without the written consent of the Declarant or the Board. Lots may be combined for the purpose of constructing a single residence on more than one Lot only upon written approval of the Declarant or the Board. Without regard to any such permitted subdivision or combination, the Lots involved shall continue to be treated as single individual Lots hereunder for all other purposes, including voting in the Association and assessing and collecting Assessments.

(b) **Parking and Vehicle Restrictions.** All Vehicles shall be parked, stored or placed within the garage or upon the driveway of the Lot whenever possible. On street parking should be limited to twelve (12) hour intervals. Vehicles should not park in such a way as to block mailboxes or driveways. On-street parking of guests or invitees of Owners during parties, delivery of services, and similar limited (no more than forty-eight (48) hours) time periods.

Parking within the Alleys is prohibited at all times. Trucks with tonnage in excess of one ton and Vehicles with signage or advertising displays shall not be permitted to park overnight on the Streets, driveways, or other areas within the Property. No inoperative or unlicensed Vehicles may be parked or stored, other than in an enclosed garage, within the Property. All work on Vehicles (other than routine maintenance) shall be performed only in an enclosed garage. The foregoing provisions shall not restrict the parking of trucks and other Vehicles as necessary in connection with Declarant's development of Lots, Streets and related improvements within the Property, or the construction of Residences or other permitted Structures by a Builder on Lots within the Property. **NO TRUCKS OR VEHICLES TRANSPORTING HAZARDOUS MATERIALS, FLAMMABLE MATERIALS OR CHEMICALS IS ALLOWED TO BE PARKED OR STORED WITHIN THE COMMUNITY AT ANY TIME.**

(c) **Specific Use Restrictions.** No Lot or improvement shall be used for business, professional, commercial or manufacturing purposes of any kind. No activity, whether for profit or not, shall be conducted on the Property which is not related to single-family residential purposes. No noxious or offensive activity (as determined by the ACC) shall be undertaken on the Property, and nothing shall be done which is or may become an annoyance or nuisance to the other Owners. Nothing in this subparagraph shall prohibit a Builder's temporary use of a Residence as a sales office until such Builder's last Residence on the Property is sold. Nothing in this subparagraph shall prohibit an Owner's use of a Residence for quiet, inoffensive activities such as tutoring or giving art or music lessons so long as such activities do not materially increase the number of cars parked on the street or interfere with adjoining homeowners' use and enjoyment of their Residences and yards.

(d) **Pet and Animal Restrictions.** Only regular household pets such as cats and dogs shall be permitted on the Property and then only for personal use and not for any business use such as breeding, kennel operations and the like. No other animals shall be permitted to be maintained upon the Property, including the following: cows, horses, bees, hogs or pot belly pigs, sheep, goats, poultry, or skunks. No more than four (4) domesticated household pets are permitted in any Residence. Pets shall not be permitted to run free through the Property and must be leashed at all times when outside the confines of the Owner's home or fenced in lot. Owner shall be responsible for the prompt clean up and disposal of pet waste at all times.

(e) **Outdoor Burning Restrictions.** Outdoor burning of trash, leaves, and other items is prohibited. This restriction shall not be construed as prohibiting outdoor cooking on barbecue grills in connection with use of a Residence.

(f) **Trash/Garbage Disposal.** Trash, garbage and other waste shall at all times be kept in clean, well maintained, sanitary containers for regular scheduled pickup for removal of such items. Trash, garbage or other waste shall not be dumped on the ground of any Lot or in any Common Area. Containers for trash, garbage and other waste shall be screened from view in accordance with Section 3.4(e)(3) hereof at all times except such containers may be brought to the curbside or other designated pick-up area with respect to a Lot twenty-four (24) hours in advance of scheduled pick-up and such containers must be returned to the screened area within twenty-four (24) hours after the scheduled pick-up time.

(g) **Occupancy.** Each Lot shall be improved with an attached Residence. No Person shall occupy any garage or other outbuilding as a dwelling unit at any time. No Structure of a temporary character, such as a trailer, basement, tent, shack, barn or other outbuilding, shall be used on any of the Property at any time as a dwelling house; provided, however, that any Builder may maintain and occupy model houses, sales offices and construction trailers during construction periods.

(h) **Projections from Structures.** Window air conditioning units attached to a Residence and other similar projections visible from any street are prohibited. Any projection through the roof of any outbuilding on the Property shall require the prior written approval of the applicable Declarant or the ACC.

(i) **Private Water/Sewer Systems.** Each Residence shall be connected to the City water and sanitary sewer system, and no private water well or water, sanitary or storm sewer system is permitted within the Property unless constructed or caused to be constructed by the Declarant on the Declarant's Property. If the Declarant uses private drainage easements in areas that necessitate or contain a private sub-surface storm sewer drainage system, then such sewer lines are to be kept freely running and unobstructed at all times. If the lines become obstructed, all parties that benefit from their function shall be required to equally and promptly share in the cost of repair or replacement of the lines.

(j) **Changes in Grade.** Except for such changes as are reasonably necessary to facilitate construction of a Residence on a Lot, no Owner shall change the grade of any Lot or the Property except in compliance with all applicable laws and the requirements of the grading plan approved by the City with respect to the Property. After the Declarant has developed the Lots and other improvements within the Property, the general grading and slope of a Lot may not be altered, and no dams, berms, channels or swales may be constructed or excavated without the prior written approval of (i) the Declarant during the Development Period, and thereafter by the Board of the Association, (ii) the City (if applicable), and (iii) any other appropriate agencies having authority to grant such approval. Notwithstanding anything to the contrary contained herein, the drainage plan of a Lot shall not be altered in a manner which is inconsistent with the City approved lot grading plan with respect to such Lot, unless such alteration is first approved by the City in writing.

(k) **Visible Activities - Outdoors.** Outdoor drying of clothes and clothes lines are prohibited. When not in use, lawn mowers, rakes, carts, and other yard equipment shall be stored away from view of adjoining Lots and Streets.

(l) **Structures and Storage.** No temporary dwelling, shop, trailer, mobile home or above-ground swimming pools of any kind or any improvement of a temporary character shall be permitted on any Lot, except that a Builder or contractor may have temporary improvements (such as a sales office, parking lot and/or a construction trailer) on a Lot during construction of the Residence on that Lot. Except as otherwise expressly permitted in Section 3.7 hereof, no building material of any kind or character shall be placed or stored upon a Lot until the Owner thereof is ready to commence construction of improvements, and then such material shall be placed only within the property lines of the Lot upon which the improvements are to be erected during construction so long as construction progresses without undue delay. Unless approved in

writing by the ACC or the Board pursuant to this Declaration, no storage buildings shall be constructed or brought onto a Lot; provided, however, Declarant may place such temporary structures, equipment and/or building materials within the Property during construction and development of Lots, Streets and related improvements. Storage building constructed or brought onto a lot without the express written permission of the ACC or the Board pursuant to this Declaration will be subject to immediate removal. In any event, storage buildings permitted to be constructed or brought onto a Lot may be by **written approval by the ACC or Board only** and must match or complement the materials and color of the Residence on the Lot. Homes with wrought iron fencing backing up to any common element or open space may be subject to stricter guidelines as to color, height, size and location. No storage building shall exceed six feet (6') in height or the applicable governmental requirements pertaining to the height of such Structure(s), whichever is less, and shall be screened from view from adjacent Lots whenever possible or required by the ACC. No structure shall be seen from the front of any Lot. Some suitable screening structures may be either (A) live evergreen screening plants which are a minimum of six feet (6') in height at installation, spaced no more than eighteen inches (18") apart, edge to edge, or (B) a fence or wall at least six feet (6') high or screening as may otherwise be approved in writing by the ACC. **The ACC reserves the right to approve and/or disapprove certain storage buildings, play sets, or other outdoor structures based on lot location such as but, not limited to those lots which front or back an area of the Open Spaces of the Association.** The installation or use of playscapes, play sets, trampolines and other similar types of recreational equipment on any Lot is prohibited without the prior written approval of the ACC. No play set, playscape, or other similar type of play or sports equipment is allowed to exceed a height of two feet (2') over the top of the fence line. Playscapes play sets, trampolines and other similar types of recreational equipment installed or placed on a Lot without the express written consent of the ACC or the Board pursuant to this Declaration will be subject to immediate removal. Sand bags, tires or heavy objects used to weigh down certain types of recreational equipment such as portable basketball goals is prohibited at all times. Recreational equipment, if allowed with the proper approval of the ACC shall be kept in good repair at all times. Any such recreational equipment not maintained in good repair shall be subject to removal. Porch and patio furniture may be added without prior approval of the ACC however, the ACC reserves the right to exercise restrictions as to the type and design of porch or patio furniture used to the extent same is visible from the Street or any adjacent Lot or Common Area at grade level. Any exterior furniture visible from the Street or any adjacent Lot or Common Area at grade level which is determined by the ACC (in its sole discretion) to be inconsistent with the aesthetic harmony of the Subdivision and surrounding Residences will be subject to removal upon written notice received by an Owner from the Association or the ACC.

(m) Recreational Vehicles. No boat, trailer, marine craft, hovercraft, aircraft, recreational vehicle, travel trailer, motor home, camper body or similar vehicle or equipment may be stored, parked or kept on any driveway, in the front yard or in the Street in front of a Lot for more than twenty-four (24) hours nor more frequently than one time per month without written approval of the ACC or the Association's Managing Agent, nor shall any such vehicle or equipment be parked for storage in the side or rear yard of any Residence. No such vehicle or equipment shall be used as a residence or office temporarily or permanently. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance or repair of a Residence in the immediate vicinity.

(n) Transportation of Hazardous Materials. No vehicle of any size which transports inflammatory or explosive cargo may be kept on the Property at any time.

(o) Drilling or Mining. No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted on the surface of the Property. No oil wells, tanks, tunnels, mineral excavations or shafts shall be permitted upon or in any part of the surface of the Property. No derrick or other structure designed for use in quarrying or boring for oil, natural gas or other minerals shall be erected, maintained or permitted on the surface of the Property.

(p) Utilities. Each Residence situated on a Lot shall be connected to the public water and sanitary sewer lines. No privy, trailer sewage, cesspool or septic tank shall be placed or maintained upon or in any Lot. However, portable toilets will be allowed during development of a Phase and/or building construction. Except as reasonably necessary by Declarant in connection with its development of Lots, Streets and related improvements within the Property (provided such use is in compliance with any and all applicable laws, rules and regulations), the use of any propane, butane, LP Gas or other gas tank, bottle or cylinder of any type (except as reasonably required [not to exceed fifteen pounds] to operate portable gas grills or permanent gas grills which may be installed or used by an Owner to serve a Residence) is prohibited. Except as to street lighting (if any), all utility service facilities (including, but not limited to, water, sewer, gas, electricity and telephone) shall be buried underground (except meters, transformers, risers, service pedestals and other surface installations necessary to maintain or operate appropriate underground facilities). Electric utility transformers may be installed only in locations designated on the Plat for such purpose or otherwise approved in writing by the Declarant or ACC, and all improvements on a Lot on which an electric transformer pad easement is located as shown on the Plat must be installed in compliance with all electric company guidelines for separations from pad-mounted transformers.

(q) Certain Exterior Lighting. Upon being given notice by the Declarant or ACC that any exterior lighting is objectionable, as determined by the Declarant or ACC in its sole and absolute discretion, the Owner of the Lot or Property on which same is located shall immediately remove any such lighting or shield the same in such a way that it is no longer objectionable to the ACC.

Section 2.3 General. No use shall be permitted on the Property which is not allowed under applicable public codes, ordinances and other laws either already adopted or as may be adopted by the City or other controlling public authorities. Each Owner, occupant or other user of any portion of the Property, shall at all times comply with this Declaration and all laws, ordinances, policies, rules, regulations and orders of all federal, state, county and municipal governments, and other agencies having jurisdictional control over the Property, specifically including, but not limited to, applicable Zoning placed upon the Property as they exist from time to time. IN SOME INSTANCES REQUIREMENTS UNDER THE GOVERNMENTAL REQUIREMENTS MAY BE MORE OR LESS RESTRICTIVE THAN THE PROVISIONS OF THIS DECLARATION. IN THE EVENT A CONFLICT EXISTS BETWEEN ANY SUCH REQUIREMENTS UNDER THE GOVERNMENTAL REQUIREMENT AND ANY REQUIREMENT OF THIS DECLARATION, THE MOST RESTRICTIVE REQUIREMENT SHALL PREVAIL, EXCEPT IN CIRCUMSTANCES WHERE COMPLIANCE WITH A MORE RESTRICTIVE

PROVISION WOULD RESULT IN A VIOLATION OF MANDATORY APPLICABLE GOVERNMENTAL REQUIREMENTS, IN WHICH EVENT THOSE GOVERNMENTAL REQUIREMENTS SHALL APPLY. COMPLIANCE WITH MANDATORY GOVERNMENTAL REQUIREMENTS WILL NOT RESULT IN THE BREACH OF THIS DECLARATION EVEN THOUGH SUCH COMPLIANCE MAY RESULT IN NON-COMPLIANCE WITH PROVISIONS OF THIS DECLARATION. WHERE A GOVERNMENTAL REQUIREMENT OR DOES NOT CLEARLY CONFLICT WITH THE PROVISIONS OF THIS DECLARATION BUT PERMITS ACTION THAT IS DIFFERENT FROM THAT REQUIRED BY THIS DECLARATION, THE PROVISIONS OF THE GOVERNMENTAL REQUIREMENTS AND THIS DECLARATION (IN ORDER OF PRIORITY) SHALL PREVAIL AND CONTROL. The Property and all Lots therein shall be developed in accordance with this Declaration, as this Declaration may be amended or modified from time to time as herein provided.

ARTICLE 3 CONSTRUCTION PROVISIONS

Section 3.1 Plan Approval Required. No Residence or Structure shall be constructed on any Lot within the Property until plans thereof have been approved in writing by the ACC or the Declarant as provided in this Article 3.

Section 3.2 Establishment of the ACC.

(a) **Initial Appointment.** The ACC shall consist of three (3) members. The initial ACC members shall be appointed by the Declarant. Upon expiration of the Development Period, the Board of the Association shall appoint members to the ACC. The Board or Declarant may establish separate ACC's for purposes hereunder to (i) review and approve of plans for the initial construction of Residences and related Structures on a Lot (the "New Construction ACC"), and/or (ii) review and approve of plans for expansion, modifications, renovation and/or additions to existing Residences and/or Structures located on a Lot (the "Existing Structures ACC").

(b) **Term and Subsequent Appointments.** The members of the ACC shall serve until they resign or are removed by the party appointing them to the ACC (which the appointing party may do at any time). Subsequent appointments to the ACC shall be made by the Declarant until the Development Period expires; thereafter appointments to and removals from the ACC shall be made by the Board. Both ACC and Declarant, individually or jointly, may engage the services of a third party to review plans and specifications pursuant to this Article.

(c) **Compensation: Fee for Review.** No member of the ACC shall be entitled to compensation for its services; provided that the ACC may charge a reasonable fee (no more than \$500 per submission) to cover its costs in reviewing any plans and inspecting a Lot and/or improvements constructed thereon, which fee shall be paid by an Owner to the Association at the time of submission and/or resubmission of plans to the ACC for review and approval. The Declarant reserves the right to waive all or any portion of this fee during the period of Declarant control. Builders, if required to pay Fee for Review, shall pay a ~~one-time~~ fee only of \$500.00.

Section 3.3 Approval Process.

(a) **Submission of Plans.** Any Person working to construct a Residence or any Structure on a Lot within the Property shall submit at least one (1) copy of the complete plans and specifications to the applicable ACC for its approval prior to commencing construction. Such plans and specifications shall include engineering information, landscaping description, and construction plans showing the location and (if applicable) elevations of the proposed improvements to be constructed and the materials to be used in constructing the same, all in sufficient detail to enable the ACC to evaluate the proposed Structure or Residence. The ACC may request additional information, including samples of proposed materials to aid it in its decision process. After receipt of a complete set of plans and specifications, the ACC shall promptly review the same and notify the Person submitting whether it approves the plans or whether it requires changes thereto. Alternately, the ACC may disapprove a set of plans by so noting thereon and returning it to the Person submitting, accompanied by a statement of the reasons for disapproval. No construction shall be commenced on any portion of the Property unless and until the plans for the Residence or Structure in question have been approved in writing pursuant to the terms hereof by the applicable ACC or the Declarant.

(b) **Time for Review/Approval.** The ACC shall approve or disapprove all plans properly submitted to it for construction within thirty (30) days after the date it receives a complete set of plans and specifications therefore; if the ACC fails to specifically approve or disapprove of any plans within such thirty (30) day period, then the ACC shall be deemed to have disapproved the plans submitted. Builders are excluded from this Section 3.3(b); should the ACC fail to specifically approve or disapprove plans for new construction submitted by a Builder within thirty (30) days of the date of receipt by the ACC, the ACC shall be deemed to have approved the plans submitted.

(c) **Review Standards.** The ACC, in reviewing and approving plans for construction of Structures or Residences, and/or related improvements, shall use commercially reasonable efforts to promote and ensure a high level of taste, design quality, aesthetic harmony, and conformity throughout the Property, consistent with the standards established by this Declaration and the Design Guidelines.

(d) **Design Guidelines/Building Standards.** The Declarant has adopted those certain Design Guidelines attached hereto as Exhibit B and incorporated herein by reference. The Declarant or the ACC may, but is not required to, from time to time, establish specific guidelines and building standards in addition to or to modify and amend the Design Guidelines to assist Persons in determining the type of Structures and Residences which may be constructed on the Property. The Declarant may establish differing restrictions, guidelines and building standards for each such Phase of the Property by supplement to this Declaration, which may impose more restrictive or additional building standards with respect to a particular Phase. The ACC or the Declarant may amend or modify such guidelines or standards established by it from time to time in its sole discretion. Such guidelines or standards shall supplement this Declaration and shall be general guides to permitted construction within the Declarant's Property, but shall not diminish the authority of the ACC and the Declarant to approve plans as otherwise herein provided.

(c) **Failure to Obtain Approval.** The construction, repair, replacement, installation, improvement or placement of any Structure or improvement of any type on a Lot or Residence without the prior written approval from the Declarant or applicable ACC shall constitute grounds for the imposition by the Declarant, the ACC or the Association of an automatic fine against the Owner not to exceed Twenty-Five and No/100 Dollars (\$25.00) per day, which fine shall commence upon the date on which the unapproved construction, repair, replacement, installation or placement commenced and continuing until the earlier of the date on which such Owner has either (A) obtained Declarant or ACC approval (or deemed approval) of such construction, repair, replacement, installation or placement of the offending Structure(s), or (B) removed such offending Structures and restored its Lot to substantially the same condition as existed prior to commencement of such construction, repair, replacement, installation or placement thereof. A fine levied under this Section shall be charged to the Owner's assessment account, payable upon demand and secured by the Assessment Lien created in Article 6.

(f) **Limitation of Liability.** No Declarant, and none of Declarant's officers, directors, partners, agents, employees, representatives, parent or subsidiaries, nor the Association, the Board, or the ACC, including any of its respective members, shall be liable to any Person for any official act of the ACC in connection with submitted plans and specifications. Notwithstanding any approval by the Declarant or the ACC, neither the Declarant nor the ACC shall be responsible or liable to any Person with respect to any loss, liability, claim or expense which may arise by reason of such approval, or the construction of a Residence or Structure related thereto. No Declarant, nor the Association, the Board nor the ACC shall be responsible in any way for any defects in any plans or specifications submitted, reviewed or approved in accordance with the provisions of this Declaration, nor for any structural or other defects in any work done according to such plans or specifications. No approval of any plans by either the ACC or the Declarant shall be construed to mean that the plans comply with any applicable law, subdivision ordinance, building code, or governmental regulation, it being the responsibility of the Person submitting any plans to assure compliance with all applicable laws. Conversely, the issuance of a building permit or any approval from any governmental authority shall not, under any circumstance, constitute any evidence that the development of any Phase, or construction of a Residence or a Structure complies with the terms and conditions contained in this Declaration or the Design Guidelines. Neither Declarant nor any members of the ACC shall have liability for decisions made by them regarding the approval or disapproval of plans, so long as the decisions are made in good faith and are not discriminatory, arbitrary, or capricious.

Section 3.4 Specific Construction Provisions. The following shall be restrictions applicable to the construction of Residences and Structures on Lots within the Property. In addition to those restrictions listed in this Declaration and the Design Guidelines attached hereto as **EXHIBIT B.** The City of Frisco also has certain Form Based Codes from the FORM BASED CODE MANUAL attached hereto as **Exhibit D** which may place certain additional restrictions or requirements for construction in Millstone Estates. Refer to **Exhibit D** for the specific sections.

(a) **Setbacks, Minimum and Maximum Lot Coverage and Area.** All Residences and other Structures shall be constructed in conformity with the requirements of the City and its applicable City Zoning Ordinances as shown on **Exhibit C** attached hereto and shall comply with the building lines reflected on the Plat. **The Builder constructing the initial Residence on a**

Lot and each subsequent Owner of such Lot shall be liable and responsible for ensuring compliance with any setback requirements established by the City applicable to such Lot.

(b) **Residence Size and Type.** The minimum square footage of each Residence (exclusive of all porches, garages or breezeways) shall be 800 square feet or the minimum square footage required by the City for each Residence as defined by the City Zoning Ordinance 14-09-52. The maximum square footage of enclosed air conditioned area of each Residence (exclusive of all porches, garages or breezeways) shall not exceed the maximum allowed by the City of Frisco and/or its applicable City Zoning Ordinances. Each Residence shall be of new construction on a Lot and no mobile homes or manufactured housing shall be permitted on the Property except as authorized by the Declarant on a temporary basis in connection with construction or sales activities on the within the Property by Declarant or Builder.

(c) **Front Porch Requirements.** Porches, if applicable, shall have a minimum seven foot (7') depth between building wall and inside of railing. Porches shall contain a minimum of seventy square feet (70') of area. Porch columns supporting the roof shall be constructed of stone, cast stone or brick (which matches the masonry on the main structure) on buildings which contain sixty percent (60%) or more of masonry exterior walls, excluding windows and doors. Buildings with less than sixty percent (60%) masonry may use columns made of cementitious fiberboard material approved by the City of Frisco and/or the ACC. The porch foundation shall be an extension of the house foundation and may not just be constructed as a deck.

(d) **Maximum Height.** The maximum height in feet / stories for any residence shall be 40 feet (40') or two and one-half stories (2 ½).

(e) **Garage Requirements.** Each single family residence shall have at least a two (2) car attached garage constructed as a part thereof, in compliance with the minimum applicable requirements under applicable Zoning Ordinances or otherwise established by the City. Each garage must comply in material, size, and type to the City Zoning Ordinance and must match or complement the materials and color of the Residence on the Lot. All garages facing the street adjacent or parallel to the front property line of a Lot may have a minimum setback requirement. Rear loading garages shall be acceptable for homes with an alley entrance. It shall be the responsibility of the Builder to meet any setback requirements for front or rear loading garages whether or not said minimum requirement is provided in this Declaration.

Each single-family Residence erected on any Lot shall provide off-street parking space (inclusive of garage space) for a minimum of two (2) automobiles. No garage shall be modified or converted for use as living space or any use other than as a garage, except with regard to model homes or sales offices operated by Builders for which the garage may be modified or converted to living space or for other uses during periods in which such Residence(s) are being operated as a model home or sales office of a Builder.

(f) **Drive/Walkway Requirements.** All driveways and sidewalks shall conform to applicable City and other governmental specifications and regulations. Each Lot must be accessible to an adjoining Street or Alley by a concrete driveway unless other materials are approved in writing by the Declarant or ACC. If required by the City, concrete sidewalks shall

be installed on each Lot by the Builder constructing the initial Residence on any Lot and in conformance with the requirements of the City. Driveways shall not be used for storage at any time and must be kept in good and clean condition. Driveway extensions are prohibited without the express written consent of the ACC.

(g) Construction Materials. All construction materials shall conform to the Design Guidelines set forth on Exhibit B attached hereto.

(h) Ancillary Structure Provisions. All ancillary Structures (as described below) shall conform to the requirements of this Section:

(i) Antennas, Aerials and Satellite Dishes.

(A) Any antenna or satellite dish less than one meter in diameter shall be installed to the maximum extent possible so as to not be visible from any street or the ground level of any adjacent Lot or Common Area, and shall be integrated with the Residence and surrounding landscape.

(B) Any broadcast television antennas and any other antennas and aerials shall be located inside the attic of the Residence constructed on the Lot.

(C) One (1) satellite dish over one meter in diameter shall be permitted per Residence only if it is not visible from any street or the ground level of an adjoining Lot or Common Area, and does not extend above the height of the fence surrounding the Lot on which such satellite dish is located.

(D) With respect to any antenna or satellite dish covered by Section 47 C.F.R. Part I, Subpart S, Section 1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time, the provisions of Section 3.4(f)(1)(A) and 3.4(f)(1)(B) shall be applicable only to the extent that the requirements hereof do not (A) preclude reception of an acceptable quality signal, (B) unreasonably delay or prevent installation, maintenance and use of the antenna or satellite dish, or (C) unreasonably increase the cost of installation, maintenance and use of the antenna or satellite dish.

(2) Fences and Walls. All fences constructed within the Property shall comply with the Design Guidelines attached hereto as Exhibit B. Any transition between intersecting fences of differing heights shall occur over a slope a distance of two feet (2') from the point of intersection or as may be required by applicable City ordinance(s). No fences or walls shall be constructed on any Lot or Common Area, other than by the Builder, or Declarant, unless approved in writing by the Declarant, the ACC (or the Board in the absence of the ACC). Fencing shall be kept in good condition at all times. Fencing in disrepair including faded stain or paint, peeling and chipping paint, broken pickets or panels, leaning or fallen panels, and bent or broken wrought iron or tubular steel fencing shall be promptly repaired or replaced. No vinyl or chain link fencing is allowed.

(3) **Trash Containers.** All trash containers belonging to a specific residence shall be screened from view from Streets, except during the period commencing 24-hours prior to scheduled pick-up and ending 24-hours after scheduled pick-up as permitted under Section 2.2(f) hereof.

(4) **Outbuildings.** Outbuildings must be approved in writing by the ACC consistent with Section 2.2(l) herein.

(5) **Hedges.** Hedges shall be maintained at a height that is no higher than twenty-four inches (24") above the height of fences and walls on a Lot. Each Owner shall keep and maintain hedges on its Lots in a manner that preserves the structural integrity of the fence and/or wall, and ensures same is not compromised, and in a manner to prevent encroachment of such hedge onto any adjacent Lot. No hedge shall be maintained in a manner that obstructs any sidewalk or the visibility of intersections of Streets. Each Owner shall perform regular landscape maintenance to hedges on its Lot, removing dead or dying hedges and replacing hedges within thirty (30) days of loss when favorable planting conditions exist or ninety (90) days of loss when unfavorable planting conditions exist.

(6) **Retaining Walls.** No retaining walls shall be constructed on any Lot, other than by the Declarant or Builder(s) unless approved in writing by the Declarant or ACC (or the Board in the absence of the ACC).

(7) **Recreational Facilities.** A swimming pool and/or other recreational facilities may not be constructed within any Lot without written approval by the ACC prior to commencement of construction to ensure compliance with the requirements contained in this Declaration and/or the Design Guidelines as well as those of the City with respect to location and screening. Above ground pools are prohibited. All pool service equipment shall be either screened with shrubbery or fenced and located in (A) a side yard between the front and rear boundaries of the Residence or (B) in the rear yard, or (C) otherwise concealed in a location not visible from any Street, Common Area or adjacent Lot. The foregoing shall not apply to any Common Amenities constructed or installed by Declarant within the Common Areas.

(7) **Signage.** All signs displayed within the Property must be approved signage only, be professionally produced and manufactured and otherwise comply with the Design Guidelines set forth on Exhibit B attached hereto. Each Owner hereby grants permission to the ACC (or its duly authorized agents) to enter upon a Lot or any part of the Property and remove any sign, billboard or advertising structure that does not comply with the above requirements and, in doing so, the ACC (or its duly authorized agents) shall not be subject to any liability to any Person whatsoever for trespass, conversion, or any claim for damages in connection with such removal. The ACC's cost to remove any sign shall be added to the Owner's assessment account, be payable upon demand and secured by the Assessment Lien created in Article 6. This Section shall not apply to Builders or Developer and the use or placement of signs for the purpose of advertisement of model homes or homes for sale or purchase.

(8) **Mailboxes.** Mailboxes shall be standardized throughout Millstone Estates and shall be constructed in accordance with the Design Guidelines. An address block shall be installed on the front facade or mailbox of each residence. Mailbox construction shall be brick and the condition of the mailbox maintained in good condition at all times.

Section 3.5 Height Restrictions. All Residences and other Structures shall conform to the height restrictions of the City and as specified in Section 3.4(d) above.

Section 3.6 Roof Restrictions. All Residences shall have a minimum roof pitch of 6:12 slope, and comply with the City Ordinances as applicable. Roofing Materials shall be asphalt shingles with a 20-year rated or better shingle having a minimum weight of 220 pounds per square (100 square feet) and have a weathered brown or gray color. Other roofing materials shall not be used without written approval from the ACC. Roofs must be kept in good repair at all times. Missing, lifted or broken shingles shall be promptly replaced with materials of a same type and color. Bows in roofing material shall be promptly corrected.

Section 3.7 Construction Period and Process. All construction activities, temporary Structures, garbage containers, storage of materials and equipment, construction-related parking and temporary security fences shall be confined entirely on such Lot or, if applicable, (a) such other portion of the Property designated by Declarant for such use or (b) such other Lots owned by such Builder which may be used as staging, parking or storage areas with related temporary Structures and fencing thereon for purposes of such Builder's initial construction of Residences on Lots owned by it. Each Owner is responsible for, and shall cause, through appropriate contractual provisions, all costs of cleaning up any debris or waste improperly disposed of anywhere on the Property. Each Owner and such Owner's contractors shall use reasonable diligence to maintain an attractive, clean, debris and nuisance-free environment during the period of construction. Each Owner of a Lot on which improvements are being constructed shall keep all Streets reasonably cleared of mud and dirt left by construction vehicles for each Lot. Once commenced, all construction on a Lot of any Residence (including the Initial Residence thereon) (a) shall be continued with due diligence and good faith until completion, and (b) shall be completed within twelve (12) months after commencement thereof, subject to delays for force majeure. Construction of any Structures shall be completed within the time periods specified in the plan approval process hereunder or as established by the City, subject to force majeure. All areas under construction shall be maintained in a clean, safe condition, and debris, trash, and rubble shall be stored in appropriate containers and promptly removed from the Property.

Section 3.8 Landscaping. Weather permitting, landscaping of a Lot must be completed within thirty (30) days after (a) the date on which any Residence on a Lot is ninety-five percent (95%) complete, with respect to the initial construction of a Residence on a Lot, or (b) the date on which an Owner commenced installation and/or construction of such landscaping improvements with respect to landscaping improvements and work on Lots with existing Residences. In any event, all landscaping requirements for Residences as set forth in the Design Guidelines attached as Exhibit B to this Declaration, and as such Design Guidelines may be amended from time to time by the Board, the ACC or the Association pursuant to the terms hereunder, shall be satisfied prior to occupancy of a Residence on a Lot, provided that in any event (i) all front and side yards of a Lot shall be fully sodded, (ii) all yard areas with required landscape (including Street Trees if applicable) shall be irrigated by a fully automated irrigation

system with drip irrigation installed in the front yard planter beds and front yard trees as required by applicable City ordinances, which irrigation system for a Lot shall include irrigation of Street Trees located in the public right-of-way adjacent to such Lot, if applicable (iii) the Owner of a Lot shall be liable and responsible for maintaining and replacing any Street Trees in the Public right-of-way adjacent to such Lot, if applicable, (iv) each Lot shall include at least (A) one (1) tree with a caliper of a minimum of three and one-half inches (3 ½ ") measured at 12" above grade and a minimum of six (6) feet in height; (B) trees located on corner Lots which may impede line of sight must maintain a canopy a minimum of nine (9) feet above grade; and (C) landscaping that otherwise complies with any requirements of the City or other applicable governmental authorities and the Design Guidelines promulgated by the Board, the ACC or the Association hereunder (collectively, the "Minimum Landscaping Requirements"). Street Trees, if applicable, shall not be counted toward the Minimum Landscaping Requirements for a Lot hereunder. With respect to each and every fence installed at or near the side Lot line of any corner Lot running parallel to a Street, the Lot Owner shall be obligated to maintain all grass areas between the fence and the Street, as applicable (and if any Owner fails to do so, the Association shall have the right, but not the obligation to maintain same at the Owner's cost, and shall have all other rights and remedies as are provided for in this Declaration). Trees and landscaping must be maintained at all times. Dead or dying trees, plants, shrubs, grass and vegetation must be removed and promptly replaced. Replacement must occur within thirty (30) days when favorable planting and/or weather conditions exist or ninety (90) days when unfavorable planting and/or weather conditions exist. No artificial turf, plants, trees or flowers are allowed.

Section 3.9 Retaining Walls. Retaining walls may be installed to achieve even grades for pools, driveways or Residence foundations or to prevent storm water drainage to flow onto other Lots as required by Section 2.2(i) hereof. Such retaining walls must be constructed of such materials and height, and in a manner and location, approved in writing by the Declarant or ACC and the City, if applicable. All retaining walls visible from any Street in front of a Lot, and, for corner Lots, from the adjacent side Street, shall be finished with landscape quality rock or stone. Any retaining walls built by the Declarant on Common Area to be maintained by the Association shall be conveyed to and maintained by the Association as Common Areas and/or Common Amenities. Any retaining walls located within a Lot shall be maintained and repaired by the Owner of the Lot on which such retaining wall is located. In the event that a retaining wall is located on a shared property line between two Lots, the Owner of the high-side Lot shall be responsible for the maintenance and repair of such retaining wall.

Section 3.10 Right to Waive or Modify Specific Instruction Provisions. The ACC shall have the right, in its discretion, to grant reasonable waivers of the construction provisions set forth in this Declaration, and any such waiver shall not entitle any other Person to a similar waiver and shall only be granted with respect to portions of the Property for which such ACC is responsible in accordance with the terms of this Declaration.

Section 3.11 Declarant Rights. So long as the Declarant owns any Lot, such Declarant may exercise any of the rights of the ACC appointed by such Declarant under this Article 3 and supersede any decision or action of such ACC. Declarant shall have the sole right to approve variances during the period of Declarant control. All variance requests shall be reviewed and determined on a case by case basis.

Section 3.12 Repairs, Replacements and Modifications. The provisions of this Article 3 shall apply to any and all repairs, replacements or modifications of any improvements placed upon any Lot and shall not be deemed or construed as being limited to initial or new construction.

ARTICLE 4 MAINTENANCE PROVISIONS

Section 4.1 Owner's Obligation to Maintain. Each Owner shall maintain its Lot and the Residence and other Structures thereon in a clean, first class condition. Each Owner shall keep all landscaping and an irrigation system on such Owner's Lot in a neat, orderly and well-maintained condition and shall keep the sidewalk on or in front of such Owner's Lot in good condition and repair. Each Owner shall regularly mow grass on its Lot so that at all times such Owner's Lot contains no weeds, grass or unsightly growth exceeding four inches (4") in height. Each Owner shall be responsible for the maintenance and upkeep of the Street Trees located in the public right-of-way adjacent to their Lot. Replacement of Street Trees must adhere to the tree replacement policy located in the Design Guidelines attached hereto as **Exhibit B**. Each Owner shall maintain the exterior of Residences and Structures located within the Lot owned by it in good condition and shall make such repairs and replacements as necessary to maintain good order and the aesthetic harmony of the Property. The Declarant and/or Association shall maintain the exterior of any improvements or Structures located within Common Areas owned by it in good condition and shall make such repairs and replacements as necessary to maintain good order and the aesthetic harmony of the Property.

Section 4.2 Damaged Improvements. If any Residence or Structure is damaged in any way, the Owner shall immediately repair such damage.

Section 4.3 Declarant/Association Right to Perform. If any Owner fails to maintain the condition of its Lot, the landscaping thereon, including the prompt removal of rotting or diseased trees and shrubs, or the Residence or other Structures thereon as contemplated by this Article 4 and fails to take action to correct such defect within twenty (20) days after the Declarant or the Association has furnished written notice thereof to such Owner, then the Owner of such Lot hereby grants permission to Declarant or Association (or its duly authorized agents) to enter upon such Lot and perform those duties which the Owner failed to perform without liability whatsoever to such Owner or any Person for trespass, conversion, or any claim for damages. The cost of performing such duties shall be added to the Owner's assessment account and shall bear interest at the maximum rate of interest permitted to be charged under applicable law, and shall be payable upon demand and secured by the Assessment Lien provided for in Article 6.

Section 4.4 Easement Maintenance.

(a) **Generally.** Each Owner grants to the Association, the Board, and the Declarant the right to access, repair, and maintain all facilities and improvements within any wall, entry, fence, landscape, or other similar easement as recorded on any Plat.

(b) **Drainage Easement.** By acquisition of a Lot, each Owner hereby grants, creates and conveys unto the Association, the other adjacent Owners and the Declarant (prior to the establishment of the Association, and thereafter, the Association) a perpetual non-exclusive easement (the "**Drainage Easement**") over (i) all drainage easements within such Owner's Lot and shown on the Plat and (ii) an area within the five feet (5') utility easement on the shared property line of each Lot within the Property as shown on the Plat for the purpose of (a) access, ingress, egress, as is reasonably necessary to maintain, repair and/or restore the grading and/or drainage improvements serving the Lots and/or the Property, and (b) permitting runoff and/or storm water to drain from other adjacent Lots over, through, under and across the Owner's Lot(s) to the extent such drainage does not adversely affect any Residence; **provided, however,** in no event shall Declarant and/or the Association be liable to maintain, repair or restore any grading or drainage on or serving any Lot. Neither the Declarant nor Declarant's successors or assigns shall be liable for any loss of, or damage done to, any shrubbery, grass, flowers, improvements, fences, sidewalks, driveways or buildings of any type or the contents thereof on any Lot caused by any water levels, rising waters or drainage waters. Notwithstanding any of the foregoing rights of the Association or the Declarant, each Owner hereby agrees to maintain the Drainage Easement area within the Lot owned by such Owner at such Owner's sole cost and expense. If any structures or other obstructions are constructed, created or placed by any Owner within the Drainage Easement area without the prior written consent of the Association and/or the Declarant, the Declarant or the Association shall have the right to remove such structure or obstruction at the sole cost of such Owner.

**ARTICLE 5
OWNERS' ASSOCIATION**

Section 5.1 Establishment. The Association has heretofore been or will hereafter be created as a Texas non-profit corporation. Each Owner of a Lot shall be a Member of the Association and such membership is appurtenant to and shall not be separated from ownership of a Lot. Upon the transfer of a Lot, the new Owner shall automatically become a Member of the Association. The term of existence of the Association and other matters pertaining to its operation are set forth in its Certificate of Formation and the By-Laws. The Association is established to enforce this Declaration, to promote the interests of the Owners as residents and developers of the Property, and to enhance the value of the Lots and Property as part of a harmonious, high quality, residential subdivision.

Section 5.2 Membership; Voting Power.

(a) **Generally; Classes of Members.** Every Owner (including Declarant) shall automatically be and must remain a Member of the Association so long as such Person is an Owner of a Lot. The membership of a Person in the Association shall terminate automatically whenever such Person ceases to be an Owner of a Lot, except that such termination shall not

release or relieve such Person from any liability or obligation arising under this Declaration during such Person's period of ownership. Any transfer of title to a Lot shall operate automatically to transfer membership in the Association appurtenant to such Lot to the new Owner of such Lot. The Association shall have two classes of voting membership as follows:

(i) **Class A.** The Class A Members shall be all Owners other than the Declarant and shall be entitled to one vote for each Lot owned. If more than one person owns an interest in a Lot, they shall combine their vote in such way as they see fit, but there shall be no fractional votes, and no more than one vote with respect to any Lot.

(ii) **Class B.** The Class B Member shall be the Declarant who shall be entitled to ten (10) votes for each Lot owned by such Declarant. Subject to the conditions set forth in the remainder of this paragraph, the Class B membership applicable to the Declarant's Property shall be converted to Class A membership upon the earlier of (i) the total votes outstanding in the Class A membership applicable to the Declarant's portion of the Property equaling the total votes outstanding in the Class B membership applicable to such Declarant's portion of the Property, (ii) ten (10) years from this filing, or (iii) the recording in the Records of Collin County, Texas, of a notice signed by the Declarant terminating its Class B membership. In determining the number of Lots owned by the Declarant for the purpose of Class B membership status hereunder, the total number of Lots covered by this Declaration, including all Lots annexed thereto in accordance with Sections 8.1 and/or 8.2 herein shall be considered. In the event the Class B membership has previously lapsed as provided in (i) above, but annexation of additional property restores the ratio of Lots owned by the Declarant to the number required for Class B membership status, such Class B membership shall be reinstated until it expires pursuant to the terms hereof.

(b) **Members in Good Standing.** A Member shall be considered to be a "**Member in Good Standing**" (herein so called) and eligible to vote on Association related matters if such Member:

(i) Has, at least ten (10) days prior to the taking of any vote by the Association, fully paid all Assessments or other charges levied by the Association, as such Assessments or charges are provided for hereunder;

(ii) Does not have a Notice of Unpaid Assessments or similar notice filed by the Association against the Lot owned by such Owner;

(iii) Has not received any notice of a violation of this Declaration, or any notice of violation of the Design Guidelines or any design guidelines promulgated hereunder, which violation is continuing and has not been cured by such Member in violation; and

(iv) Has discharged all other obligations to the Association as may be required of Members hereunder or under the Association Documents.

The Board shall have the right and authority, in the Board's sole and absolute discretion, to waive the ten (10) day prior payment requirement in Section 5.2(b)(i) hereof and require only that such payment be made at any time before such vote is taken if the Board shall determine, in the Board's sole and exclusive judgment, that extenuating circumstances exist which have prevented prior payment. Any Member not conforming with the provisions of this Section shall be declared by the Board not to be a Member in Good Standing and any such Member's vote shall not be entitled to be exercised on matters before the Association until such time as Member in Good Standing status is attained and so declared by the Board. Notwithstanding the foregoing or anything to the contrary contained herein, for as long as required under the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 *et seq.*), nothing contained in this Section 5.2(b) shall prohibit a Member's vote (whether or not such Member is a Member in Good Standing) from being exercised by such Member to elect directors of the Board or on matters that affect such Member's rights or responsibilities with respect to the Lot owned by it, at any meeting of or action taken by the Members of the Association.

(c) Board of Directors Election. The Board shall be elected as provided in the Association Documents. The Board shall act by majority vote as provided in the Association Documents. Notwithstanding anything to the contrary contained in the Association Documents or in this Declaration, except as may be otherwise required by applicable law, during the Development Period, the Declarant shall have the sole right to appoint and remove directors of the Board.

(d) Specific Powers of Board. Without limiting the authority granted to a board of directors under the Texas Business Organizations Code, the Board shall have the following specific powers on behalf of the Association:

- (1) to enforce the provisions of this Declaration;
- (2) to enter into contracts;
- (3) to retain third parties, as necessary, to assist the Board in carrying on the Association's activities, including engineers, accountants, lawyers, architects, land planners, professional management, and other consultants;
- (4) to take such action as necessary to maintain the Common Area and Common Amenities in good order and condition;
- (5) to acquire property, services and materials to carry out its duties;
- (6) to purchase insurance covering potential liability for use of the Common Area and/or Common Amenities and for other risks;
- (7) to borrow money for Association purposes;
- (8) to initiate and defend litigation, arbitration and other similar proceedings;

(9) to promulgate reasonable rules and regulations for access to and use of Common Area and/or Common Amenities as well as a policy establishing a schedule and procedures by which the Board may assess fines against Owners for violations of the the Design Guidelines;

(10) to establish and collect reasonable fees for the use of any Common Amenities within or on the Common Area; and

(11) to establish and collect a reasonable fee for copying and furnishing copies of the Association's governing documents and furnishing a Resale Certificate (as hereinafter defined) as and to the extent required by law. This function and the authority to collect and receive such fees may be delegated or assigned by the Board to the Association's Managing Agent; and

Section 5.3 Officers. The Association will have such officers as are set forth in the Association Documents.

Section 5.4 Quorum, Notice and Voting Requirements.

(a) **Generally.** Except as otherwise specifically provided in this Declaration, any action requiring the vote or approval of the Members or the Owners shall require the majority vote of the Members in Good Standing (both classes voting together), represented at a duly called meeting of the Members in person or by a legitimate proxy in form provided in the Association Documents or otherwise approved by the Board, at which a "Regular Quorum" or a "Special Quorum" is present. Written notice of a meeting must be given to all Members not less than ten (10) days nor more than sixty (60) days in advance of any such meeting and shall set forth the purpose(s) of such meeting. No action may be taken at a meeting on any matter that is not described in the applicable meeting notice as being on the agenda for such meeting. Notwithstanding anything herein to the contrary, to the extent permitted by applicable law and in the Association Documents from time to time, any action may be taken by written consent of the Members in lieu of formal meetings representing the requisite number of votes which would be required to consent or approve of such action at a meeting of the Members had such meeting taken place.

(b) **Special Quorum.** The quorum (a "Special Quorum") required for any action referred to in Section 6.3(b) (maximum increase in Maintenance Assessments) hereof or Section 6.4(a) (Special Purpose Assessments) hereof.

Members in Good Standing, represented at a duly called meeting of the Members in person or by a legitimate proxy in form provided in the Association Documents or otherwise approved by the Board, entitled to cast thirty percent (30%) of all of the votes of Members in Good Standing (both classes of Members taken together) shall constitute a Special Quorum. If the required Special Quorum is not present at such meeting, that meeting may be adjourned, and an additional meeting may be called, subject to the notice requirement set forth herein, with the required Special Quorum at such second (2nd) meeting being reduced to one-half (1/2) of the required Special Quorum at the preceding meeting; provided, however, that such second (2nd)

meeting must be held not later than thirty (30) days after the first (1st) meeting. Further, if the reduced required Special Quorum is not present at such second (2nd) called meeting, the adjournment of the meeting shall be continued, and one (1) additional meeting may be called, subject to the notice requirement set forth herein, with Declarant alone constituting the required Special Quorum at such third (3rd) meeting; provided that such third (3rd) meeting must be held not later than forty-five (45) days after the first (1st) meeting.

(e) **Regular Quorum.** The quorum (a "**Regular Quorum**") required for any action other than the action referred to in Section 5.4(b) hereof shall be as follows:

Members in Good Standing, represented at a duly called meeting of the Members in person or by a legitimate proxy in form provided in the Association Documents or otherwise approved by the Board, entitled to cast ten percent (10%) of all of the votes of Members in Good Standing (both classes of Members taken together) shall constitute a Regular Quorum. If the required Regular Quorum is not present at such meeting, that meeting may be adjourned, and an additional meeting may be called, subject to the notice requirement set forth herein, with the required Regular Quorum at such second (2nd) meeting being reduced to one-half (1/2) of the required Regular Quorum at the preceding meeting; provided, however, that such second (2nd) meeting must be held not later than thirty (30) days after the first (1st) meeting. Further, if the reduced required Regular Quorum is not present at such second (2nd) called meeting, the adjournment of the meeting shall be continued, and one (1) additional meeting may be called, subject to the notice requirement set forth herein, with Declarant alone constituting the required Regular Quorum at such third (3rd) meeting; provided that such third (3rd) meeting must be held not later than forty-five (45) days after the first (1st) meeting.

(d) **Consent without a Meeting.** As an alternative to the procedure set forth in this Section, any action may be taken without a meeting upon obtaining the assent given in writing and signed by the Members in Good Standing who hold more than (i) thirty percent (30%) of the outstanding votes eligible to be cast by Members in Good Standing (both classes of Members taken together) for actions referred to and requiring a Special Quorum as provided in Section 5.4(b) hereof, or (ii) ten percent (10%) of the outstanding votes eligible to be cast by Members in Good Standing (both classes of Members taken together) for actions referred to and requiring a Regular Quorum as provided in Section 5.4(c) hereof.

(e) **Controlling Provisions.** Except as set forth in this Section, the notice, voting and quorum requirements for all action to be taken by the Association shall be as set forth in the Association Documents. In the event a conflict exists between any requirement in of this Section 5.4 and the requirements of any Association Documents, the terms of this Section 5.4 shall prevail.

Section 5.5 Dissolution. So long as the Declarant owns record title to any portion of the Property, the Association shall not be dissolved. Once the Declarant is divested of all ownership interest in the Property, the Association may be dissolved upon the written consent of Owners owning at least sixty-seven percent (67%) of the Lots, provided that (a) the assets of the Association shall be donated to a nonprofit organization selected by a majority of the Board and with purposes similar to the Association, and (b) such nonprofit organization must assume in

writing the obligation to maintain the donated assets in accordance with the terms of this Declaration.

ARTICLE 6 ASSESSMENTS

Section 6.1 Power to Establish Assessments. The Association is empowered to establish and collect Assessments as provided in this Article 6 for the purpose of obtaining funds to maintain the Common Area and/or Common Amenities, perform its other duties, and otherwise preserve and further the operation of the Property as a first-class, quality residential subdivision. The purposes for which Assessments may be used include, without limitation, maintaining, operating, managing, repairing, replacing or improving the Common Area, Common Amenities or any improvements thereon; mowing grass and maintaining grades and signs; paying legal fees and expenses incurred in enforcing this Declaration; paying expenses incurred in collecting and administering assessments; paying insurance premiums for liability and fidelity coverage for the ACC, the Board and the Association; and satisfying any indemnity obligation under the Association Documents. The Board may reject partial payments and demand payment in full of all amounts due and owing the Association. The Board is specifically authorized to establish a policy governing how payments are to be applied. The Assessments due hereunder shall be in addition to any assessments levied or collected by the Master Association pursuant to the Master Declaration and/or Master Association Documents, to the extent such assessments levied or collected by the Master Association are not included in the Common Expenses on which the Assessments are based.

Section 6.2 Commencement of Assessments.

(a) **Owner other than the Declarant.** Unless otherwise provided by separate agreement by and between the Declarant and any Person, the Assessments shall commence, as to each Lot located in the Declarant's Property, upon the conveyance of a Lot by the Declarant to any Person that is not an affiliate of the Declarant.

(b) **Declarant.** The Declarant shall not be liable for Assessments for any Lots that it owns. The Declarant may, but shall have no obligation to, subsidize the Association from time to time. In the event the Declarant decides to subsidize the Association the same may be, at the Declarant's sole discretion, considered as loan to the Association and any shortfall in the operating budget of the Association which is due in part to the failure of the Association to collect delinquent Assessments, then the Association shall immediately and vigorously pursue collection of such delinquent Assessments through foreclosure, if necessary, and shall reimburse the Declarant the amounts, if any, so collected. Builders, so long as they are not a Declarant, are excluded from the provisions of this Section 6.2(b) and shall have no such obligation to the Association.

Section 6.3 Regular Annual Maintenance Assessments.

(a) Prior to the beginning of each fiscal year, the Board will estimate the expenses to be incurred by the Association during such year in performing its functions and exercising its powers under this Declaration, including, but not limited to, the cost of all management, repair and maintenance, the cost of providing street and other lighting, the cost of administering and enforcing the covenants and restrictions contained herein, and will estimate the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, and will give due consideration to any expected income and any surplus from the prior year's fund. Assessments sufficient to pay such estimated net expenses will then be levied at the level of Assessments set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any individual Assessment, the Association may at any time, and from time to time, levy further Assessments in the same manner. All such regular Assessments will be due and payable to the Association annually on or before the first day of January of each fiscal year, or in such other manner as the Board may designate in its sole and absolute discretion. Beginning with the year 2015, the regular annual assessments shall be Seven Hundred Fifty and NO/100 Dollars (\$750.00).

(b) Limits on Maintenance Assessments. The Board may increase the Maintenance Assessment annually to meet the anticipated needs of the appropriate budget, but the Maintenance Assessment may not be increased in any year by an amount in excess of twenty-five percent (25%) above the previous year's Maintenance Assessment, unless either (i) such increase is approved by a majority vote of those members of the Association present at a meeting, in person or by proxy, where a Special Quorum exists, or (ii) Notwithstanding the foregoing, in the event that either (i) the Board determines that due to unusual circumstances the maximum annual Maintenance Assessment even as increased by twenty-five percent (25.0%) will be insufficient to enable the Association to pay the Common Expenses, the Board shall have the right to increase the maximum annual Maintenance Assessment by the amount necessary to provide sufficient funds to cover the Common Expenses without the approval of the Members as provided herein; provided, however, the Board shall only be allowed to make one (1) such increase per calendar year without obtaining approval of a Special Quorum of the Members as provided in this Section 6.3(b).

(c) Uniform Assessments. Maintenance Assessments for all Lots shall be uniform.

Section 6.4 Special Assessments.

(a) Special Purpose Assessments. The Association may impose special assessments ("Special Purpose Assessments") to make capital improvements to the Common Area and/or Common Amenities, to satisfy its indemnity obligations under the Association Documents, or for other similar purposes. Any Special Purpose Assessment proposed by the Association must be approved by a majority vote of those members of the Association present at a meeting, in person or by proxy, at which a Special Quorum exists. At least fifteen (15) days prior to any meeting of

the Association called to consider any Special Assessment, the Board shall notify each Owner thereof by written notice specifying the total amount of the Special Purpose Assessment required, the amount thereof imposed on each Lot (which shall be uniform), the purpose for such Special Purpose Assessment, and the time and method of payment thereof. The time for paying any Special Purpose Assessment (which may be in installments) shall be as specified in the approved proposal.

(b) Special Member Assessments. The Board may levy a "Special Member Assessment" (herein so called) on any Member, to the extent any directly related insurance proceeds (if any) paid to the Association are not sufficient to pay all such costs, for the purpose of:

(i) Paying the cost of any damage or loss requiring maintenance, repairs or replacement of Common Amenities, which damage or loss has been determined by the Board to have been caused, either directly or indirectly, by the act(s) of such Member, or such Member's agent, employee, occupant or visitor;

(ii) Paying the maintenance costs, construction delay damages and fines imposed for violations of this Declaration, the Design Guidelines or any other rules and/or regulations promulgated thereby or other amounts chargeable to any Owner as otherwise set forth herein; and/or

(iii) Paying costs and expenses incurred by the ACC in connection with its review of a Member's plans and related inspections permitted pursuant to Section 3.2(c) hereof.

Section 6.5 Liability for and Enforcement of Assessments.

(a) Personal Liability. Each Owner shall be personally liable for all Assessments imposed against the Owner's Lot during the time it owns a Lot.

(b) Reservation, Subordination, and Enforcement of Assessment Lien. Declarant hereby reserves for the benefit of the Association, a continuing contractual lien (the "Assessment Lien") against each Lot located on such Declarant's portion of the Property to secure payment of (1) the Assessments imposed hereunder and (2) payment of any amounts expounded by the Association in performing a defaulting Owner's obligations as provided for in Section 4.3. THE OBLIGATION TO PAY ASSESSMENTS IN THE MANNER PROVIDED FOR IN THIS ARTICLE, TOGETHER WITH INTEREST FROM SUCH DUE DATE AT THE DEFAULT INTEREST RATE SET FORTH IN SECTION 6.5(f) HEREOF (IF APPLICABLE), THE CHARGES MADE AS AUTHORIZED IN SECTION 6.5(e) HEREOF, ALL VIOLATION FINES AND THE COSTS OF COLLECTION, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES, IS SECURED BY A CONTINUING CONTRACTUAL ASSESSMENT LIEN AND CHARGE ON THE LOT COVERED BY SUCH ASSESSMENT, WHICH SHALL BIND SUCH LOT AND THE OWNERS THEREOF AND THEIR HEIRS, SUCCESSORS, DEVISEES, PERSONAL REPRESENTATIVES AND ASSIGNEES. The continuing contractual Assessment Lien shall attach to the Lots as of the date of the recording of this Declaration in the Official Public Records of Collin County, Texas, and such Assessment

Lien shall be superior to all other liens except as otherwise provided in this Section 6.5(b). Each Owner, by accepting conveyance of a Lot, shall be deemed to have agreed to pay the Assessments herein provided for and to the reservation of the Assessment Lien. The Assessment Lien shall be subordinate only to the liens of any valid first lien mortgage or deed of trust encumbering a particular Lot and the assessment lien established by the terms of the Master Declaration. Sale or transfer of any Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to a first mortgage or deed of trust foreclosure (whether by exercise of power of sale or otherwise) or any proceeding in lieu thereof, shall only extinguish the Assessment Lien as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability and the Assessment Lien for any Assessments thereafter becoming due. The Assessment Lien may be non-judicially foreclosed by power of sale in accordance with the provisions of Section 51.002 of the Texas Property Code (or any successor provision) or may be enforced judicially. Each Owner, by accepting conveyance of a Lot, expressly grants the Association a power of sale in connection with the foreclosure of the Assessment Lien. The Board is empowered to appoint a trustee, who may be a member of the Board, to exercise the powers of the Association to non-judicially foreclose the Assessments Lien in the manner provided for in Section 51.002 of the Texas Property Code (or any successor statute). The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. The rights and remedies set forth in this Section 6.5(b) are subject to the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 *et seq.*).

(c) Notices of Delinquency or Payment. The Association, the Association's attorney or the Declarant may file notice (a "Notice of Unpaid Assessments") of any delinquency in payment of any Assessment in the Records of Collin County, Texas. THE ASSESSMENT LIEN MAY BE ENFORCED BY FORECLOSURE OF THE ASSESSMENT LIEN UPON THE DEFAULTING OWNER'S LOT BY THE ASSOCIATION SUBSEQUENT TO THE RECORDING OF THE NOTICE OF UNPAID ASSESSMENTS EITHER BY JUDICIAL FORECLOSURE OR BY NONJUDICIAL FORECLOSURE THROUGH A PUBLIC SALE IN LIKE MANNER AS A MORTGAGE ON REAL PROPERTY IN ACCORDANCE WITH THE TEXAS PROPERTY CODE, AS SUCH MAY BE REVISED, AMENDED, SUPPLEMENTED OR REPLACED FROM TIME TO TIME. Upon the timely curing of any default for which a notice was recorded by the Association, the Association, through its attorney, is hereby authorized to file of record a release of such notice upon payment by the defaulting Owner of a fee, to be determined by the Association but not to exceed the actual cost of preparing and filing a release. Upon request of any Owner, any title company on behalf of such Owner or any Owner's mortgagee, the Board, through its agents, may also issue certificates evidencing the status of payments of Assessments as to any particular Lot (i.e., whether they are current or delinquent and if delinquent, the amount thereof). The Association or its Managing Agent may impose a reasonable fee for furnishing such certificates or statements.

(d) Suit to Recover. The Association may file suit to recover any unpaid Assessment and, in addition to collecting such Assessment and interest thereon, may also recover all expenses reasonably expended in enforcing such obligation, including reasonable attorneys' fees and court costs.

(e) Late Charges and Collection Fees. If any Assessment or any part thereof remains unpaid after thirty (30) calendar days from and after the due date established by the Board, a late charge shall be assessed against the non-paying Owner for each month or any part thereof, that any portion of any Assessment remains unpaid. Should any Assessment be payable in installments, the Association is authorized to accelerate the entire Assessment and demand immediate payment thereof. The late charge shall be in the amount of Twenty-five and No/100 Dollars (\$25.00) per month and shall be payable to the Association. The Association's Managing Agent shall be entitled to charge an Owner a monthly collection fee in the amount of Fifteen and No/100 Dollars (\$15.00) to compensate Managing Agent for its administrative costs and efforts to collect and process the late payment of Assessments. A service charge in the amount of Twenty-five and No/100 Dollars (\$25.00) shall be charged for each check that is returned because of insufficient funds or any other reason. The amount of late charges and service charges may be adjusted, from time to time, by the Board consistent with any changes in the administrative costs to collect unpaid Assessments or the Association's bank charges. All late charges, collection fees, service charges and attorneys' fees assessed or incurred due to late payment of Assessments shall be charged to an Owner's Assessment account which shall be part of the delinquent Assessment and shall be payable and secured in the same manner as herein provided with regard to Assessments.

(f) Interest on Past Due Amounts. All Assessments past due more than thirty (30) days, unpaid fines and other amounts owed to the Association by any Owner which are not paid when due shall, from time to time, at the discretion of the Board of Directors, bear interest from the date due until paid at the rate of eighteen percent (18%) per annum, but not in excess of the maximum rate allowed by applicable law (the "Default Interest Rate").

(g) Suspension of Voting Rights. To the extent permitted under applicable law, no Owner who is delinquent in paying its Assessments shall have the right to vote as a member of the Association while such delinquency continues; an Owner may cure a delinquency at a meeting to regain the right to vote by paying all outstanding amounts (including interest, fines, and penalties) by cashier's or certified check or other good funds acceptable to the Board; provided, however, notwithstanding the foregoing or anything to the contrary contained herein, for as long as required under the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 *et seq.*), nothing contained in this Section 6.5(g) shall prohibit a Member's vote (whether or not such Member is a Member in Good Standing) from being exercised by such Member to elect directors of the Board or on matters that affect such Member's rights or responsibilities with respect to the Lot owned by it, at any meeting of or action taken by the Members of the Association.

(h) Suspension of Right to Use Common Area and/or Common Amenities. In addition to the other powers herein granted, the Board may suspend the right of an Owner to use any of the Common Area and/or Common Amenities during the time that such Owner is delinquent in paying any Assessment.

(i) Capital Reserve/Improvement Contribution. Upon sale of record title to a Lot by any Owner other than the Declarant or a Builder, a contribution of Two Hundred Fifty and NO/100 Dollars (\$250.00) shall be made by or on behalf of such Owner to be held, reserved and

distributed by the Association for use to the "Capital Reserve/Improvement Fund" (herein so called) of the Association. This amount is not refundable, shall be in addition to, not in lieu of, any additional Maintenance Assessment which may be levied on a Lot for Association fees due and shall not be considered an advance payment of any portion of assessments thereof. This amount shall be deposited into a reserve account and disbursed there from to the Association or to the Declarant if the Association is not yet established and shall be used for general maintenance, reserve needs and/or capital improvements made by the Association or Declarant pursuant to the terms of this Declaration and the Association Documents. Such amount shall be reviewed yearly and may be increased; however, the increase is restricted to 25% over the previous year.

(j) Transfer Fees and Fees for Issuance of Resale Certificates. The Board may, at its sole discretion, enter into a contract with a Managing Agent to oversee the daily operation and management of the Association. The Managing Agent may, and probably will, have fees, which will be charged to an Owner for the transfer of a significant estate or fee simple title to a Lot and the issuance of a "Resale Certificate" (herein so called). The Association or its agent shall not be required to issue a Resale Certificate until payment for the cost thereof has been received by the Association or its agent. Transfer fees and fees for the issuance of a Resale Certificate shall in no event exceed \$500.00 for each Residence being conveyed and are not refundable and may not be regarded as a prepayment of or credit against regular or special assessments, and are in addition to the Capital Reserve/Improvement Contribution(s) listed in 6.5(i) above. This Section does not obligate the Board or any third party to levy such fees.

ARTICLE 7

COMMON AREA AND COMMON AMENITIES

Section 7.1

(a) Right to Use Common Area. Each Owner, the members of that Owner's immediate family, and the Owner's guests (provided guests are accompanied by an Owner) shall have the right to use the Common Area and/or Common Amenities for its intended purposes as herein provided. Owner assumes all risk for him/herself, Owner's immediate family and guests. The Declarant and the Association shall have the right to enter on and use the Common Area and/or Common Amenities at all times to exercise their rights or (in the case of the Association) perform its duties hereunder.

(b) Access Easement Rights. Each Owner, the members of that owner's immediate family, and the Owner's visitors, invitees, licensees, lessees, tenants, subtenants, and/or guests, are hereby granted an easement for vehicular and pedestrian ingress to, egress from, and access between such Owner's Lot and the public rights-of-way adjacent to the Property over the Streets located within the Subdivision.

Section 7.2 Common Amenities. Common Amenities, if any, to be located in the Common Area shall be determined by the Declarant. The Declarant and the Board may promulgate reasonable rules and regulations for use of these Common Amenities.

Section 7.3 Maintenance of Common Area and Common Amenities. The Association shall be solely responsible for all maintenance, repair, replacement, and improvement of any Common Area and Common Amenities specifically serving the Millstone Estates Homeowners Association, utilizing the Assessments for such purposes as herein provided. The Declarant shall have no responsibility for maintenance, repair, replacement, or improvement of the Common Area or any Common Amenities after initial construction.

Section 7.4 Risk of Loss - Use of Common Area and Common Amenities. Each Owner shall be individually responsible and assume all risk of loss associated with its use of the Common Area and/or Common Amenities, and use by its family members, invitees, tenants and guests. Neither the Association nor the Declarant shall have any liability to any Owner or their family members or guests, or to any other Person, arising out of or in connection with the use, in any manner whatsoever, of the Common Area, Common Amenities or any improvements comprising a part thereof from time to time.

Section 7.5 Conveyance of Common Area to Association. The Declarant(s) shall convey to the Association the Common Area (which conveyance shall include the Common Amenities located thereon) located in Property, free and clear of any liens, claims or encumbrances, not later sixty (60) days after the later of (i) expiration of the Development Period or (ii) the date on which Declarant no longer owns a Lot in the Property or at such a time as the Declarant(s) and the Association shall agree.

Section 7.6 Obligation to Maintain Master Common Areas. The Association's and Owner's obligation or liability with respect to the maintenance, operation, repair and/or use of any Master Common Areas to public parks and/or open space may be subject to restrictions and/or agreements which are established apart from this Declaration or the Master Declaration, notwithstanding, any such restrictions and/or agreement shall be binding upon all parties subject to this Declaration or the Master Declaration and as may be amended from time to time.

ARTICLE 8 SPECIFIC DECLARANT RIGHTS

Section 8.1 Declarant's Right to Annex Adjacent Property. Declarant hereby reserves for itself and its affiliates and/or any of their respective successors and assigns the right to annex any Property Subject to Annexation into the scheme of this Declaration as provided in this Article 8. Notwithstanding anything herein or otherwise to the contrary, Declarant and/or such affiliates, successors and/or assigns, subject to annexation of same into the real property subject to the Master Declaration, shall have the exclusive right, privilege and option (but never an obligation), from time to time, for as long as Declarant owns any portion of the Property or Property Subject to Annexation, to annex (a) all or any portion of the Property Subject to Annexation owned by Declarant, and (b) subject to the provisions of this Declaration and the jurisdiction of the Association, any additional property located adjacent to or in the immediate vicinity of the Property (collectively, the "Annexed Land"), by filing in the Official Public Records of Collin

County, Texas, a Supplemental Declaration expressly annexing any such Annexed Land. Such Supplemental Declaration shall not require the vote of the Owners, the Members of the Association, or approval by the Board or other action of the Association or any other Person, subject to the prior annexation of such Annexed Land into the real property subject to the Master Declaration. Any such annexation shall be effective upon the filing of such Supplemental Declaration in the Official Public Records of Collin County, Texas. Declarant shall also have the unilateral right to transfer to any other Person Declarant's right, privilege and option to annex Annexed Land, provided that such transferee or assignee shall be the developer of at least a portion of the Annexed Land and shall be expressly designated by Declarant in writing to be the successor or assignee to all or any part of Declarant's rights hereunder.

Section 8.2 Procedure for Annexation. Any such annexation shall be accomplished by the execution by Declarant, and the filing for record by Declarant (or the other owner of the property being added or annexed, to the extent such other owner has received a written assignment from Declarant of the right to annex hereunder) of a Supplemental Declaration which must set out and provide for the following:

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

(v) Such other provisions as the Declarant therein shall deem appropriate.

Section 8.3 Amendment. The provisions of this Article 8 may not be amended without the express written consent of Declarant (and Declarant's successors and assigns in accordance with the terms hereof).

Section 8.4 No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any member to annex any property to this Declaration and no owner of the property excluded from this Declaration shall have any right to have such property annexed thereto.

Section 8.5 Effect of Annexation on Class B Membership. In determining the number of Lots owned by the Declarant for the purpose of Class B membership status according to Section 5.2 hereof, the total number of Lots covered by this Declaration and located in such Declarant's portion of the Property, including all Lots acquired by the Declarant and annexed thereto, shall be considered. If Class B membership has previously lapsed but annexation of additional property restores the ratio of Lots owned by the Declarant to the number required by Class B membership, such Class B membership shall be reinstated until it expires pursuant to the terms of Section 5.2.

Section 8.6 Specific Declarant Rights to Amend Declaration. For so long as the Declarant owns any portion of the Property or the Property Subject to Annexation for development and/or sale, the Declarant may unilaterally amend this Declaration without the joinder or vote of the Board, the Association, any other Owners and/or any other party, if such amendment is deemed necessary or desirable, in the Declarant's sole judgment for any purpose, including, without limitation, (i) to bring any provisions of this Declaration into compliance with any applicable governmental statute, rule, regulation or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to purchase, insure, or guarantee mortgage loans on the Lots; (iv) to satisfy the requirements of any local, state or federal governmental agency; or (v) to correct or clarify errors, omissions, mistakes or ambiguities contained herein. Additionally, during the Development Period, Declarant may amend this Declaration for any reason without the consent or joinder of any party and without the need to call a meeting of the Association. No amendment pursuant to this paragraph shall (i) adversely affect the title to any Lot unless the Owner affected thereby shall consent in writing, or (ii) no amendment to this Declaration shall modify or amend any covenants, conditions or restrictions specific to the Master Association Declaration.

Section 8.7 Easement/Access Right. The Declarant reserves a general easement over all Streets, roads, rights of way, utility, maintenance, landscaping, wall and other easements in the Property and over the balance of the Common Area as reasonably necessary for access for the purpose of finishing development of the Property as a subdivision and as otherwise reasonably necessary to affect Declarant's rights hereunder. Such easements and rights shall expire upon expiration of the Development Period.

Section 8.8 Assignment of Declarant Rights. The Declarant may assign its rights to a successor Declarant hereunder by execution of a written document, recorded in the Official

Public Records of Collin County, Texas, expressly and specifically stating that such Declarant has assigned its rights as such to a designated assignee and declaring such assignee to be a new "Declarant" hereunder. No Person purchasing or otherwise acquiring one (1) or more Tracts or Lots shall be considered "Declarant" hereunder, unless Declarant makes an express and specific assignment referenced in and accordance with the terms of the immediately preceding sentence.

Section 8.9 Declarant's Right to Install Improvements in Setback and Other Areas. Declarant, in connection with development of the Property and construction of homes thereon, reserves the right, but shall have no obligation, to install or construct walls, fences, irrigation systems and other improvements in the setback areas (being the area on, along and/or between the boundary line of a Lot and/or Common Area and the building or setback lines applicable to such Lot and/or Common Area). If Declarant exercises such right in a setback area, then such wall, fence, irrigation system, or other improvement shall be the property of the Owner(s) of the Lot(s) adjacent to such improvements or upon which such improvements are located, and such Owner(s) shall maintain and repair any such improvement unless the Declarant or the Association, by and through the Board, shall advise the Owner(s) in writing of its intent to assume such maintenance and repair obligations. If the Declarant exercises such above-described right in the non-setback areas, then such wall, fence, irrigation system, or other improvement shall be the property of the Association. During the Development Period, the Declarant shall have the right, but not the obligation, to maintain and repair any such non-setback area improvements located on such Declarant's portion of the Property; otherwise, the Association shall assume the maintenance and repair or it may abandon such improvements at its discretion. If the City requires the maintenance, repair, or removal of any such non-setback area improvements, the Association shall assume such responsibility at its expense. If the Association so abandons such non-setback area improvements or is properly dissolved, then the Owner(s) of the Lot(s) adjacent to such improvements or on which such improvements are located shall assume maintenance and repair at its expense.

Section 8.10 Replating or Modification of Plat. At any time and from time to time during the Development Period, the Declarant reserves the right to replat its Property or to amend or modify the Plat with respect to any portion of the Property owned by Declarant in order to assure a harmonious and orderly development of the Property as herein provided. The Declarant may exercise such rights during the Development Period and no joinder of any other Owner shall be required to give effect to such rights, each Owner consenting to the Declarant's execution of any replat on such Owner's behalf to the extent required. However, any such replating or amendment of the Plat shall be with the purpose of efficiently and economically developing the Property for the purposes herein provided or for compliance with any applicable governmental regulation. The Declarant's rights under this Section 8.10 shall expire upon expiration of the Development Period.

Section 8.11 Limitation of Declarant Liability. The Declarant shall not be responsible or liable for any deficit in the Association's funds. The Declarant may, but is under no obligation to, subsidize any liabilities incurred by the Association, and the Declarant may, but is not obligated to, lend funds to the Association to enable it to defray its expenses, provided the terms of such loans are on reasonable market conditions at the time.

Section 8.12 Termination of the Declarant's Responsibilities. In consideration of the Declarant's deficit funding of the Association, if any, upon the occurrence of any of the following events: (i) conversion of the Declarant's Class B membership status to Class A membership status; (ii) completion of any facilities in the Common Area by the Declarant; (iii) expiration of the Development Period; or (iv) assignment of the Declarant's rights hereunder pursuant to Section 8.8, then and in such event the Declarant shall be fully released, relieved and forever discharged from any further duty or obligation to the Association or any of its members as the Declarant by reason of the terms and conditions of this Declaration including any amendments thereof or supplements thereto, save and except the duties and obligations, if any, of the Declarant as a Class A member by reason of the Declarant's continued ownership of one or more Lots, but not otherwise. Further, and without regard to whether or not the Declarant has been released from obligations and duties to the Association, so long as the Declarant holds record title to any portion of the Property and holds same for sale in the ordinary course of business, neither the Association nor its Board, nor any member of the Association shall take any action that will impair or adversely affect the rights of the Declarant or cause the Declarant to suffer any financial, legal or other detriment, including but not limited to, any direct or indirect interference with the sale of Lots. In the event there is a breach of this Section, it is acknowledged that any monetary award which may be available would be an insufficient remedy and therefore, in addition to all other remedies, the Declarant shall be entitled to injunctive relief restraining the Association, its Board or any member of the Association from further breach of this Section.

ARTICLE 9 MISCELLANEOUS PROVISIONS

Section 9.1 Term and Renewal. These Covenants shall commence on the date hereof and shall continue in effect for a period of thirty (30) years. Thereafter these Covenants shall automatically renew for subsequent periods of (10) years each unless Owners owning at least sixty-six and 2/3rd percent (66 2/3%) of the Lots elect to terminate these Covenants by written instrument recorded in the Records of Collin County, Texas.

Section 9.2 Enforcement. The terms, provisions and conditions of this Declaration and the Design Guidelines shall be enforceable by the Declarant, the ACC, the Association, and each Owner. The Board shall have the power and authority to impose reasonable fines (which shall not exceed \$500.00 for each separate violation) for violation of this Declaration, the Design Guidelines or any rule or regulation of the Association, which shall constitute a lien upon the Lot of the violating Owner as provided in the Declaration, and to suspend any Owner's right to vote (to the maximum extent permitted under applicable law) or any such Owner's (and such Owner's family members', invitees', tenants', guests' or other Person's) right to use of the Common Area and/or Common Amenities. Each day the violation continues to exist shall constitute a separate violation. If any occupant, guest, or invitee of a Lot violates the Declaration, the Design Guidelines or a rule or regulation of the Association and a fine is imposed, the fine shall be assessed against such Owner, who shall pay the fine upon notice from the Association. No delay or failure on the part of Declarant, the Association or any Owner to invoke any available right,

power or remedy with respect to a breach of this Declaration shall be held to be a waiver by that party (or estop that party from asserting) any right, power or remedy available to such party upon the recurrence or continuance of said breach or the occurrence of a different breach. Declarant, the Association and the Owners, shall not be under any obligation to take any action to enforce the terms of this Declaration. The failure by Declarant, the Association or any Owner to enforce any provision of this Declaration shall in no event subject Declarant, the Association or any Owner to any claims, liability, cost or expense; it being the express intent of this Declaration to provide Declarant, the Association or any Owner with the right (such right to be exercised at its sole and absolute discretion), but not the obligation to enforce the terms of this Declaration for the benefit of any Owner(s) of any Lot(s) in the Property.

Section 9.3 General Easement for Encroachments, Access, Maintenance and Utilities. Each Owner grants to the Association, the Board, the Declarant and the other Owners a general easement as reasonably necessary for the maintenance of any minor encroachments of Common Area and/or Common Amenities over adjoining Lots and for access to and from each Owner's Lot through driveways, rights of way and easements as reflected on the Plat for the purpose of giving effect to the provisions of these Covenants.

Section 9.4 Amendment of Declaration. These Covenants may be amended by the Declarant as provided in Section 8.6. In addition, the Declaration may be amended at any time and in any respect with the affirmative vote or written consent, or any combination thereof, of Members (both classes taken together) representing sixty-seven percent (67%) of the total Class A Member votes and Class B Member votes in the Association taken together at a meeting of the members duly called and at which the quorum is present; provided, however, that no such amendment shall be effective unless joined in by the Declarant until such time as Declarant no longer owns any portion of the Property or Property Subject to Annexation.

Section 9.5 City Provisions. All construction within the Property shall also comply with all applicable City ordinances and regulations, specifically Ordinance No. 11-04-09 and any and all rezoning Ordinances amending Ordinance No. 11-04-09 thereof, including but, not limited to Ordinance No. 14-09-52. If any ordinance or regulation imposed by the City imposes more demanding, extensive or restrictive requirements than those set forth in this Declaration, such requirements shall govern. No ordinance or regulations adopted by the City shall lessen the requirements set forth in these Covenants.

Section 9.6 Management of the Association. In the event that the Board elects to contract with a Managing Agent to perform any duties of the Board in accordance with Section 5.2 hereof, the Board shall record or cause to be recorded in each county in which the Property is located a management certificate, signed and acknowledged by an officer or the Managing Agent of the Association in accordance with the requirements of Section 209.004 of the Texas Property Code. An amended management certificate shall be recorded no later than the 30th day after the date on which the Association has notice of a change in any information pertaining to the Managing Agent applicable to the Association. Notwithstanding the foregoing or anything to the contrary contained herein, in no event shall the Declarant, the Association and/or their respective officers, directors, employees, and/or agents, or the Board be subject to liability to any Person for a delay in recording or failure to record a management certificate except as otherwise provided by law.

Section 9.7 Notices. Any notice required to be given to any Owner under the terms of this Declaration shall be deemed to have been properly delivered when deposited with the United States Postal Service, postage prepaid, properly addressed to the addressee. Each Owner's address for purposes of notice hereunder shall be deemed to be the Residence located on its Lot. Owners are solely responsible for providing any change of address information to the Association or its Managing Agent.

Section 9.8 Liability Limitations; Indemnification. No Declarant, Member, director, officer, agent or representative of the Association or the Board or the ACC shall be personally liable for the debts, obligations or liabilities of the Association. The directors and officers of the Association shall not be liable for any mistake of judgment, whether negligent or otherwise, except for their own individual willful misfeasance or malfeasance, misconduct, bad faith, intentional wrongful acts or as otherwise expressly provided in the Association Documents. Declarant and directors, officers and ACC members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association, and THE ASSOCIATION, AS A COMMON EXPENSE OF THE ASSOCIATION, SHALL INDEMNIFY AND HOLD HARMLESS DECLARANT, DIRECTORS, OFFICERS AND MEMBERS OF THE ACC FROM ANY AND ALL EXPENSES, LOSS OR LIABILITY TO OTHERS ON ACCOUNT OF ANY SUCH CONTRACT OR COMMITMENT (TO THE EXTENT NOT COVERED BY INSURANCE PROCEEDS). IN ADDITION, EACH DIRECTOR AND EACH OFFICER OF THE ASSOCIATION AND EACH MEMBER OF THE ACC SHALL BE INDEMNIFIED AND HELD HARMLESS BY THE ASSOCIATION, AS A COMMON EXPENSE OF THE ASSOCIATION, FROM ANY EXPENSE, LOSS OR LIABILITY TO OTHERS (TO THE EXTENT NOT COVERED BY INSURANCE PROCEEDS) BY REASONS OF HAVING SERVED AS SUCH DIRECTOR, OFFICER OR ACC MEMBER AND AGAINST ALL EXPENSES, LOSSES AND LIABILITIES, INCLUDING, BUT NOT LIMITED TO, COURT COSTS AND REASONABLE ATTORNEYS' FEES, INCURRED BY OR IMPOSED UPON SUCH DIRECTOR, OFFICER OR ACC MEMBER IN CONNECTION WITH ANY PROCEEDING TO WHICH SUCH PERSON MAY BE A PARTY OR HAVE BECOME INVOLVED BY REASON OF BEING SUCH DIRECTOR, OFFICER OR ACC MEMBER AT THE TIME ANY SUCH EXPENSES, LOSSES OR LIABILITIES ARE INCURRED SUBJECT TO ANY PROVISIONS REGARDING INDEMNITY CONTAINED IN THE ASSOCIATION DOCUMENTS, EXCEPT IN CASES WHEREIN THE EXPENSES, LOSSES AND LIABILITIES ARISE FROM A PROCEEDING IN WHICH SUCH DIRECTOR, OFFICER OR ACC MEMBER IS ADJUDICATED GUILTY OF WILLFUL MISFEASANCE OR MALFEASANCE, MISCONDUCT OR BAD FAITH IN THE PERFORMANCE OF SUCH PERSON'S DUTIES OR INTENTIONAL WRONGFUL ACTS OR ANY ACT EXPRESSLY SPECIFIED IN THE ASSOCIATION DOCUMENTS AS AN ACT FOR WHICH ANY LIMITATION OF LIABILITY SET FORTH IN THE ASSOCIATION DOCUMENTS IS NOT APPLICABLE; PROVIDED, HOWEVER, THIS INDEMNITY DOES COVER LIABILITIES RESULTING FROM SUCH DIRECTOR'S, OFFICER'S OR ACC MEMBER'S GROSS NEGLIGENCE or WILLFUL MISCONDUCT. Any right to indemnification provided herein shall not be exclusive of any other rights to which a director, officer or ACC member, or former director, officer or ACC member, may be entitled. The

Association shall have the right to purchase and maintain, as a Common Expense, directors', officers', and ACC members', insurance on behalf of any Person who is or was a director or officer of the Association or the ACC member against any liability asserted against any such Person and incurred by any such Person in such capacity, or arising out of such Person's status as such.

Section 9.9 Severability. If any of the terms hereof shall be declared invalid by a court of competent jurisdiction, such invalidity shall not affect the other provisions of these Covenants, which shall be in full force and effect.

Section 9.10 Acceptance by Owners of Rights and Obligations. By the recording of a deed or other conveyance transferring all or part of an interest in a Lot or other portion of the Property subject to this Declaration, the person or entity to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all the provisions of the Declaration, the Design Guidelines, the Association Documents, including any rules or regulations adopted or promulgated by the Association, whether or not mention thereof is made in said deed.

Section 9.11 Notice and Hearing. (a) Prior to the imposition of any fine for a violation of this Declaration or the levying of any Special Member Assessment on an Owner, the Association will give notice to the Owner in compliance with Section 209.006 of the Texas Property Code (the "**Property Code**"), as the same may be hereafter amended. Such notice shall be delivered by certified mail return receipt requested, and conform to the following:

(i) First Notice shall provide a minimum of ten (10) days for Owner to cure alleged violation notwithstanding, violations which involve landscaping shall have twenty (20) days for the First Notice. The notice must describe the violation or property damage that is the basis for the violation, and state any amount due the Association from the Owner.

(ii) Second Notice will be delivered if after the minimum amount of time as specified in (i) above has passed and the Owner does not respond to or cure the alleged violation of which they were notified in the First Notice. Second Notice shall provide a minimum of an additional ten (10) days by which the Owner may cure the alleged violation. The notice must describe the violation or property damage that is the basis for the fine for such violation, and state any amount due the Association from the Owner and/or any amount that will be assessed to the Owner's account should the violation not be cured within the time allotted in the Second Notice.

(iii) The notice must inform the Owner that the Owner is entitled to a reasonable time to cure the violation and avoid the Violation Fine and that the Owner may request a hearing under this Section 9.11 and Section 209.007 of the Property Code on or before the 30th day after the Owner receives the notice.

(iv) To the extent permitted under applicable law, repeat violations within a six (6) month period will not require the Association to repeat steps (i) and (ii) above. To the extent permitted under applicable law, the Association may, at the Board's discretion, move directly to

the final stage of the process so long as a First and Second Notice were previously sent to Owner for the same violation within a six (6) month period.

(b) In compliance with Section 209.007 of the Property Code, if the Owner submits a written request for a hearing, the Association shall hold a hearing not later than the thirtieth (30th) day after the date the Board receives the Owner's request, and shall notify the Owner of the date, time and place of the hearing not later than the tenth (10th) day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. If the hearing is to be held before a committee appointed by the Board, the notice described in Section 9.11(a) hereof shall state that the Owner has the right to appeal the committee's decision to the Board by written notice to the Board.

Section 9.12 Arbitration of Disputes Involving the Declarant.

(a) **Arbitration.** ANY AND ALL DISPUTES ARISING HEREUNDER BETWEEN AN OWNER AND THE DECLARANT, SHALL BE SUBMITTED TO BINDING ARBITRATION AND NOT TO A COURT FOR DETERMINATION. ARBITRATION SHALL COMMENCE AFTER WRITTEN NOTICE IS GIVEN FROM EITHER PARTY TO THE OTHER, SUCH ARBITRATION SHALL BE ACCOMPLISHED EXPEDITIOUSLY IN COLLIN COUNTY AND SHALL BE CONDUCTED IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA"). THE ARBITRATION SHALL BE CONDUCTED BY THREE (3) ARBITRATORS, ONE OF WHOM SHALL BE APPOINTED BY THE OWNER AND ONE OF WHOM SHALL BE APPOINTED BY THE DECLARANT. THE THIRD ARBITRATOR SHALL BE APPOINTED BY THE FIRST TWO ARBITRATORS. THE ARBITRATORS SHALL BE SELECTED FROM A LIST OF ARBITRATORS SUBMITTED BY THE AAA. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. ARBITRATION SHALL NOT COMMENCE UNTIL THE PARTY REQUESTING IT HAS DEPOSITED ONE THOUSAND FIVE HUNDRED AND NO/100 U. S. DOLLARS (\$1,500.00) WITH THE ARBITRATORS AS A RETAINER FOR THE ARBITRATORS' FEES AND COSTS. THE PARTY REQUESTING ARBITRATION SHALL ADVANCE SUCH SUMS AS ARE REQUIRED FROM TIME TO TIME BY THE ARBITRATORS TO PAY THE ARBITRATORS' FEES AND COSTS, UNTIL THE PREVAILING PARTY IS DETERMINED OR THE PARTIES HAVE AGREED IN WRITING TO AN ALTERNATE ALLOCATION OF FEES AND COSTS. EACH PARTY SHALL PAY ITS OWN LEGAL FEES AND COSTS AND ANY OTHER FEES INCURRED IN CONNECTION WITH AN ARBITRATION PROCEEDING WHICH ARISES OUT OF OR RELATES IN ANY WAY TO THIS DECLARATION PROVIDED, HOWEVER, THAT THE ARBITRATION PANEL SHALL AWARD THE ARBITRATORS' FEES AND COSTS TO THE PREVAILING PARTY IN ITS ARBITRATION JUDGMENT.

(b) Notwithstanding the Declarant's and Owner's intent to submit any controversy or claim arising out of or relating to this Declaration to arbitration, in the event that a court of competent jurisdiction shall determine or a relevant law shall provide that a particular dispute is not subject to the arbitration provisions in this Section 9.12, then the parties agree to the following provisions: EACH OWNER ACKNOWLEDGES THAT THIS DECLARATION IS A

SOPHISTICATED LEGAL DOCUMENT. ACCORDINGLY, JUSTICE WILL BEST BE SERVED IF ISSUES REGARDING THIS DECLARATION ARE HEARD BY A JUDGE IN A COURT PROCEEDING, AND NOT A JURY. EACH OWNER AGREES THAT ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION, WITH RESPECT TO ANY ACTION, PROCEEDING, CLAIM, COUNTERCLAIM, OR CROSSCLAIM, WHETHER IN CONTRACT AND/OR IN TORT (REGARDLESS IF THE TORT ACTION IS PRESENTLY RECOGNIZED OR NOT), BASED ON, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS DECLARATION, ANY COURSE OF CONDUCT, COURSE OF DEALING, VERBAL OR WRITTEN STATEMENT, VALIDATION, PROTECTION, ENFORCEMENT ACTION OR OMISSION OF ANY PARTY SHALL BE HEARD BY A JUDGE IN A COURT PROCEEDING AND NOT A JURY.

9.13 Liens/Validity and Severability; Mortgagees. Violation of or failure to comply with this Declaration shall not affect the validity of any mortgage, lien or other similar security instrument which may then be existing on any Lot. Invalidation of any one (1) or more of the provisions of this Declaration, or any portions thereof, by a judgment or court order shall not affect any of the other provisions or covenants herein contained, which such other provisions and covenants shall remain in full force and effect. No default by an Owner of a Lot under any provision of this Declaration shall affect any existing lien or mortgage on that Lot. A Mortgagee shall not be liable for Assessments made with respect to a Lot during any period in which its only interest in the Lot is that of a Mortgagee.

[Remainder of this page intentionally left blank]

EXECUTED as of July, 9, 2015.

DECLARANT:
CADG Warren Parkway, LLC,
a Texas limited liability company

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

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

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

By: Mehrdad Moayedi
Name: Mehrdad Moayedi
Its: Manager

STATE OF TEXAS

COUNTY OF Dallas

§
§
§

This instrument was acknowledged before me this 9 day of July, 2015, by Mehrdad Moayedi, Manager of 2M Ventures, LLC, manager of MMM Ventures, LLC, Manager of CADG Holdings, LLC, the Sole Member of CADG Warren Parkway, LLC, on behalf of such company.

[SEAL]



Laura L. Wayland
Notary Public, State of Texas

**CONSENT OF MORTGAGEE FOR
CADG WARREN PARKWAY, LLC'S LAND**

The undersigned, being the sole owner and holder of the lien created by that certain Deed of Trust, Assignment of Leases and Rents and Security Agreement recorded as Instrument No. _____, recorded on _____, 2015 in the Official Public Records of Collin County, Texas (the "Lien"), securing a note of even date therewith, executes consent to that certain Subordinate Declaration of Covenants, Conditions and Restrictions for the Millstone Estates Homeowners Association, Inc. Frisco, Texas ("Covenant") solely for the purposes of: (i) evidencing its consent to this Covenant, (ii) subordinating the Lien to this Covenant, (iii) evidencing its consent to that certain Declarant Agreement - Subordinate Declaration of Covenants, Conditions and Restrictions for the Millstone Estates Homeowners Association, Inc. Frisco, Texas ("Declarant Agreement"), and (iv) subordinating the Lien to the Declarant Agreement, on the condition that the Lien shall remain superior to the Assessment Lien in all events.

LIBERTY BANKERS LIFE INSURANCE
COMPANY, an Oklahoma insurance company

By:
Printed Name: Bradford A. Phillips
Title: CEO/President

THE STATE OF Texas §
 §
COUNTY OF Dallas §

This instrument was acknowledged before me on this 8th day of July, 2015, by Bradford A. Phillips the CEO/President of LIBERTY BANKERS LIFE INSURANCE COMPANY, an Oklahoma insurance company.

(seal)
Notary Public, State of Texas

**EXHIBIT A
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR MILLSTONE ESTATES, AN ADDITION TO
THE TOWN OF FRISCO, COLLIN COUNTY, TEXAS**

LEGAL DESCRIPTION AND/OR DEPICTION OF THE PROPERTY

milestone

Whereas CADG WARREN PARKWAY, LLC and PATRIOT REAL ESTATE HOLDINGS MMPC, LLC are the owners of those tracts of lands situated in the Mary Brown Survey, Abstract No. 42 and the San Antonio and Mexican Gulf Railroad Company Survey, Abstract No. 880, in the City of Frisco, Collin County, Texas, and being all of a called 26.082 acre tract of land conveyed in a Special Warranty Deed to CADG Warren Parkway, LLC recorded in Document No. 20140821000898040 of the Official Public Records of Collin County, Texas (O.P.R.C.C.T.) and all of a called 22.22 acre tract of land conveyed in a Special Warranty Deed with Vendor's Lien to Patriot Real Estate Holdings MMPC recorded in Document No. 20130311000320580, O.P.R.C.C.T., Texas, same 22.22 acre tract being comprised of Lot 3, Block 1 of Chinese Bible Church Addition, Block 1, Lots 1, 2, & 3, an addition to the City of Frisco according to the plat thereof recorded in Cabinet Q, Page 283 of the Plat Records of Collin County, Texas (P.R.C.C.T.), and being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod with red plastic cap stamped "KHA" set for the northwest corner of said 22.22 acre tract, being in the south right-of-way line of Warren Parkway, a 50 foot wide right of way according to the final plat of Prestmont Phase II, an addition to the City of Frisco according to the plat thereof recorded Cabinet J, Page 147, P.R.C.C.T., from which a 1/2 inch iron rod found bears North 00°04'15" West a distance of 0.48 feet;

THENCE North 89°56'52" East, along the north line of said 22.22 acre tract and the existing south right-of-way line of Warren Parkway, a distance of 282.04 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for the most westerly northeast corner of said 22.22 acre tract and the northwest corner of a 60 foot right-of-way dedication for Warren Parkway as recorded in Cabinet Q, Page 283, P.R.C.C.T., from which a 1/2 inch iron rod with plastic cap stamped "WIER & ASSOC. INC." found bears North 08°35'03" East a distance of 0.50 feet;

THENCE South 00°04'45" East, along an east line of said 22.22 acre tract and the west line of said Warren Parkway right-of-way dedication recorded in Cabinet Q, Page 283, P.R.C.C.T., a distance of 60.00 feet to a 5/8 inch iron rod found for an ell corner of said 22.22 acre tract and the southwest corner of said Warren Parkway right-of-way dedication recorded in Cabinet Q, Page 283, P.R.C.C.T., said corner also being the northwest corner of the aforesaid Lot 3, Block 1;

THENCE along the north line of said 22.22 acre tract and the existing south right-of-way line of said Warren Parkway, the following courses and distances:

North 89°56'52" East, a distance of 409.44 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;

South 17°49'26" West, a distance of 7.92 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°48'38" East, a distance of 659.78 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for the northeast corner of said 22.22 acre tract, same being the northeast corner of the aforesaid Lot 3, Block 1 and the northwest corner of Lot 2, Block 1 of Chinese Bible Church Addition, an addition to the City of Frisco according to the plat thereof recorded in Cabinet 2005, Page 628, P.R.C.C.T.;

THENCE South 00°11'05" East, departing the existing south right-of-way line of Warren Parkway, and along the east lines of said 22.22 acre tract and said Lot 3, Block 1 and the west line of said Lot 2, Block 1, a distance of 698.73 feet to a 5/8 inch Iron rod with red plastic cap stamped "KHA" set for the southeast corner of said 22.22 acre tract and said Lot 3, Block 1 and the southwest corner of said Lot 2, Block 1, said corner being in the north line of the aforesaid 26.082 acre tract;

THENCE North 89°35'26" East, along the north line of said 26.082 acre tract and the south line of said Lot 2, Block 1, a distance of 575.28 feet to a 5/8 inch iron rod found for the northeast corner of said 26.082 acre tract and the southeast corner of said Lot 2, Block 1, said corner being in the west line of a called 16.227 acre tract of land conveyed in a Special Warranty Deed to Equity Trust Company d/b/a Sterling Trust Custodian FBO Deberra L. O'Brian IRA recorded in Instrument No. 20140620000630310, O.P.R.C.C.T.;

THENCE South 00°14'24" East, along the east line of said 26.082 acre tract and the west line of said 16.227 acre tract, a distance of 576.85 feet to a 5/8 inch iron rod found for the southeast corner of said 26.082 acre tract and the southwest corner of said 16.227 acre tract, said corner being in the north line of that tract of land described in a Deed to Walter S. Henrion, III Non-Exempt Trust recorded in Volume 5204 Page 4272 of the Land Records of Collin County, Texas (L.R.C.C.T.);

THENCE South 89°34'39" West, along the south line of said 26.082 acre tract and the north line of said Henrion tract, passing at a distance of 800.35 feet a 5/8 inch iron rod found for the northwest corner of said Henrion tract and the northeast corner of a right-of-way dedication for Gaylord Parkway as recorded in Cabinet Q, Page 96, P.R.C.C.T., a 45 foot wide right-of-way at this point, and continuing along the south line of said 26.082 acre tract and the existing north right-of-way line of said Gaylord Parkway, for a total distance of 1496.02 feet to a 1/2 inch iron rod found for the northwest corner of said Gaylord Parkway right-of-way dedication recorded in Cabinet Q, Page 96, P.R.C.C.T. and the northeast corner of right-of-way dedication for Gaylord Parkway as recorded in Volume 4640, Page 3086, L.R.C.C.T., a 60 foot wide right-of-way at this point;

THENCE South 89°39'02" West, continuing along the south line of said 26.082 acre tract and the existing north right-of-way line of said Gaylord Parkway a distance of 473.40 feet to a 1/2 inch iron rod found for the southwest corner of said 26.082 acre tract and the southeast corner of a called 9.1331 acre tract of land conveyed in a Special Warranty Deed to Robert D. Frick and Sheryl E. Klink recorded in Volume 5512, Page 4395, L.R.C.C.T.;

THENCE North 00°20'48" West, along the west line of said 26.082 acre tract and the east line of said 9.1331 acre tract, a distance of 576.50 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for the northwest corner of said 26.082 acre tract and the northeast corner of said 9.1331 acre tract;

THENCE North 89°35'26" East, along the north line of said 26.082 acre tract, a distance of 44.96 feet to a 5/8 inch Iron rod with red plastic cap stamped "KHA" set for the southwest corner of the aforesaid 22.22 acre tract;

THENCE North 00°04'15" West, departing the north line of said 26.082 acre tract and along the west line of said 22.22 acre tract, a distance of 773.10 feet to the **POINT OF BEGINNING** and containing 46.334 acres (2,105,432 square feet) of land, more or less.

**EXHIBIT B
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR MILLSTONE ESTATES, AN ADDITION TO
THE TOWN OF FRISCO, COLLIN COUNTY, TEXAS**

DESIGN GUIDELINES

PART ONE:

SECTION 1.1 FLAGS AND FLAGPOLES. This section outlines the restrictions for Owners after purchase of home and is not meant to be a restriction on Declarant or Builders during the time of construction, for model homes or homes being advertised for sell. Notwithstanding, builders shall obtain written permission to install or display any flag pole or flag.

- 1.1.1 The only flags which may be displayed are: (i) the flag of the United States of America; (ii) the flag of the State of Texas; and (iii) an official or replica flag of any branch of the United States armed forces. No other types of flags, pennants, banners, kits or similar types of displays are permitted on a Lot if the display is visible from a Street or Common Area.
- 1.1.2 The flag of the United States must be displayed in accordance with 4 U.S.C. Sections 5-10.
- 1.1.3 The flag of the State of Texas must be displayed in accordance with Chapter 3100 of the Texas Government Code.
- 1.1.4 Any freestanding flagpole, or flagpole attached to a Residence, shall be constructed of permanent, long-lasting materials. The materials used for the flagpole shall be harmonious with the Residence, and must have a silver finish with a gold or silver ball at the top. The flagpole must not exceed three (3) inches in diameter.
- 1.1.5 The display of a flag, or the location and construction of the supporting flagpole, shall comply with applicable Zoning, easements, and setbacks of record.
- 1.1.6 A displayed flag, and the flagpole on which it is flown, shall be maintained in good condition at all times. Any flag that is deteriorated must be replaced or removed. Any flagpole that is structurally unsafe or deteriorated shall be repaired, replaced, or removed.
- 1.1.7 Only one flagpole will be allowed per Lot. No such limitation applies in Common Areas or Common Areas. A flagpole can either be securely attached to the face of the Residence (no other Structure) or be a freestanding flagpole. A flagpole attached to the Residence may not exceed 4 feet in length. A freestanding flagpole may not exceed twenty (20) feet in height. Any freestanding flagpole must be located in either the front yard or backyard of a Lot.

and there must be a distance of at least five (5) feet between the flagpole and the property line.

- 1.1.8 Any flag flown or displayed on a freestanding flagpole may be no smaller than 3'x5' and no larger than 4'x6'.
- 1.1.9 Any flag flown or displayed on a flagpole attached to the Residence may be no larger than 3'x5'.
- 1.1.10 Any freestanding flagpole must be equipped to minimize halyard noise. The preferred method is through the use of an internal halyard system. Alternatively, swivel snap hooks must be covered or "Quiet Halyard" Flag snaps installed. Neighbor complaints of noisy halyards are a basis to have flagpole removed until Owner resolves the noise complaint.
- 1.1.11 The illumination of a flag is allowed so long as it does not create a disturbance to other residents in the community. Solar powered, pole mounted light fixtures are preferred as opposed to ground mounted light fixtures. Compliance with all municipal requirements for electrical ground mounted installations must be certified by Owner. Flag illumination may not shine into another Residence. Neighbor complaints regarding flag illumination are a basis to prohibit further illumination until Owner resolves complaint.
- 1.1.12 Flagpoles shall not be installed in any Common Area or property maintained by the Association or any Sub-Association, except by Declarant or the applicable Sub-Declarant or Developer.
- 1.1.13 All freestanding flagpole installations must receive prior written approval from the Declarant, the ACC or other reviewing authority established under any Sub-Declaration.

SECTION 1.2 GUTTERING, RAIN BARRELS OR RAINWATER HARVESTING SYSTEMS

- 1.2.1 All Residences shall be fully guttered or shall at minimum comply with the City Zoning Ordinance No. 11-04-09 and any rezoning amendment thereof, specifically Ordinance No. 14-09-52. This requirement applies regardless of whether rain barrels or rain water harvesting systems are installed on the Lot.
- 1.2.2 Rain barrels or rain water harvesting systems and related system components (collectively, "Rain Barrels") may only be installed after receiving the written approval of the Declarant, the ACC or other reviewing authority established under any Sub-Declaration.
- 1.2.3 Rain barrels may not be installed upon or within the Common Areas, except by Declarant or any Sub-Declarant or Developer, or with written approval of the Declarant or ACC.

- 1.2.4 Under no circumstances shall rain barrels be installed or located in or on any area within a Lot that is in-between the front of the Owner's Residence and an adjoining or adjacent street.
- 1.2.5 The rain barrel must be of color that is consistent with the color scheme of the Owner's Residence and may not contain or display any language or other content that is not typically displayed on such rain barrels as manufactured.
- 1.2.6 Rain barrels may be located in the side-yard or back-yard of Lot so long as such rain barrel(s) may not be seen from a street, another Lot or any Common Area.
- 1.2.7 In the event the installation of Rain Barrels in the side-yard or back-yard of an owner's property in compliance with paragraph 1.2.6 above is impossible, the Declarant, the ACC or other reviewing authority established under any Sub-Declaration may impose limitations or further requirements regarding the size, number and screening of Rain Barrels with the objective of screening the Rain Barrels from public view to the greatest extent possible. The owner must have sufficient area on their Lot to accommodate the Rain Barrels.
- 1.2.8 Rain Barrels must be properly maintained at all times or removed by the Owner.
- 1.2.9 Rain Barrels must be enclosed or covered.
- 1.2.10 Rain Barrels which are not properly maintained, become unsightly or could serve as a breeding pool for mosquitoes must be removed by the Owner from the Lot, at such Owner's sole cost and expense.

SECTION 1.3 CERTAIN RELIGIOUS DISPLAYS

- 1.3.1 By statute, an Owner is allowed to display or affix on the entry to the Owner's Residence one or more religious items, the display of which is motivated by the Owner's or occupant's sincere religious belief. Such display is limited according to the provisions contained herein.
- 1.3.2 If displaying or affixing of a religious item on the entry to the Owner's or occupant's Residence violates any of the following covenants, the Association (or applicable Sub-Association) may remove the item displayed:
 - (1) threatens the public health or safety;
 - (2) violates a law;
 - (3) contains language, graphics, or any display that is patently offensive to a passerby;
 - (4) is permanently installed in a location other than the entry door or door frame or extends past the outer edge of the door frame of the Owner's or occupant's Residence; or

- (5) individually or in combination with each other religious item displayed or affixed on the entry door or door frame has a total size of greater than 25 square inches
- 1.3.3 No owner or resident is authorized to use a material or color for an entry door or door frame of the Owner's or occupant's Residence or make an alteration to the entry door or door frame that is not authorized by the Declaration or otherwise expressly approved by the Declarant, the ACC or other reviewing authority established under any Sub-Declaration.

SECTION 1.4 SOLAR PANELS

- 1.4.1 Solar energy devices, including any related equipment or system components (collectively, "Solar Panels") may only be installed after receiving the written approval of the Declarant, the ACC or other reviewing authority established under any Sub-Declaration.
- 1.4.2 Solar Panels may not be installed upon or within Common Areas or any area which is maintained by the Association or any Sub-Association, except by Declarant or any Sub-Declarant or Developer, or with written approval of the Declarant or ACC.
- 1.4.3 Solar Panels may only be installed on designated locations on the roof of a Residence, on any structure allowed under any subdivision or Association dedicatory instrument, or within any fenced rear-yard or fenced-in patio of an Owner's Lot, but only as allowed by the Declarant, the ACC or other reviewing authority established under any Sub-Declaration. Solar Panels may not be installed on the front elevation of the Residence.
- 1.4.4 If located on the roof of a Residence, Solar Panels shall:
 - (1) not extend higher than or beyond the roofline;
 - (2) conform to the slope of the roof;
 - (3) have a top edge that is parallel to the roofline; and
 - (4) have a frame, support bracket, or wiring that is black or painted to match the color of the roof tiles or shingles of the roof. Piping must be painted to match the surface to which it is attached, i.e. the soffit and wall. Panels must blend with the color of the roof to the greatest extent possible.
- 1.4.5 If located in the fenced rear-yard or patio, Solar Panels shall not be taller than the fence line or visible from any adjacent Lot, Common Area or Street.
- 1.4.6 The Declarant, the ACC or other reviewing authority established under any Sub-Declaration may deny a request for the installation of Solar Panels if it determines that the placement of the Solar Panels, as proposed by the Owner, will create an interference with the use and enjoyment of any adjacent Lot or Common Area.

- 1.4.7 Owners are hereby placed on notice that the installation of Solar Panels may void or adversely affect roof warranties. Any installation of Solar Panels which voids material warranties is not permitted and will be cause for the Solar Panels to be removed by the Owner.
- 1.4.8 Solar Panels must be properly maintained at all times or removed by the Owner.
- 1.4.9 Solar Panels which become non-functioning or Inoperable must be removed by the Owner.

SECTION 1.5 CERTAIN ROOFING MATERIALS

- 1.5.1 Roofing shingles covered by this Section are exclusively those designed primarily to: (i) be wind and hail resistant; (ii) provide heating and cooling efficiencies greater than those provided by customary composite shingles; or (iii) provide solar generation capabilities (collectively, "Roofing Shingles").
- 1.5.2 Roofing Shingles allowed under these Guidelines shall:
 - (1) Comply with all City Zoning Ordinances and resemble the shingles used or otherwise authorized for use in the Property;
 - (2) be more durable than and are of equal or superior quality to the shingles used or otherwise authorized for use in the Property; and
 - (3) match the aesthetics of other roofs throughout the Subdivision and surrounding properties.
- 1.5.3 The Owner requesting permission to install the Roofing Shingles will be solely responsible for accrediting, certifying and demonstrating to the Declarant, the ACC or other reviewing authority that the proposed installation is in full compliance with paragraphs 1.5.1 and 1.5.2 above.
- 1.5.4 Roofing Shingles shall be installed only after receiving the written approval of the Declarant, the ACC or other reviewing authority established under any Sub-Declaration.
- 1.5.5 Owners are hereby placed on notice that the installation of Roofing Shingles may void or adversely affect other warranties.
- 1.5.6 Roof Materials. A minimum of 6:12 roof pitch is required for all roofs using asphalt / composition shingles. A lesser roof pitch may be allowed for roofs consisting of other roofing materials which shall be based upon review and approval of the ACC. Roofs require a twenty (20) year warranty shingle or equivalent. Color of shingles shall be weatheredwood or gray in color. Other roofing material shall not be used without the express written approval of the ACC. All roofing materials must be fireproof and conform to City requirements, and are subject to approval of the ACC. Roof materials shall in any event be in compliance with the Design Guidelines and the Declaration. Dormers above roof

structure and roofing materials may be finished with an approved exterior grade siding material.

SECTION 1.6 SIGNAGE

1.6.1 No sign or signs of any kind or character shall be displayed to the Streets or otherwise to the public view on any Lot or Common Area, except for the Declarant's signs or Builders' signs approved by the Declarant for such Declarant's Property, and except that:

(A) Any Builder, during the applicable initial construction and sales period, may utilize two (2) professionally fabricated signs (of not more than six [6] square feet in size) per Lot for advertising and sales purposes, and two (2) professionally fabricated signs (of not more than thirty-two [32] square feet in size) in the Property advertising a model home or advertising the Subdivision, provided that such signs shall first have been approved in writing by the ACC;

(B) A professionally fabricated "for sale" or "for rent" or "for lease" sign (of not more than six [6] square feet in size) may be utilized by the Owner of a Lot for the applicable sale or rent situation, provided that such sign first shall have been approved in writing by the ACC and provided further that no "for rent" or "for Lease" signs shall be permitted to be placed on a Lot in the two (2) year period immediately following the first sale of a Residence to an end-use homebuyer;

(C) *Development related signs and flags owned or erected by Declarant (or any Builder with Declarant's written consent) shall be permitted. The number of signs or flags as well as the style used shall be at the sole discretion of the Declarant;*

(D) Signs displaying the name of a security company shall be permitted, provided that such signs are (i) ground mounted, (ii) limited to two (2) in number per Lot (one [1] in the front yard and one [1] in the back yard), and (iii) of a size not in excess of two (2) square feet in size;

(E) Each Owner may display flags on or at a Residence in conformity with the Declaration or these Design Guidelines, or in a manner otherwise consistent with the covenants, conditions and restrictions contained in the Declaration;

(F) Each Residence may display up to two (2) spirit signs or other signs in support of athletic events and/or teams during the applicable sport season which are not otherwise consistent with the covenants, conditions and restrictions contained in the Declaration; and

(G) Each Residence may display seasonal decorations (including lights, lawn ornamentation, flags and banners) for a duration of no longer than six (6) weeks during the applicable season and provided that such decoration is in any event consistent with the covenants, conditions and restrictions contained in this Declaration and must be removed within ten (10) days following the applicable season or holiday; and

(11) One (1) sign for each candidate and/or ballot item on advertising such political candidate(s) or ballot item(s) for an election shall be permitted in accordance with Section 202.009 of the Texas Property Code, provided that:

(i) such signs may not be displayed (A) prior to the date which is ninety (90) days before the date of the election to which the sign relates, and (B) after the date which is ten (10) days after that election date;

(ii) such signs must be ground-mounted; and

(iii) such signs shall in no event (A) contain roofing material, siding, paving materials, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative component, (B) be attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing Structure or object, (C) include the painting of architectural surfaces, (D) threaten the public health or safety, (E) be larger than four feet (4') by six feet (6'), (F) violate a law, (G) contain language, graphics, or any display that would be offensive to the ordinary person, or (H) be accompanied by music or other sounds or by streamers or is otherwise distracting to motorists.

PART TWO:

SECTION 2.1 DESIGN AND CONSTRUCTION MATERIALS

2.1.1 Exterior Materials. The exterior walls (excluding doors and windows) of each Residence constructed or placed on a Lot shall have the minimum City required coverage and otherwise be in compliance with this Declaration, the Master Declaration and these Design Guidelines. All chimney and fireplace flues shall be enclosed and finished and portions located above the roof structure and roofing materials shall be finished as required by the Design Guidelines or applicable ordinances of the City, provided that in any event such exterior portions of the chimney visible from the adjacent Street or Common Area (at grade level) shall be finished with an approved masonry material; exposed pre-fabricated metal flue piping is prohibited. No material on the exterior of any building or other improvement except approved wood, hardboard or stucco, shall be stained or painted without the prior written approval of the ACC.

No materials other than the following may be used in the exterior construction of a Residence and/or other Structures constructed on a Lot (excluding roofing materials, window frames and exterior fixtures): fired clay brick, stone and cast stone. Cementitious fiberboard may be used provided that it meets the highest standards of the industry and the standards as they are outlined below. All other materials must be approved in writing and in advance by the ACC. All wood, hardboard or stucco used on the exterior of a Residence must be painted or stained in a color compatible with the exterior design and materials used in the exterior construction of such Residence, and as approved by the ACC.

Materials other than those listed above may be appropriate for architectural trim and accent applications only including but not limited to: cornices and decorative brackets, frieze panels, decorative lintels, shutters, and porch or balcony railings and is subject to the approval of the ACC. Any City Zoning Restrictions which is or may become more restrictive than those listed herein shall supercede these restrictions. Builders and Owners should periodically check current Masonry Percentage requirements with the City.

The exteriors of all primary structures shall be constructed of one-hundred percent (100%) masonry:

2.1.1.1 Smooth cementitious fiberboard siding a minimum of five-eighths (5/8") thick, may be used for trim and soffits. The exposed width of siding or trim shall not exceed twelve inches (12"). It may also be used for accents of architectural bead-board, scallops and board and batten.

2.1.1.2 One in eight homes may include up to one-hundred percent (100%) cementitious siding material. Two in eight homes may include up to fifty percent (50%) and two in eight homes may include up to seventy-five percent (75%) cementitious siding material which shall apply to all sides of the home.

2.1.2 Garage Requirements: All garages facing the street adjacent or parallel to the front property line of a Lot must comply with the City of Frisco Zoning Ordinance(s). Front and rear loading garages are allowed. Only homes with alley access may have rear loading garages. Each single-family Residence erected on any Lot shall provide off-street parking space (inclusive of garage space) for a minimum of two (2) automobiles.

SECTION 2.2 LANDSCAPING:

Upon completion of each Residence, the following landscape elements shall be installed prior to occupancy of the Residence:

2.2.1 Sod/Irrigation: Each Lot shall have full sod installed on all non-paved areas of the Lot. All Lots must have underground irrigation systems installed providing coverage for all non-paved areas of the Lot in accordance with City requirements, and specifically include, without limitation, irrigation of any Trees, including Street Trees if applicable, located within the public right-of-way adjacent to the Lot. Drip irrigation systems must be installed in the front planter beds and front yard trees as required by applicable city ordinances. Mulch is required in and around shrub beds and around trees. Measures must be taken to preserve native top soil.

2.2.2 Trees: The Owner of a Lot shall be liable and responsible for maintaining and replacing any Street Tree in the public right-of-way adjacent to such Lot, if applicable. Each Lot shall include a minimum of one (1) tree with a caliper of three and one-half inches (3 1/2") measured at twelve inches above grade and a minimum of six feet in height. Trees located on corner Lots which may impede line of sight must maintain a canopy a minimum of nine (9) feet above grade. Street Trees shall not be counted toward the minimum landscaping requirements

for a Lot hereunder. See Section 3.8 of the Declaration for additional information and/or restrictions that may apply.

2.2.3 Shrubbery and Planting Beds: Each Lot shall have a minimum of twelve (12) three (3) gallon shrubs planted in a mulched planting bed; the planting bed shall have edging materials to separate the sod and bed mulch areas. Each planting bed shall also contain a minimum of two (2) flats of flowers. A drip irrigation system for planting beds and front yard trees are required. The homeowner shall be responsible for the maintenance and preservation of the shrubs and planting bed, and shall promptly replace dead plants within thirty (30) days of loss occurrence when weather permits or ninety (90) days of loss occurrence when unfavorable weather conditions exist.

2.2.4 Initial Installations and Maintenance. Upon completion of any Residence within the Property and prior to the final inspection, the Builder must install the street trees according to the specifications outlined in these Design Guidelines and/or City ordinances (Exceptions as to timing may be granted at the sole discretion of the Declarant and/or the Association due to inclement weather). After the property has transferred to an Owner, the Owner is responsible for maintaining the trees. In the event the tree needs to be replaced, as determined in the sole discretion of the Declarant and/or the Association, the Owner is responsible for replacing the trees within 90 days of notice. **Certain types of trees are protected and stricter replacement regulations may apply. An owner should check with the city and/or the ACC before replacing a tree.** The Declarant and/or the Association shall have the right but not the obligation, to exercise at its sole option, to remove and replace dead trees and landscaping and charge the costs thereof to the Owner's account as a Special Member Assessment under Section 6.4(b) of the Declaration. All the trees in the Common Areas are the responsibility of the Association to maintain at the sole discretion of the Association. The minimum clearance of any overhanging vegetation over any sidewalk shall be nine (9) feet.

2.2.5 Replacement Trees Required: It shall be the responsibility of any Owner obtaining a tree removal permit or similar permit, if required, from the City for a protected tree under applicable ordinances of the City, if any, to provide replacement with trees having a total caliper width equivalent as may be required by the City, and any such replacement trees shall be planted in locations approved by the City or authorized designee of the City.

2.2.6 List of Allowed Trees: All landscaping installed on a Lot (other than sod) shall be selected by the Developer or Builder at the time of construction. When replacing or adding landscaping or trees, an Owner should check the City Ordinances before installation for any changes in allowed landscaping. Below is a list of protected trees as well as trees which may be planted adjacent to streets:

(a) Protected Trees:

Bois d' Arc
Chinaberry
Cottonwood
Hackberry, Texas Sugarberry
Honey Locust

Mesquite
Mimosa
Mulberry
Silver Leaf Maple
White Poplar
Willow

(b) Trees Which May be Planted Adjacent to Streets:

Shade Trees:
Bald Cypress
Pond Cypress
Cedar Elm
Texas Red Oak
Homestead Elm
Lace Bark Elm
Alle Elm
Chinese Pistachio
October Glory Maple
Texas Ash
Chinquapin Oak
Shumard Oak
Sycamore
Burr Oak

Under-story and Ornamental Trees:

Texas Redbud
Eye's Necklace
Mexican Plum
Downy Hawthorn
Crepe Myrtle
Chinese Pistachio
Texas Mountain Laurel
Vitex
Desert Willow

SECTION 2.3 FENCES:

2.3.1 Fencing: Wooden fencing is **prohibited** on homes which can be viewed from public open areas (see Section 2.3.2). Any masonry materials used in the construction of fences must match the primary structure. When greater than three feet (3') in height, fencing must be located at least ten feet (10') behind the front façade line. Where on a corner lot, a fence up to six feet (6') in height may be built up to the side street property line. See Exhibit Attachment 1.2.2.2. Drought tolerant landscaping may be required in combination with some fencing such as wrought iron or tubular steel fencing per the City ordinance.

2.3.2 Fencing Visible to Public Areas: Fencing that is visible to public open areas including any home located along major thoroughfares and on corner lots must be wrought iron or tubular steel fencing. A combination of masonry and wrought iron or tubular steel fencing may be allowed where masonry columns are located between twelve (12') and sixteen (16') feet apart, or with a masonry base not to exceed thirty-six inches (36") and wrought iron or tubular steel fencing above. Metal fencing shall be consistent; variation of design is discouraged. Fence areas shall be unobstructed by screening or other materials except for the drought tolerant landscaping as may be required by city ordinance.

2.3.2(a) Homes which are **not** visible to public open areas shall be enhanced wooden fences, spruce or better, board on board, with continuous 2 x 4 top cap, continuous 1 x 4 band and metal posts. Refer to Exhibit Attachment 1.2.1.1. All structural components shall be on the inside so as not to be visible and stained and preserved as follows:

Manufacturer: Sherwin Williams
Color: Banyan Brown -- Apply per instructions
Color: Sable Brown -- Apply per Instructions.
Color: Medium Brown -- Apply per Instructions.

2.3.3 Standard Side and Rear Yard Fences - Interior Lots fence and wall construction shall comply with the materials and details indicated in Exhibit Attachment 1.2.2.1, and shall have all structural components on the inside. Fences must be stained with the colors specified in Section 2.3.2 above.

2.3.4 Fences Adjacent to Common Areas: All fencing adjacent to Common Areas and areas visible to the Public shall comply with 2.3.2 above Fencing Visible to Public Areas. Fencing for Lots backing up to Common Areas which shall have a significant buffer such as an alley may be allowed to have wood fencing as described in 2.3.2 notwithstanding, all such fencing shall be subject to prior approval of the City of Frisco or the ACC prior to installation. Wooden fencing intersecting a wrought iron or tubular steel fence must transition at the corner of the Lot, with the wooden fence sloping gradually (stepped transition design is only allowed if specifically approved by the ACC), to five feet (5'). The transition shall commence at a maximum of ten feet (10') and minimum of two feet (2') prior to the point of intersection.

SECTION 2.4 OTHER REQUIREMENTS

2.4.1 All Lots, Common Areas, Residences and/or other Structures developed, constructed and/or installed within the Property shall conform to the requirements set forth in the Master Declaration and Design Standards established by the Master ACC and the City of Frisco to the extent the foregoing or any other restrictions set forth in this Declaration are not more restrictive.

SECTION 2.5 MAILBOXES

2.5.1 Standard Mail Boxes: Mail Box construction shall be brick, constructed out of the same brick color used on the home, and comply with the materials and details indicated in Exhibit Attachment 1.3.1.1.

1.3.2 Mail Box Location: Mail Box shall be located on the front corner of the lot between the sidewalk and the street approximately 1 foot inside the property line.

SECTION 2.6 ELEVATION AND BRICK USAGE

The following elevation and brick usage is subject to the City Zoning Ordinances which are in effect at the time of construction. Builders should check with the City prior to construction to verify specific elevation and brick usage restrictions. Any changes that result in a stricter compliance than that listed below shall supercede the restrictions set forth in the Declaration or Design Guidelines. Changes which result in restrictions that shall be less than those listed below shall require the prior written of the ACC prior to use.

PLEASE NOTE: Section B-3 of the Form Based Code Standards for the City of Frisco also provides additional standards for diversity which are a required restriction in the Millstone Estates Homeowners Association. These standards can be reviewed in the Form Based Code Standards Manual for the City of Frisco. You may also refer to attachment B-3 provided under Exhibit D of these Design Guidelines.

- 2.5.1 Same Plan with Same Elevation: The repeat of the same floor plan with the same elevation design shall be governed by the following provisions:
 - 2.5.1.1 Same Side of Street: When dwelling units, using the same floor plan and same elevation, are constructed on the same side of the street, they shall be separated by a minimum of two (2) lots. A one (1) lot separation will be permitted when a street intersection occurs, the street right-of-way serves as a lot equivalent.
 - 2.5.1.2 Opposite Side of Street: When dwelling units, using the same floor plan and same elevation, are constructed on opposite sides of the street, they shall not be constructed directly or diagonally across from each other.

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

2.5.2.1 Same Side of Street: No combination of brick color, mortar color, and sand color shall be repeated for adjacent dwellings. Street and alley intersections are acceptable separation elements.

2.5.2.2 Opposite Side of Street: There are no restrictions for the use of brick color, mortar color, and sand color for dwelling units on opposing sides of the street.

2.5.2 Exterior Material Area Calculations: All Dwelling submittals shall calculate the percentage coverage for each material as follows:

2.5.2.1 Calculation Method: Calculations for material coverage percentages shall include all exposed areas of the wall surface, excluding window and door openings.

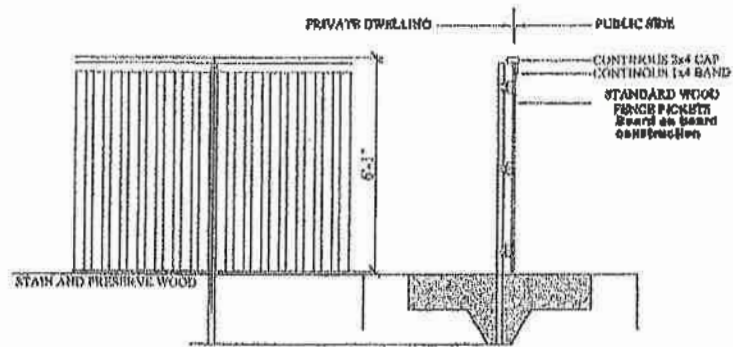
2.5.2.2 Calculation Format: Calculations shall indicate the area coverage for front, side, and rear wall areas. Calculations shall be submitted in the following format:

Brick Calculations

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

** Openings removed from areas in all calculations

EXHIBIT ATTACHMENT 1.2.1.1

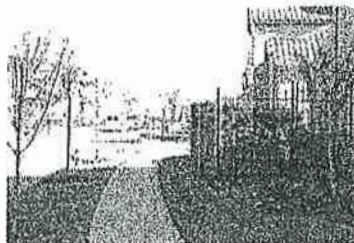


Stain Color
Manufactured Sherwin Williams Color Canyon Brown - Apply per product instruction
Manufactured Standard Paint Color Sable Brown - Apply per product instruction

Attachment 1.2.1.1 Major Thoroughfare and Corner Lot Fence Details

EXHIBIT ATTACHMENT 1.2.2.2

S-4. Fencing, Visible from the Street



INTENT

In residential properties, fencing which is visible from public areas reflects the quality of the house and the need for fence maintenance is minimized.

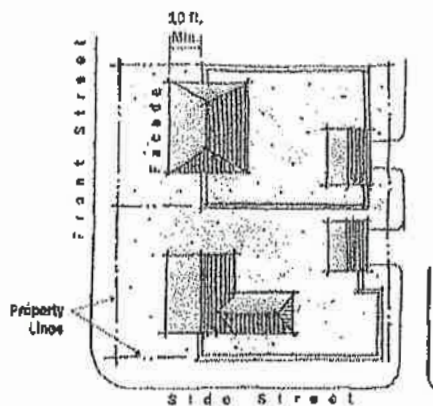
STANDARDS

- Materials**
- All metal fencing shall have a wrought iron appearance in shape
 - A combination of masonry and metal fencing where masonry columns are located between 12 and 16 feet apart, or with a masonry base not to exceed 36 inches and metal fencing above
 - ~~White picket fences may be constructed provided they do not exceed 3 foot in height. Such picket fences may be constructed of painted wood or cementitious fiberboard~~
 - Drought tolerant landscaping shall be planted in combination with fencing
 - All forms of chain link and natural or stained wood fencing are prohibited where it can be viewed from a public area
 - Masonry must match the masonry of the primary structure

- Location**
- When greater than 3 feet in height, fencing must be located at least 10 feet behind the front facade line
 - Where on a corner lot, a fence up to 6 feet in height may be built up to the side street property line

APPROVALS

The Director may approve fencing where the intent is achieved and the result will provide a more effective solution based on local site conditions.

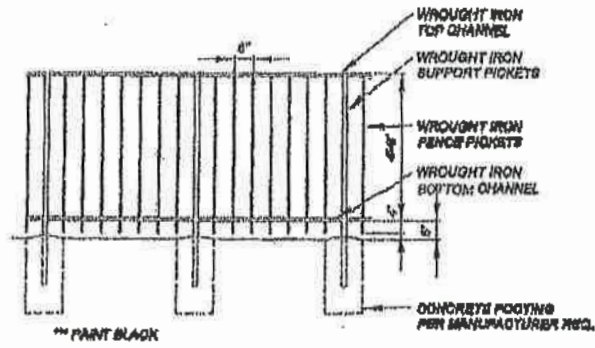


Wrought Iron and Masonry Fence



Wrought Iron Fence

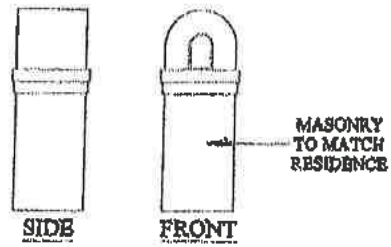
EXHIBIT ATTACHMENT 1.2.3.2



Attachment: 1.2.3.2

**WROUGHT IRON
FENCE DETAILS**

EXHIBIT ATTACHMENT 1.3.1 BRICK MAILBOX DESIGN



Mailbox shall be approximately 16 inch square high with the mail door being approximately 12 inch square (front)
All masonry shall be to match the residence
All masonry shall be to match the residence

Attachment 1.3.1
Mailbox Design

EXHIBIT C
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR MILLSTONE ESTATES, AN ADDITION TO
THE TOWN OF FRISCO, COLLIN COUNTY, TEXAS

MINIMUM SET BACK, LOT AREA, WIDTH AND DEPTH, AND
MAXIMUM LOT COVERAGE

The standards below are subject to the City Zoning Ordinance 14-09-52, Residential District Development Standards.

It shall be the responsibility of the Builders and Owners to comply with the City of Frisco Zoning Ordinances. A check with the City periodically for changes prior to beginning construction, re-construction or modifications is recommended. City standards that may be less restrictive than those shown below shall require prior written approval of the ACC.

Setbacks:

Minimum Front Yard Setback: 20'
Minimum Side Yard Setback: 7' (15' on Corner Lots)
Minimum Rear Yard Setback: 12' (20' if off-street parking is required)

Lot Areas:

Minimum Lot Area: 6,000 Square Feet
Minimum Lot Width: 55'
Minimum Lot Depth: 90'

Maximum Lot Coverage:

Maximum Lot Coverage: 55% (All Buildings)

EXHIBIT D
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR MILLSTONE ESTATES, AN ADDITION TO
THE TOWN OF FRISCO, COLLIN COUNTY, TEXAS

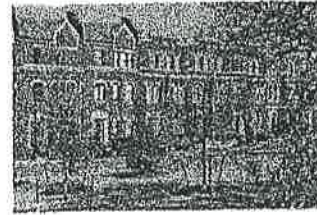
SECTIONS FROM THE FRISCO FORM BASED CODE MANUAL -
FORM BASED STANDARDS PERTINENT TO THE DEVELOPMENT KNOWN AS
MILLSTONE ESTATES HOMEOWNERS ASSOCIATION, INC.

The following Sections of the Frisco Form Based Code Standards are herein incorporated into this Declaration and its Design Guidelines. All new and/or reconstruction of homes located in the Millstone Estates Homeowners Association, Inc. shall be subject to the sections listed below. Please refer to copies of these Sections attached hereto.

Relevant Sections:

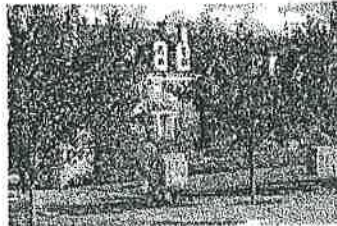
G-5
G-6
LU-5
S-4
B-3
B-4

G-5. Neighborhood Oriented Open Space



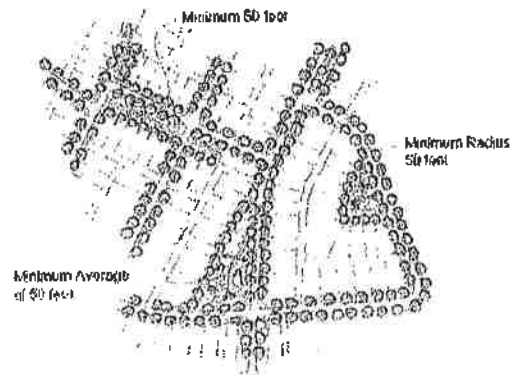
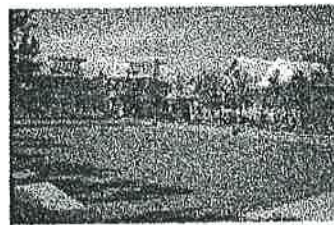
INTENT

To enhance a sense of community, social interaction and strengthen property values. This may occur as a village green, a pocket of open space or a trail. All buildings immediately adjacent or across a street must face directly on to the open space for it to count toward requirement.



STANDARDS

Minimum Size	<ul style="list-style-type: none"> Minimum 50-foot wide (or average, radius - see illustration)
Minimum Area	<ul style="list-style-type: none"> 10% of total project area for Urban Mixed Use 20% for greater than 5 units per acre 15% for 2.5 u/a to 5 u/a 0% for less than 2.5 u/a Up to 50% of the minimum area may be comprised of flood plain subject to: <ul style="list-style-type: none"> Compliance with the Major Creek Ordinance Restoration of the ecological flood plain to 100% function per the City's Riparian & Wetland Assessment and providing the associated buffer width Provision of passive recreation amenities Approval by the Director
Neighboring Buildings	All buildings immediately adjacent or across a street must face directly on to the open space for it to count.
Distance from Residential Lots	100% Within 800 feet
Design	CPTED principles shall be used in design of open space.

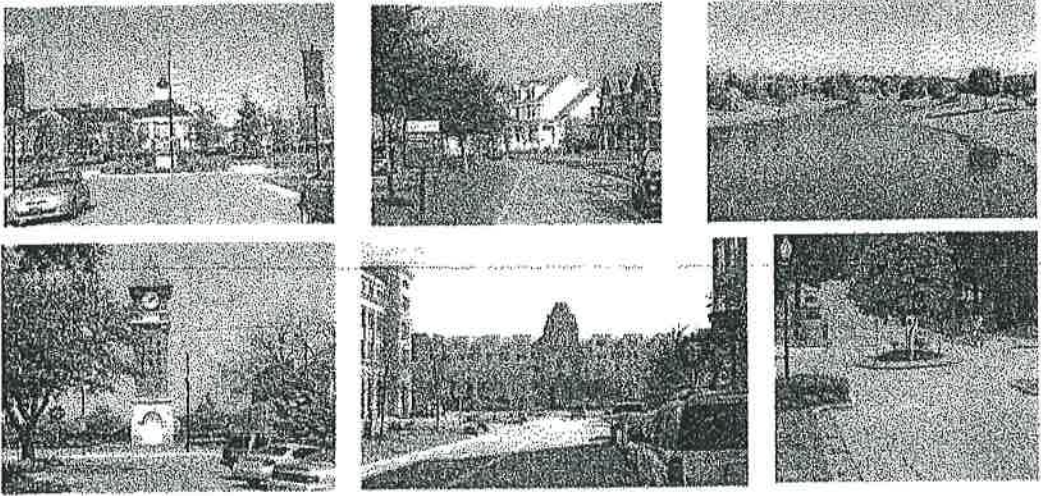


APPROVALS

The Director may approve a Minor Waiver of these standards where special conditions occur.

Sample Illustration of Neighborhood Open Space

G-6. Views

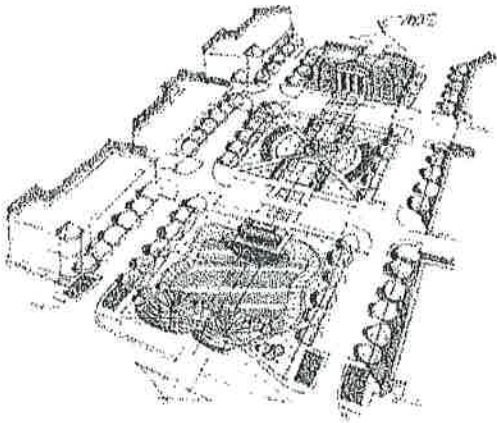


INTENT

Streets should be located to provide views to open space, trails, parks, plazas, landmark buildings, vistas and other views of merit in order to help build community character and a sense of "neighborhood".

STANDARDS

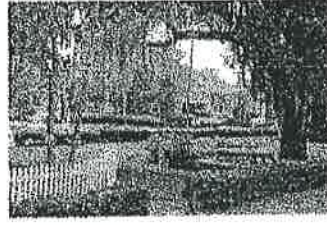
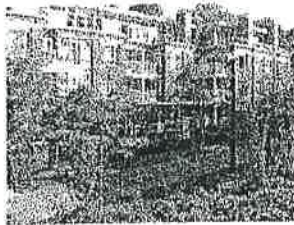
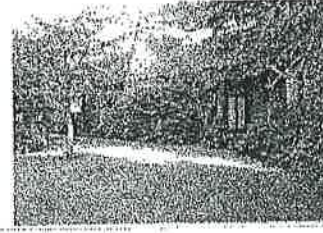
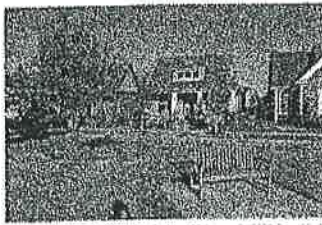
- Open Space**
 - All public open space shall have a street on at least one side
 - Linear open space and trails shall have street for at least 20% of its length
 - The design of open space shall employ CPTED principles
- Other Views**
 - Non-arterial streets shall be laid out in a manner that provides terminus (building or landscape feature) or oblique views, and may, where topography and other conditions allow, provide expansive vistas
 - Plazas should have a focus such as a fountain or artwork, and contain shade such as large trees or a trellis



APPROVALS

The Director will determine if this standard is being met.

LU-5. Building Orientation as it Relates to Open Space



Homes Should Face Directly to Open Space to Enhance Property Values and Provide Security

INTENT

That all residential properties face the front of their primary buildings directly towards any Neighborhood-Oriented Open Space or trails in order to enhance property values and provide security.

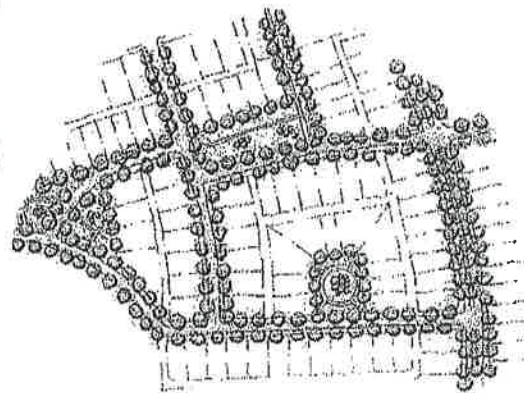
STANDARDS

Building Orientation

- All residential buildings which are adjacent to, or across a street from, a Neighborhood Oriented Open Space or trail shall face directly on to such amenity
- Any retail or office building located adjacent to or across the street from a Neighborhood Oriented Open Space or trails shall have a major entry and windows overlooking the amenity

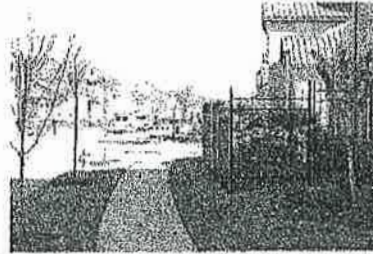
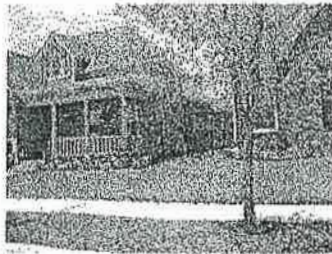
APPROVALS

The Director may approve site plans where buildings will face or side on to open space, trails and parks, but may require adjustments to street alignment and building siting and design to maximize benefits and preserve public safety. Any Site Plan that contains buildings which back on to public open space must be approved by the Planning & Zoning Commission as a Major Waiver.



Example of Possible Open Space Configuration

S-4. Fencing, Visible from the Street



INTENT

In residential properties, fencing which is visible from public areas reflects the quality of the house and the need for fence maintenance is minimized.

STANDARDS

Materials

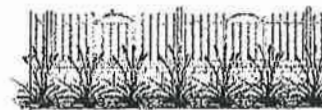
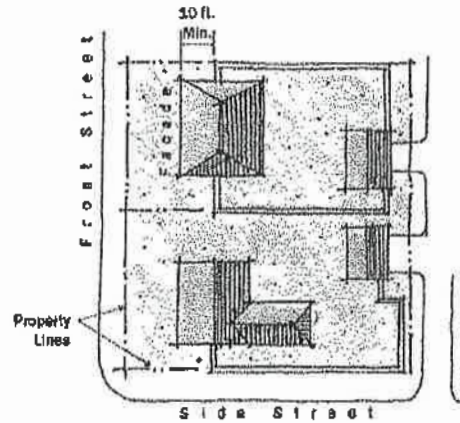
- All metal fencing shall have a wrought iron appearance in shape
- A combination of masonry and metal fencing where masonry columns are located between 12 and 16 feet apart, or with a masonry base not to exceed 36 inches and metal fencing above
- ~~White picket fences may be constructed provided they do not exceed 3 feet in height. Such picket fences may be constructed of painted wood or cementitious fiberboard~~
- Drought tolerant landscaping shall be planted in combination with fencing
- All forms of chain link and natural or stained wood fencing are prohibited where it can be viewed from a public area
- Masonry must match the masonry of the primary structure

Location

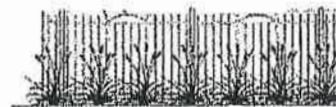
- When greater than 3 feet in height, fencing must be located at least 10 feet behind the front facade line
- Where on a corner lot, a fence up to 6 feet in height may be built up to the side street property line

APPROVALS

The Director may approve fencing where the intent is achieved and the result will provide a more effective solution based on local site conditions.

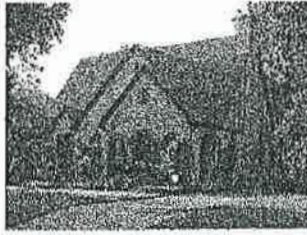


Wrought Iron and Masonry Fence



Wrought Iron Fence

B-3. Anti-Monotony



Three homes which vary in Roof Layout Façade Articulation and Garage Configuration

INTENT

To ensure that homes appear to be custom designed within a neighborhood to support property values and property identity; and to avoid excessively tall and unarticulated roof lines.

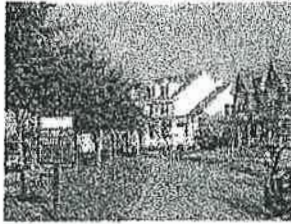
STANDARDS

Diversity of Design	Differences shall be reviewed for the entire block face of the proposed house. They must differ in at least two of the following ways— (Note: The simple “flipping” of a house plan shall not qualify.)
a. Number of Stories	Half-stories or attic rooms shall count if articulated with windows toward the street(s).
b. Roof Type and Layout	<ul style="list-style-type: none"> ▪ Gabled versus hipped; and ▪ Distinct variation in ridge lines
c. Front Façade Articulation	<ul style="list-style-type: none"> ▪ Inclusion of porches greater than 8 feet in length with a minimum of 70 s.f. ▪ Use of bay windows ▪ Variation of building materials ▪ Changes to the front wall plane ▪ Location of front door
d. Garage Location (If not Alley loaded)	<ul style="list-style-type: none"> ▪ J-Swing ▪ Pass-through garage ▪ Front loaded garage <p>(Note: standards must be met for each garage type)</p>

APPROVALS

The Director shall consider the variations listed above to determine whether the Anti-monotony standard is being met.

B-4. Residential Building Standards for Traditional Neighborhood Developments (TND)



INTENT

To create a neighborhood that appears to have developed with individual homes over time, but within a general style, and to ensure that there will be a minimum of maintenance required to keep homes attractive as they age.

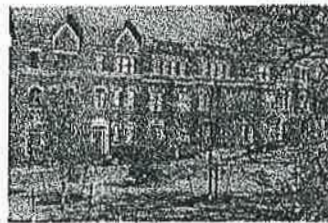
STANDARDS

Allowed Materials

- The exterior of all primary structures shall be constructed of 100% masonry, excluding windows and doors
- For the purposes of this section, masonry shall be considered as stone, cast stone and fired clay brick. However, cementitious fiberboard may be used provided that it meets the highest standards of the industry and the standards below, and that it is approved by the Building Official.

Cementitious Fiberboard

- Smooth cementitious fiberboard siding (minimum 5/8-inch thick) may be used for trim and soffits
- The exposed width of siding or trim shall not exceed 12-inches
- It may also be used for accents of architectural bead-board, scallops and board and batten in neighborhoods approved as "TND neighborhoods"
- Based on a Pattern Book or Style references, in TND neighborhoods—
 - 1 in 8 houses may include up to 100% cementitious siding material
 - 2 in 8 houses may include up to 50%
 - 3 in 8 houses may include up to 75%
 (This applies to all sides of a house)



APPROVALS

The Director may approve standards provided he/she determines that the development meets the spirit and intent of this section.

EXHIBIT E
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR MILLSTONE ESTATES, AN ADDITION TO
THE TOWN OF FRISCO, COLLIN COUNTY, TEXAS

CERTIFICATE OF FORMATION

Form 202

Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
FAX: 512/493-6709



**Certificate of Formation
Nonprofit Corporation**

Filed in the Office of the
Secretary of State of Texas
Filing #: 802212879 05/12/2015
Document #: 606195580002
Image Generated Electronically
for Web Filing

Filing Fee: \$25

Article 1 - Corporate Name

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

Millstone Estates Homeowner's Association, Inc.

Article 2 - Registered Agent and Registered Office

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

OR

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

Name:

Mehrdad Moayedl

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

Street Address:

1800 Valley View Lane, Suite 300 Farmers Branch TX 75234

Consent of Registered Agent

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

OR

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

Article 3 - Management

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

OR

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

Director 1: **Mehrdad Moayedl**

Title: **Director**

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

Director 2: **Victor Tannous**

Title: **Director**

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

Director 3: **Michael Dees**

Title: **Director**

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

Article 4 - Organization Structure

A. The corporation will have members.

OR

B. The corporation will not have members.

Article 5 - Purpose

The corporation is organized for the following purpose or purposes:

Homeowner's Association

Supplemental Provisions / Information

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

Effectiveness of Filing

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

OR

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

Organizer

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

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

Execution

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

Mehrdad Moayed

Signature of organizer.

FILED OFFICE COPY



Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
07/10/2015 09:22:20 AM
\$314.00 SCAPRLA
20150710090846130

Stacey Kemp