

**ARTICLES
OF
INCORPORATION**

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697

Roger Williams
Secretary of State



Office of the Secretary of State

**CERTIFICATE OF INCORPORATION
OF**

**Chadwick Farms Community Association, Inc.
Filing Number: 800555658**

The undersigned, as Secretary of State of Texas, hereby certifies that Articles of Incorporation for the above named corporation have been received in this office and have been found to conform to law.

Accordingly, the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Incorporation.

Issuance of this Certificate of Incorporation does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 10/05/2005

Effective: 10/05/2005



A handwritten signature in black ink that reads "Roger Williams".

Roger Williams
Secretary of State

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In the Office of the
Secretary of State of Texas

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ARTICLES OF INCORPORATION
OF
CHADWICK FARMS COMMUNITY ASSOCIATION, INC.

Corporations Section

I, the undersigned, being of the age of eighteen years or more, acting as incorporator of a corporation under the Texas Non-Profit Corporation Act, Tex. Civ. Stat. Ann. art. 1396-1.01, *et seq.*, as it may be amended, do hereby adopt the following Articles of Incorporation for such corporation.

Article 1. Name. The name of the corporation is Chadwick Farms Community Association, Inc. (the "**Association**").

Article 2. Principal Office. The initial principal office of the Association is located at 3010 LBJ Freeway, Suite 1100, Dallas, TX 75234.

Article 3. Duration. The Association shall have perpetual duration.

Article 4. Applicable Statute. The corporation is organized pursuant to the provisions of the Texas Non-Profit Corporation Act (the "**Act**").

Article 5. Defined Terms. Capitalized terms used in these Articles and not otherwise defined in these Articles shall have the meanings set forth in the Community Charter for Chadwick Farms ("**Charter**"), recorded or to be recorded by Kimball Hill Chadwick Farms, L.P., a Texas limited partnership ("**Founder**"), in the Office of the County Clerk of Denton County, Texas.

Article 6. Purposes and Powers. The Association does not contemplate pecuniary gain or profit, direct or indirect, to its members.

(a) By way of explanation and not limitation, the purposes for which the Association is formed are:

(i) to be and constitute the Association to which reference is made in the Charter, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified therein, in the By-Laws of the Association ("**By-Laws**") and as provided by law; and

(ii) to provide an entity for the furtherance of the interests of the owners of that real property which is subject to the terms of the Charter (the "**Community**").

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Secretary of State

(b) In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Charter or By-Laws, may be exercised by its board of directors:

(i) all of the powers conferred upon nonprofit corporations by common law and the statutes of the State of Texas in effect from time to time;

(ii) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the By-Laws, or the Charter, including, without limitation, the following:

(1) to fix and to collect assessments and other charges to be levied pursuant to the Charter;

(2) to manage, control, operate, maintain, repair, and improve property subject to the Charter or any other property as to which the Association has a right or duty to provide such services pursuant to the Charter, By-Laws, or any covenant, easement, contract, or other legal instrument;

(3) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Charter, By-Laws, or other recorded covenant;

(4) to engage in activities which will actively foster, promote, and advance the common interests of all owners of property subject to the Charter;

(5) to buy or otherwise acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association;

(6) to borrow money for any purpose;

(7) to enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other association, corporation, or other entity or agency, public or private;

(8) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests of such corporations, firms, or individuals;

(9) to adopt, alter, and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Association; provided,

however, such By-Laws may not be inconsistent with or contrary to any provisions of the Charter; and

(10) to provide any and all services to the Community and adjacent Community as the Board of Directors may determine to be necessary or desirable to supplement the services provided by local government.

(c) The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article 6 are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provisions of this Article 6. None of the objects or purposes set out above shall be construed to authorize the Association to do any act in violation of the Texas Non-Profit Corporation Act, and all such objects or purposes are subject to the Act.

Article 7. Membership. The Association shall be a membership corporation without certificates or shares of stock. The Founder, for such period as is specified in the Charter, and each Person who is the Owner of a Unit within the Community, shall be a member of the Association and shall be entitled to such voting rights and membership privileges as are set forth in the Charter and the By-Laws.

Article 8. Board of Directors. The business and affairs of the Association shall be conducted, managed, and controlled by a Board of Directors. The Board may delegate its operating authority to such corporations, individuals, and committees as it, in its discretion, may determine.

The Board of Directors shall consist of not less than three nor more than seven directors, as determined in accordance with the By-Laws. The initial Board of Directors shall consist of three directors. The names and addresses of the members of the initial Board of Directors, who shall hold office until their successors are elected and have qualified, or until their resignation or removal, are as follows:

Samuel L. Wyse, III	3010 LBJ Freeway, Suite 1100, Dallas, TX 75234
Jeff Kullman	3010 LBJ Freeway, Suite 1100, Dallas, TX 75234
Joe Miller	3010 LBJ Freeway, Suite 1100, Dallas, TX 75234

The number, the method of selection, removal, and filling of vacancies on the Board of Directors, and the term of office of members of the Board of Directors, shall be as set forth in the By-Laws.

Article 9. Indemnification of Directors. The Association shall indemnify its officers, directors and committee members as and to the extent required by the By-Laws. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any

director of the Association for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

Article 10. Dissolution. The Association may be dissolved only upon a resolution duly adopted by its Board of Directors and approved by the affirmative vote of members of the Association who own not less than two-thirds (2/3) of the Units subject to the Charter. In addition, so long as the Founder owns any property subject to the Charter or which the Founder may unilaterally make subject to the Charter pursuant to the Charter, the written consent of the Founder shall be required.

Article 11. Merger and Consolidation. The Association may merge or consolidate only upon a resolution duly adopted by its Board of Directors and the affirmative vote of members who are Owners of not less than two-thirds (2/3) of the Units subject to the Charter. In addition, so long as the Founder owns any property subject to the Charter or which it may unilaterally make subject to the Charter, the written consent of the Founder shall be required.

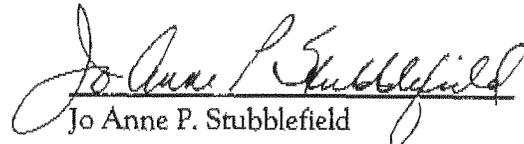
Article 12. Amendments. These Articles may be amended only upon a resolution duly adopted by the Board of Directors and approved by the affirmative vote of members entitled to cast at least two-thirds (2/3) of the total eligible votes of the members; provided, the members shall not be entitled to vote on any amendment to these Articles of Incorporation adopted for the sole purpose of complying with the requirements of any governmental or quasi-governmental entity or institutional lender authorized to fund, insure or guarantee mortgages on individual Units, which amendments may be adopted by the Board of Directors. In addition, so long as the Founder owns any property subject to the Charter or which it may unilaterally make subject to the Charter, the consent of the Founder shall be required for any amendment.

Article 13. Registered Agent and Office. The initial registered office of the Corporation is at 3010 LBJ Freeway, Suite 1100, Dallas, TX 75234, and the initial registered agent at such address is Samuel L. Wyse, III.

Article 15. Incorporator. The name and address of the incorporator are as follows:

Jo Anne P. Stubblefield
Hyatt & Stubblefield, P.C.
225 Peachtree Street, N.E., Suite 1200
Atlanta, Georgia 30303

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation.


Jo Anne P. Stubblefield

BYLAWS

EXHIBIT "D"

By-Laws of Chadwick Farms Community Association, Inc.

BY-LAWS
OF
CHADWICK FARMS COMMUNITY ASSOCIATION, INC.

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**BY-LAWS
OF
CHADWICK FARMS COMMUNITY ASSOCIATION, INC.**

**Article 1
Name, Principal Office, and Definitions**

1.1. Name.

The name of the corporation is Chadwick Farms Community Association, Inc. (the "Association").

1.2. Principal Office.

The Association may have such offices in Denton or Dallas County, Texas as the Board may determine or as the Association's affairs may require.

1.3. Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the meaning ascribed to them in the Community Charter for Chadwick Farms recorded by Kimball Hill Chadwick Farms, L.P., a Texas limited partnership ("Founder") in the Office of the County Clerk of Denton County, Texas, as it may be amended (the "Charter"). The term "majority," as used in these By-Laws, means those votes, Owners, or other group, as the context may indicate, totaling more than 50% of the total eligible number.

**Article 2
Membership: Meetings, Quorum, Voting, Proxies**

2.1. Membership.

The Association shall have two classes of membership, Owner Membership and Founder Membership, as more fully described in the Charter. Provisions of the Charter pertaining to membership are incorporated by this reference.

2.2. Place of Meetings.

The Association shall hold meetings at the Association's principal office or at such other suitable place as the Board may designate.

2.3. Association Meetings.

(a) *General.* The first Association meeting, whether a regular or special meeting, shall be held within one year after the Association's incorporation.

(b) *Annual Meetings.* The Board shall schedule regular annual meetings of the Members to occur within 90 days before the close of the Association's fiscal year, on such date and at such time and place as the Board shall determine.

(c) *Special Meetings.* The President may call special meetings of the Members. In addition, the President or the Secretary shall call a special meeting if so directed by Board resolution or within 30 days after receipt of a petition stating the purpose of the meeting and signed by Members holding at least 10% of the total votes in the Association.

2.4. Notice of Meetings.

At least 21 but not more than 30 days before any annual Association meeting, and at least 10 but not more than 30 days before any special Association meeting, the President, the Secretary, or the officers or other persons calling the meeting shall deliver or cause to be delivered to each Member a written notice stating the place, day, and hour of the meeting and the items on the agenda for such meeting, including the general nature of any proposed amendment to the Charter or By-Laws, any proposed budget changes, and any proposal to remove a director. If proxies are permitted, the notice shall also state the procedures for appointing proxies. No business shall be transacted at a special meeting except as stated in the notice. Such notice shall be delivered by such means as permitted under Section 10.5.

2.5. Waiver of Notice.

Waiver of notice of an Association meeting shall be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any Association meeting, either before or after such meeting. Attendance at a meeting by a Member or the Member's appointed proxy shall be deemed a waiver by such Member of notice of the time, date, and place thereof, unless the Member or proxy specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.6. Adjournment of Meetings.

If any Association meeting cannot be held because a quorum is not present, persons entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time at least 5 but not more than 30 days from the scheduled date of the original meeting. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If those in attendance at the original meeting do not fix a time and place for reconvening the meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, the Board shall provide notice of the time and place for reconvening the meeting in the manner prescribed for regular meetings.

Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the departure of enough Members or their proxies to leave less than a quorum; however, at least a majority of the votes required to constitute a quorum, or such larger percentage as may be required under the Charter or applicable law for specific actions, must approve any action taken.

2.7. Voting Rights.

Members shall have such voting rights as are set forth in the Charter, which provisions are specifically incorporated by this reference.

2.8. Proxies.

Members may vote in person or by proxy, subject to the limitations of Texas law and subject to any specific provision to the contrary in the Charter or these By-Laws. Every proxy shall be in writing, shall identify the Unit for which it is given, shall be signed by the Member or the Member's duly authorized attorney-in-fact, and shall be dated and filed with the Association's Secretary prior to the meeting for which it is to be effective. Unless the proxy specifically provided otherwise, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease upon (a) conveyance of any Unit for which it was given, (b) the Secretary's receipt of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person, or (c) 11 months from the date of the proxy, unless a different period is specified in the proxy, except that no proxy shall be effective for longer than three years.

2.9. Quorum.

Except as these By-Laws or the Charter otherwise provide, the presence of Members or their proxies representing at least ten percent (10%) of the total votes in the Association and, during the Development and Sale Period, the Founder, shall constitute a quorum at all Association meetings.

2.10. Conduct of Meetings.

The President or a Board-approved designee shall preside over all Association meetings. The Secretary shall ensure that minutes of the meetings are prepared, reflecting all resolutions adopted and all other transactions occurring at such meetings. The minutes shall be kept with the Association's books and records.

2.11. Action Without a Meeting.

(a) Any action that the Charter, the Articles, or applicable law requires to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote, if all Members entitled to vote on such matter sign a written consent specifically authorizing the proposed action. Such consents shall be signed within 180 days after receipt of the earliest dated consent, dated, and delivered to the Association. Such consents shall be filed with the Association's minutes and shall have the same force and effect as a vote of the Members at a meeting.

(b) Alternatively, any action that may be taken at a meeting of the Members may be taken without a meeting if (i) the Association mails or delivers a written ballot or consent form to every Person entitled to vote on the action, setting forth the proposed action and providing an opportunity to approve or disapprove the proposed action; and (ii) the number of votes cast by written ballot equals or exceeds the quorum required for a meeting to consider such action; and (iii) the number of votes cast in favor of the

proposed action equals or exceeds the number of votes that would be required at a meeting if the total number of votes cast were the same as the number of votes cast by written ballot. Solicitations by written ballot must indicate the number of responses needed to satisfy the quorum requirement, the percentage of votes necessary to approve any action other than election of directors, and the deadline for receiving the ballot in order to be counted. A written ballot may not be revoked. The Board shall notify the Members of the results of the vote within 30 days after the expiration of the voting period.

Article 3

Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

3.1. Governing Body; Qualifications.

The Board shall govern the Association's affairs. Each director shall have one vote. Except with respect to directors appointed by the Founder Member, directors shall be Owners or residents. However, no Owner and resident representing the same Unit may serve on the Board at the same time. A "resident" shall be any natural person 18 years of age or older whose principal residence is a Unit within Chadwick Farms.

If an Owner is not an individual, any officer, director, partner, or any trust officer of such Owner shall be eligible to serve as a director unless a written notice to the Association signed by the Owner specifies otherwise. However, no Owner may have more than one such representative on the Board at a time, except in the case of directors that the Founder Member appoints.

3.2. Number of Directors.

The Board shall consist of three to seven directors, as provided in Section 3.3.

3.3. Selection of Directors; Term of Office.

(a) *Initial Board.* The initial Board shall consist of the three directors identified in the Articles of Incorporation, who shall serve until their successors are appointed or elected as provided in this Section.

(b) *Directors During Founder Control Period.* Except as otherwise provided in this subsection (b), the Founder Member may appoint, remove, and replace Board members until termination of the Founder Control Period. During such period, the Owner Members shall be entitled to elect a minority of the total number of directors according to the following schedule (directors elected by the Owner Members are referred to as "Owner Directors"):

(i) Within 60 days after the time that Owners other than the Founder, Founder Affiliates, or Builders own 33% of the maximum number of Units permitted by the Charter or whenever the Founder earlier determines, the Board shall be increased to four directors and the President shall call for an election by which the Owner Members, as a group, shall be entitled to elect one of the four directors. The remaining directors shall be appointees of the Founder. The Owner Director shall be elected for a term of

two years or until the happening of the event described in subsection (b)(ii) below, whichever is shorter. If such director's term expires prior to the happening of the event described in subsection (b)(ii), a successor shall be elected for a like term.

(ii) Within 60 days after the time that Owners other than the Founder, Founder Affiliates, or Builders own 67% of the maximum number of Units permitted by the Charter or whenever the Founder earlier determines, the Board shall be increased to five directors and the President shall call for an election by which the Owner Members shall be entitled to elect two of the five directors. The Founder shall appoint the remaining three directors. The Owner Directors shall be elected for a term of two years or until the happening of the event described in subsection (c) below, whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (c) below, successors shall be elected for a like term.

(c) **Directors After the Founder Control Period.** Not later than termination of the Founder Control Period, the Board shall be increased to seven directors. The President shall call for an election by which the Owner Members shall be entitled to elect all seven directors. Three directors shall be elected to serve until the second annual meeting following their election and four directors shall be elected to serve until the third annual meeting following their election, as such directors determine among themselves.

Thereafter, upon expiration of the term of office of each Owner Director, the Owner Members shall be entitled to elect a successor to serve a term of two years. Owner Directors shall hold office until their respective successors have been elected. Directors may serve any number of consecutive terms.

The diagram below illustrates the concept of transition of control of the Board during and after the Founder Control Period.

TRANSITION OF CONTROL OF BOARD OF DIRECTORS			
Initial Board	33% of Total Units Conveyed	67% of Total Units Conveyed	Termination of Founder Control Period
Founder	Owner	Owner	Owner
Founder	Founder	Owner	Owner
Founder	Founder	Founder	Owner
	Founder	Founder	Owner
		Founder	Owner
			Owner
			Owner

3.4. Nomination and Election Procedures.

(a) **Nomination of Candidates.** At least 30 days prior to any election of Owner Directors, the Board shall appoint a Nominating Committee consisting of a chairman, who shall be a Board member, and three or more Owners or representatives of Owners. The Nominating Committee shall serve until the close of the election for which they were appointed. The names of the Nominating Committee members shall be announced in the notice of each election.

In preparation for each election, the Nominating Committee shall meet and make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled by the Owner Directors at such election. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity that exists within the pool of potential candidates. Nominations shall also be permitted from the floor at the meeting at which any election is held. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

(b) *Election Procedures.* At each election, voting shall be by written ballot. Each Member may cast all votes assigned to such Member's Units for each position to be filled by an Owner Director.

In the event of a tie vote, the Board shall call for a runoff election among the candidates receiving the same number of votes. Such election shall be held by mail, with ballots to be sent by first class mail to each Member entitled to vote within 10 days after the meeting at which the original election was held.

3.5. Removal of Directors and Vacancies.

Any Owner Director may be removed, with or without cause, by the vote of Owner Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director by the Owner Members, the Owner Members shall elect a successor for the remainder of the term of such director.

At any meeting at which a quorum is present, a majority of the directors may remove any Owner Director who has three consecutive unexcused absences from Board meetings. The Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of an Owner Director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Owner Members shall elect a successor for the remainder of the term.

This Section shall not apply to directors that the Founder appoints. The Founder may appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by the Founder.

B. Meetings.

3.6. Organizational Meetings.

The Board shall hold an organizational meeting within 10 days following each annual meeting of the membership, at such time and place as the Board shall fix.

3.7. Regular Meetings.

The Board shall hold regular meetings at such time and place as a majority of the directors shall determine, but the Board shall meet at least four times during each fiscal year with at least one meeting per quarter.

3.8. Special Meetings.

The President, Vice President, or any two directors may call a special meeting of the Board.

3.9. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The Board shall notify each director of meetings by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at or sent to the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the Association's records. The Board shall deposit notices sent by first class mail into a United States mailbox at least five business days before the day of the meeting. The Board shall give notices by personal delivery, telephone, or electronic communication at least 72 hours before the time set for the meeting.

(b) To the extent practicable, the Board shall give reasonable notice to the Members of the date, time, and place of Board meetings by announcing such information at a previous Board or membership meeting or posting notice in a location reasonably accessible to the Members and which the Board has designated for the posting of notices.

(c) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.10. Telephonic Participation in Meetings.

Members of the Board or any committee the Board designates may participate in a Board or committee meeting by conference telephone or similar communications equipment through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence at such meeting.

3.11. Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless Texas law, these By-Laws, or the Charter specifically provide otherwise. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the departure of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present may adjourn the meeting to a time not less than 5 nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present the Board may transact, without further notice, any business it might have transacted at the original meeting.

3.12. Conduct of Meetings.

The President or any designee the Board approves by resolution shall preside over all Board meetings. The Secretary shall ensure that minutes of the meetings are kept and that all resolutions and all transactions occurring at such meetings are included in the Association's records.

3.13. Open Meetings; Executive Session.

(a) Subject to the provisions of subsection 3.13(b) and Section 3.14, all Board meetings shall be open to attendance by all Members or their representatives, but only directors may participate in any discussion or deliberation unless a director requests that attendees be granted permission to speak. In such case, the President may limit the time any such individual may speak. The Board shall make agendas for its meetings reasonably available for examination by all Members or their representatives prior to the meeting.

(b) Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may restrict attendance to directors and such other persons as the Board may specifically invite and announce during the open portion of the Board meeting, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, and such other matters as the Texas Nonprofit Corporation Act may specifically authorize.

3.14. Action Without a Formal Meeting.

Any action to be taken or which may be taken at a Board meeting may be taken without a meeting if a written consent setting forth the action so taken is signed by the number of directors that would be required to approve the same action at a Board meeting at which all of the directors were present. Such consent shall have the same force and effect as a vote at a meeting. The Board shall promptly notify all directors of any action so approved and the effective date of such action and provide each director with a copy of the signed written consent.

C. Powers and Duties.

3.15. Powers.

The Board shall have the power to administer the Association's affairs, perform the Association's responsibilities, and exercise the Association's rights as set forth in the Governing Documents and as provided by law. The Board may do, or cause to be done on the Association's behalf, all acts and things except those which the Governing Documents or Texas law require to be done and exercised exclusively by the membership generally.

3.16. Duties.

The Board's duties shall include, without limitation:

- (a) preparing and adopting, in accordance with the Charter, an annual budget establishing each Owner's share of the Common Expenses and any Limited Common Area Expenses;
- (b) levying and collecting assessments from the Owners;

(c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility consistent with the Community-Wide Standard;

(d) designating, hiring, and dismissing personnel necessary to carry out the Association's rights and responsibilities and, where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) opening bank accounts on the Association's behalf and designating the signatories required;

(f) depositing all funds received on the Association's behalf in a bank depository which it shall approve and using such funds to operate the Association; however, in the Board's business judgment any reserve funds may be deposited in depositories other than banks;

(g) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Governing Documents;

(h) determining when action to enforce the Governing Documents is appropriate and the nature of any sanctions to be imposed, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; however, the Association's obligation in this regard shall be conditioned in the manner provided in the Charter and Section 3.18 below;

(i) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Charter, paying the cost thereof, and filing and adjusting claims, as appropriate;

(j) paying the cost of all services rendered to the Association;

(k) keeping a detailed accounting of the Association's receipts and expenditures;

(l) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Section 10.4; and

(m) indemnifying a director, officer or committee member, or former director, officer or committee member of the Association to the extent such indemnity is required by Texas law, the Articles, or these By-Laws.

3.17. Conflicts of Interest.

Unless otherwise approved by a majority of the other directors, no Owner Director may transact business with the Association or any Association contractor during his or her term as director or within two years after the term expires. A director shall promptly disclose to the Board any actual or potential conflict of interest affecting the director relative to his or her performance as a director.

Notwithstanding the above, directors appointed by the Founder may be employed by or otherwise transact business with the Founder or its affiliate, and the Founder may transact business with the Association or its contractors.

3.18. Mandatory Arbitration of Certain Claims.

The Association shall submit any claim or dispute arising out of construction of the Common Area or the Area of Common Responsibility to mandatory, binding arbitration as provided in the Charter.

Article 4 Transition from Founder to Owner Control

4.1. Transition Process.

Transition is a process by which control of the Board gradually shifts from the Founder to the Owners, as described in Section 3.3. The process concludes upon termination of the Founder Control Period, when the Owner Members will elect the entire Board. At that time, the Owners, through their newly-elected Board, will take responsibility for fulfilling the Association's responsibilities and exercising the Association's authority under the Governing Documents without the direct guidance or involvement of the Founder or Founder-appointed directors.

4.2. Education and Communication.

In anticipation of termination of the Founder Control Period, the Founder Member shall communicate with the Owners regarding the transition process, the anticipated timeline for transition, what to expect during and after the transition, and opportunities for Owner participation. Such communication shall be in writing and through one or more "town hall" meetings at which Owners have the opportunity to ask and obtain answers to questions in order to gain a better understanding of the transition process.

4.3. Transition Committee.

If requested by written petition signed by a Owner Members entitled to cast a majority of the total votes in the Association and delivered to the Founder, the Founder Member shall establish a Transition Committee comprised of 5 to 7 members, all of whom shall be Owners, and the following shall apply:

(a) *Appointment; Purpose.* The Transition Committee shall be established at least six months prior to termination of the Founder Control Period or within 30 days after receipt of the Owner Members' petition, whichever is later. The purpose of the Transition Committee shall be (i) to involve the Owners in facilitating a smooth transition of control of the Board from directors appointed by the Founder Member to directors elected by the Owner Members, and (ii) to help prepare the Board and the Owners to assume responsibility for carrying on Association operations once the Founder and its representatives are no longer directly involved.

(b) *Organizational Meeting.* The Founder shall call for a meeting of the Transition Committee within 30 days after its appointment. At such meeting, the Founder shall explain the transition process, advise the Transition Committee of its responsibilities, and facilitate the election of a chairperson from among the members of the Transition Committee. The Transition Committee shall establish a meeting schedule and a schedule for completing necessary tasks prior to the termination of the Founder Control Period. It may appoint such subcommittees as it deems appropriate to assist it in performing its responsibilities. Each subcommittee shall be chaired by a member of the Transition Committee and shall consist of at least two Owners.

(c) **Responsibilities.** The Transition Committee, with the assistance of such subcommittees as it may appoint pursuant to subsection (b), shall conduct a review and analysis of Association properties, facilities, records, and operations to familiarize itself with the history and status of such matters and make recommendations as to matters requiring future action. It shall prepare a report setting forth its findings and recommendations for distribution to the Owners and presentation to the newly-elected Board upon termination of the Founder Control Period. The Board will use such report to assist in understanding the scope of its responsibilities and as a planning tool. Specific areas to be addressed in the report shall include:

(i) the condition of Association property and facilities, identifying any immediate maintenance, repairs, or improvements needed and suggesting a proposed schedule for short and long-term maintenance, repairs, and replacements;

(ii) the financial condition of the Association, including the status of any outstanding accounts receivable and actions being taken to collect them, the adequacy of the Association's budgets and sufficiency of reserves, and the status of the Association's tax filings, tax liability, if any, and tax reporting responsibilities;

(iii) the nature and extent of insurance policies which the Association is required to maintain, the adequacy of current coverage and limits, renewal dates for all insurance policies, and the status of any pending insurance claims; and

(iv) the status of Association records and legal matters, identifying all existing contracts, permits, licenses, and warranties, if any, noting their expiration dates and making any recommendations as to their renewal; reporting on the status of ownership of all Common Areas; reporting on the status of any pending lawsuits; and making recommendations as to any proposed changes or amendments to the Governing Documents that the Transition Committee feels are appropriate or advisable.

(d) **Communication.** The Transition Committee shall report to the Board at least monthly on the status of its work.

(e) **Board Action.** Upon termination of the Founder Control Period and election of a new Board pursuant to Section 3.3(c), the Board shall review the Transition Committee's report and meet with the Transition Committee to discuss the Committee's findings and recommendations. It shall then use the Transition Committee's report as a planning tool in carrying out its responsibilities under the Governing Documents.

4.4. Professional Assistance.

The Board may, as a Common Expense, retain industry professionals, including association managers, attorneys, engineers, and accountants, as it deems necessary or appropriate to assist the Board in preparing for transition and to assist the Transition Committee in conducting its review.

Article 5 Officers

5.1. Officers.

The Association's officers shall be a President, Secretary, and Treasurer. The President and Secretary shall be elected from among the Board members; other officers may, but need not, be Board members. The Board may appoint such other officers, including one or more Vice-Presidents, Assistant Secretaries and Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

5.2. Election and Term of Office.

The Board shall elect the Association's officers at the first Board meeting following each annual meeting of the membership, to serve until their successors are elected.

5.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the Association's best interests will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

5.4. Powers and Duties.

The Association's officers shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Treasurer shall have primary responsibility for preparing the Association's budgets as provided for in the Charter, and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

5.5. Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at a later time specified therein. Unless the resignation specifies, acceptance of such resignation shall not be necessary to make it effective.

Article 6 Committees

6.1. General.

In addition to the Transition Committee appointed pursuant to Article 4 and such committees as the Founder or Board may appoint pursuant to the Charter, the Board may appoint such other committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

6.2. Covenants Committee.

In addition to any other committees that the Board may establish pursuant to Section 6.1, the Board may appoint a Covenants Committee consisting of at least three and no more than seven Owners. Acting in accordance with the provisions of the Charter, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Article 9 of these By-Laws. The Covenants Committee shall have no responsibility for seeking out violations of the Governing Documents.

6.3. Activities Committee.

In addition to such other committees as the Board may establish pursuant to this Article 6, the Board may appoint or allow the Owner Members to elect an Activities Committee to make recommendations to the Board regarding the use of Community Enhancement Fees collected pursuant to the Charter and, using such fees, to initiate and facilitate activities, programs, and services designed to enhance the sense of community within Chadwick Farms, as described in the Charter.

Article 7

Standards of Conduct; Liability, and Indemnification

7.1. Standards for Directors and Officers.

The Board shall exercise its powers in a reasonable, fair, nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

In performing their duties, directors and officers shall be insulated from liability as provided for directors of corporations under Texas law and as otherwise provided by the Governing Documents. Directors and officers shall discharge their duties as directors or officers, and as members of any committee to which they are appointed, in a manner that the director or officer believes in good faith to be in the best interest of the corporation and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by others to the extent authorized under Texas law.

7.2. Liability.

(a) A director or officer shall not be personally liable to the Association, any Member, or any other Person for any action taken or not taken as a director or officer if he or she has acted in accordance with Section 7.1. Owner Directors shall not be liable for actions taken or omissions made in the performance of their duties except for wanton or willful acts or omissions.

(b) Pursuant to the business judgment rule, a director also shall not be personally liable for any action taken or not taken as a director if the director:

(i) acts within the expressed or implied scope of the Governing Documents and his or her actions are not *ultra vires*;

(ii) affirmatively undertakes to make decisions which the director reasonably believes are necessary for the Association's continued and successful operation and, when decisions are made, makes them on an informed basis;

(iii) acts on a disinterested basis, promptly disclosing any real or potential conflict of interests (pecuniary or other), and avoiding participation in decisions and actions on matters as to which he has a conflict of interest (beyond that which all directors have by virtue of their ownership or occupancy of a Unit); and

(iv) acts in a non-fraudulent manner and without reckless indifference to the Association's affairs.

There shall not be any presumption that directors appointed by the Founder have a conflict of interest simply by virtue of the fact that the Founder may directly or indirectly be affected by the decision or action under consideration.

(c) The Association's officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on the Association's behalf (except to the extent that such officers or directors may also be Members).

7.3. Indemnification.

Subject to the limitations of Texas law, the Association shall indemnify every present and former officer, director, and committee member against all damages and expenses, including counsel fees and expenses, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that the Association shall have no obligation to indemnify any individual against liability or expenses incurred in connection with a proceeding:

(a) brought by or in the right of the Association, although it may reimburse the individual for reasonable expenses incurred in connection with the proceeding if it is determined, by the court or in the manner provided above, that the individual met the relevant standard of conduct under Texas law; or

(b) to the extent that the individual is adjudged liable for conduct that constitutes:

(i) appropriation, in violation of his or her duties, of any business opportunity of the Association; or

(ii) intentional misconduct or knowing violation of the law; or

(iii) an unlawful distribution to members, directors or officers; or

(iv) receipt of an improper personal benefit.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, main-

tain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.4. Advancement of Expenses.

In accordance with the procedures and subject to the conditions and limitations set forth in Texas law, the Board may authorize the Association to advance funds to pay for or reimburse the reasonable expenses incurred by a present or former officer, director or committee member in any proceeding to which he or she may be a party by reason of being or having been an officer, director, or committee member of the Association.

7.5. Board and Officer Training.

The Board may conduct or provide for seminars and continuing educational opportunities designed to educate and inform its officers and directors of their responsibilities as officers and directors. Such programs may include instruction on applicable Texas corporate and fiduciary law principles, other issues relating to administering community affairs, and upholding and enforcing the Governing Documents. The Board may retain industry professionals, which may include property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected officer and director shall be encouraged to complete a training seminar within the first six months of assuming such position. The seminar may be live, video or audiotape, or in other format. The cost of such seminar shall be a Common Expense.

The Board may also provide, or provide for, Owner and resident education designed to foster a better understanding of Chadwick Farms's governance and operations, and leadership training classes designed to educate Owner Members as to the nomination, election, and voting processes and the duties and responsibilities of directors and officers.

The Board may apply for and maintain, as a Common Expense, membership for the Association, its officers and directors, in the Community Associations Institute or any similar nonprofit organization that provides educational opportunities for community association directors, officers and managers in operation and management of community associations.

Article 8 Management and Accounting

8.1. Compensation of Directors and Officers.

The Association shall not compensate directors and officers for acting as such unless the Founder, during the Founder Control Period, and Owner Members representing a majority of the total votes in the Association approve such compensation at an Association meeting. The Association may reimburse any director or officer for expenses he or she incurs on the Association's behalf upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director or officer, or any entity with which a director or officer is affiliated, for services or supplies he or she furnishes to the Association in a capacity other than as a director or officer pursuant to a contract or agreement with the Association. However, such director must make known his or her interest to the Board prior to entering into such contract, and a majority of the Board, excluding any interested director, must approve such contract.

8.2. Right of Founder Member to Disapprove Actions.

So long as there is a Founder Membership, the Founder Member shall have a right to disapprove any action, policy, or program of the Association, the Board and any committee which, in the Founder Member's sole judgment, would tend to impair rights of the Founder or Builders under the Charter or these By-Laws, interfere with development or construction of any portion of Chadwick Farms, or diminish the level of services the Association provides. The Board shall not implement any action, policy, or program subject to the right of disapproval set forth herein until and unless the requirements of this Section have been met.

(a) *Notice.* The Association shall give the Founder Member written notice of all meetings of the membership, the Board, and committees, and any actions proposed to be taken by any of them by written consent in lieu of a meeting. The Association shall give such notice by certified mail, return receipt requested, or by personal delivery at the address the Founder Member has registered with the Association. Such notice shall comply, as to Board meetings, with Section 3.9, and shall, except in the case of regular Board meetings pursuant to these By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting.

(b) *Opportunity to be Heard.* At any such meeting, the Association shall give the Founder Member the opportunity to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein. The Founder Member, its representatives, or its agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee.

The Founder Member, acting through any officer or director, agent, or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action.

The Founder Member may use this right to disapprove to block proposed actions but shall not use it to require any action or counteraction of any committee, the Board, or the Association. The Founder Member shall not use its right to disapprove to reduce the level of services the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

8.3. Managing Agent.

The Board may employ for the Association professional management agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties but shall not delegate policy-making authority or ultimate responsibility for those duties set forth in Section 3.16. The Board may employ the Founder or its affiliate as managing agent or manager.

The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of the managing agent or manager which might arise between Board meetings.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Founder Control Period unless such contract contains a right of termination which may

be exercised by the Association, with or without cause and without penalty, at any time after termination of the Founder Control Period upon not more than 90 days' written notice.

The managing agent shall not accept remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association. The managing agent shall promptly disclose to the Board any financial or other interest which it may have in any firm providing goods or services to the Association.

8.4. Accounts and Reports.

(a) The Board shall follow the following accounting standards unless the Board by resolution specifically determines otherwise:

(i) accounting and controls should conform to generally accepted accounting principles; and

(ii) the Association's cash accounts shall not be commingled with any other accounts.

(b) Commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless the Board specifies otherwise by resolution).

(c) An annual report consisting of at least the following shall be made available for Members' review within 180 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines.

8.5. Borrowing.

The Association shall have the power to borrow money for any legal purpose. However, the Board shall obtain membership approval in the same manner provided in the Charter for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 20% of the Association's budgeted gross expenses for that fiscal year.

8.6. Right to Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Neighborhood and other owners or residents associations, within and outside Chadwick Farms.

8.7. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All Association agreements, contracts, deeds, leases, checks, and other instruments shall be executed by at least two officers or by such other person or persons as the Board may designate by resolution.

Article 9 Enforcement Procedures

The Association shall have the power, as provided in the Charter, to impose sanctions for any violation of the Governing Documents. To the extent specifically required by the Charter or Texas law, the Board shall comply with the following procedures prior to imposition of sanctions:

9.1. Notice and Response.

The Board or its delegate shall serve the alleged violator with written notice, by certified mail, return receipt requested, (a) describing the alleged violation or property damage which is the basis of the proposed sanction or amount due to the Association, as applicable; (b) describing the proposed sanction to be imposed; and (c) informing the alleged violator that he or she has 30 days after receipt of the notice to present a written request for a hearing to the Board or the Covenants Committee, if one has been appointed pursuant to Article 6; and (d) informing the alleged violator that he or she may avoid the proposed sanction by curing the violation within a reasonable cure period stated in the notice, except that the Association shall have no obligation to provide a cure period if the alleged violator has been given notice of a similar violation within the preceding six months. If the hearing is to be held before a Covenants Committee, the notice shall also state that the alleged violator has the right to appeal the decision of the Covenants Committee to the Board.

The alleged violator shall respond to the notice of the alleged violation in writing within such 30-day period, regardless of whether the alleged violator is challenging the imposition of the proposed sanction, or the proposed sanction shall be imposed. If the alleged violator cures the alleged violation and notifies the Board in writing within such 30-day period the Board may, but shall not be obligated to, waive the sanction. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

Prior to the effectiveness of sanctions imposed pursuant to this Article, proof of proper notice shall be placed in the minutes of the Board or Covenants Committee, as applicable. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative requests and appears at the hearing.

9.2. Hearing.

If a hearing is requested within the allotted 30-day period, the hearing shall be held before the Covenants Committee, or if one has not been appointed, then before the Board in executive session within 30 days after receipt of the alleged violator's request. Either the Board or the alleged violator may request a postponement of up to 10 days and such postponement shall be granted. Additional postponements may be granted upon agreement of both the Association and the alleged violator. The Board shall notify the alleged violator at least 10 days prior to the hearing of the time, date, and place of the hearing. At the hearing, the alleged violator shall be afforded a reasonable opportunity to be heard and shall be entitled to make an audio recording of the hearing. The minutes of the meetings of the Board or Covenants Committee, as applicable, shall contain a written statement of the results of the hearing (*i.e.*, the Board's or Committee's decision) and the sanction, if any, to be imposed. Written notice of the decision shall be mailed to the violator within three days after the hearing.

If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed unless the violation is cured within the cure period stated in the notice.

9.3. Appeal.

Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board. To exercise this right, the violator must deliver a written notice of appeal to the Association's manager, President, or Secretary within 10 days after the hearing date.

Article 10 Miscellaneous

10.1. Fiscal Year.

The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

10.2. Parliamentary Rules.

Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of Association proceedings when not in conflict with Texas law or the Governing Documents.

10.3. Conflicts.

If there are conflicts among the provisions of Texas law, the Articles of Incorporation, the Charter, and these By-Laws, the provisions of Texas law, the Charter, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

10.4. Books and Records.

(a) ***Turnover of Books and Records.*** Within 60 days after termination of the Founder Control Period, the Founder shall deliver to the Association all property, books and records of the Association in the Founder's possession.

(b) *Inspection by Members and Mortgagees.* The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Governing Documents, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the Association's office or at such other place within Chadwick Farms as the Board shall designate.

(c) *Rules for Inspection.* The Board shall establish rules with respect to:

- (i) notice to be given to the custodian of the records; and
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing documents requested.

(d) *Inspection by Directors.* Every director shall have the absolute right at any reasonable time to inspect all Association books, records, and documents and the physical properties owned or controlled by the Association. A director's right of inspection includes the right to make a copy of relevant documents at the Association's expense.

10.5. Notices.

(a) *Form of Notice and Method of Delivery.* Except as otherwise provided in the Charter or these By-Laws or by Texas law, all notices, demands, bills, statements, or other communications under the Charter or these By-Laws shall be in writing and may be delivered in person, by United States mail, by private carrier, or if the intended recipient has given its prior written authorization to use such method of delivery, by facsimile or electronic mail with written confirmation of transmission.

(b) *Delivery Address.* Notices shall be delivered or sent to the intended recipient as follows:

(i) if to a Member, at the address, telephone facsimile number, or e-mail address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member;

(ii) if to the Association, the Board, or a committee of either, at the address, facsimile number, or e-mail address of the principal office of the Association or its managing agent, or at such other address as the Association shall designate by notice in writing to the Members pursuant to this Section; or

(iii) if to the Founder, at the Founder's principal address as it appears on the Secretary of State's records, or at such other address as the Founder shall designate by notice in writing to the Association pursuant to this Section.

(c) *Effective Date.* Notice sent in accordance with subsections (a) and (b) shall be deemed to have been duly given and effective:

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

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

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

10.6. Amendment.

(a) Until termination of the Founder Control Period, Founder Member may unilaterally amend these By-Laws for any purpose.

(b) The Board of Directors may unilaterally amend these By-Laws, with the consent of the Founder Member during the Founder Control Period, and thereafter, unilaterally, (i) to correct clerical, typographical or technical errors; (ii) to bring any provision into compliance comply with any applicable governmental statute, rule, regulation, or judicial determination; (iii) to comply with the requirements, standards or guidelines of 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; or (iv) to satisfy the requirements of any local, state, or federal governmental agency.

(c) Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Owner Members entitled to cast at least 67% of the total eligible votes in the Association, and the consent of the Founder Member, if such exists. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(d) Any amendment adopted pursuant to subsection (a) shall be prepared and signed by the Founder. Any amendment adopted pursuant to subsection (b) shall be prepared and signed by the President or Vice President and by the Secretary or Treasurer of the Association certifying that the requisite approval was obtained.

(e) Amendments to these By-Laws shall become effective upon recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within one year of its recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of Founder, the Founder Member, or any Founder Affiliate without the written consent of Founder, the Founder Member, the Founder Affiliate, or the assignee of such right or privilege.

CERTIFICATION

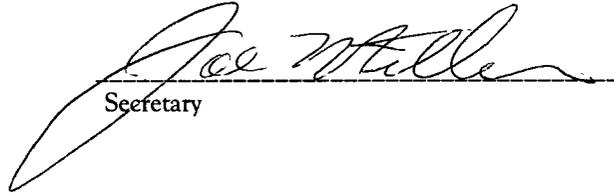
I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Chadwick Farms Community Association, Inc., a Texas nonprofit corporation;

That the foregoing By-Laws constitute the original By-Laws of the Association, as duly adopted by resolution of the Board of Directors thereof on the 9th day of October, 2005

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 8th day of December, 2005

[SEAL]


Secretary

Chadwick Farms Community Association, Inc.
1111

**COVENANTS, CONDITIONS
&
RESTRICTIONS**

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



70 2005 00154227

Instrument Number: 2005-154227

As

Recorded On: December 13, 2005

Misc General Fee Doc

Parties: KIMBALL HILL CHADWICK FARMS

To

Billable Pages: 101

Number of Pages: 101

Comment:

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DALLAS TX 75234



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this Instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Cynthia Mitchell

County Clerk
Denton County, Texas

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Kimball Hill Homes Chadwick Farms, LP
3010 LBJ Freeway, Suite 1100
Dallas, Texas 75234

COMMUNITY CHARTER

FOR

CHADWICK FARMS

Prepared by:

Wayne S. Hyatt
Hyatt & Stubblefield, P.C.
225 Peachtree Street, N.E., Suite 1200
Atlanta, Georgia 30303

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COMMUNITY CHARTER FOR CHADWICK FARMS

PREAMBLE

Chadwick Farms is a planned community located in the City of Fort Worth, Denton County, Texas. This Community Charter ("Charter") constitutes the instrument commonly known as a declaration establishing Chadwick Farms as a planned community. This Charter creates a governance structure and a flexible system of standards and procedures for the development, expansion, administration, maintenance, and preservation of various residential properties and common areas within Chadwick Farms.

An integral part of the plan for operation and administration of Chadwick Farms is Chadwick Farms Community Association, Inc., which has been incorporated pursuant to the Texas Non-Profit Corporation Act to own, operate, and/or maintain various common areas and community improvements and to administer and enforce this Charter and the other Governing Documents referenced in this Charter.

This document does not, and is not intended to, create a condominium under Texas law.

DECLARATION

Kimball Hill Chadwick Farms, L.P., a Texas limited partnership, its successors and assigns (the "Founder"), by executing and recording this Charter, declares that the property described in Exhibit "A," and any additional property made subject to this Charter by supplement or amendment, shall constitute the planned community of Chadwick Farms (the "Community" or "Chadwick Farms.") This Charter shall encumber the title to such property, shall govern the development and use of such property, and shall be binding upon the Founder and the future owners of any portion of such property, their respective heirs, successors, successors-in-title, and assigns, and any other person or entity that now or hereafter holds any legal, equitable, or beneficial interest in any portion of such property. This Charter shall also be binding upon Chadwick Farms Community Association, Inc., its successors and assigns (the "Association").

Article 1

Governing Documents

A community is guided and governed by certain principles that each owner and resident, by choosing to own property or reside in the community, agrees to uphold. Those principles are set forth in the community's governing documents, which bind the community together, give it structure, and provide guidance to all who participate in its growth and evolution.

1.1. Scope and Applicability.

The Community has been established and is administered pursuant to various documents that have a legal and binding effect on all owners and occupants of property in the Community, as well as on anyone else that may now or in the future have an interest in any portion of the property comprising the Community. Such documents, referred to in this Charter as the "Governing Documents," include this Charter and the other documents described in Table 1.1, as they may be amended. All owners and occupants of property in the Community, as well as their tenants, guests, and invitees, are required to comply with the Governing Documents.

GOVERNING DOCUMENTS	
Community Charter: (recorded)	this Community Charter for Chadwick Farms, which creates obligations that are binding upon the Association and all present and future owners of property in Chadwick Farms
Supplement: (recorded)	a recorded supplement to this Charter, which submits additional property to this Charter, creates easements over property described in such Supplement, imposes additional obligations or restrictions on such property, or any of the foregoing
Articles of Incorporation: (filed with Secretary of State)	the Articles of Incorporation of Chadwick Farms Community Association, Inc., as they may be amended, which establish the Association as a nonprofit corporation under Texas law
By-Laws: (attached as Exhibit "D")	the By-Laws of Chadwick Farms Community Association, Inc., adopted by its Board of Directors, as they may be amended, which govern the Association's internal affairs, such as voting, elections, meetings, etc. A copy of the By-Laws is attached as Exhibit "D"
Design Guidelines: (recorded)	the design standards and architectural and aesthetics guidelines adopted pursuant to Article 5, as they may be amended, which govern new construction and modifications to property within the Community, including structures, landscaping, and other items
Rules: (initial set attached as Exhibit "C")	the rules of the Association adopted pursuant to Article 7, which regulate use of property, activities, and conduct within Chadwick Farms
Board Resolutions: (Board adopts)	the resolutions which the Association's Board of Directors adopts to establish rules, policies, and procedures for internal governance and Association activities and to regulate the operation and use of property which the Association owns or controls

Table 1.1 - Governing Documents

1.2. Additional Covenants and Restrictions.

The owner of any property within the Community may impose covenants on such property in addition to those set forth in the Governing Documents, with such approval as may be required pursuant to Article 17. If the provisions of any such additional covenants are more restrictive than the provisions of this Charter, the more restrictive provisions shall control. The Association shall have standing and the power, but not the obligation, to enforce any such additional covenants.

1.3. Conflicts and Ambiguities.

If there are conflicts between any of the Governing Documents and Texas law, Texas law shall control. If there are conflicts between or among any of the Governing Documents, then the Charter, the Articles, and the By-Laws (in that order) shall control. If there is a conflict between the Governing Documents and any additional covenants recorded on any property within the Community (or the rules or policies adopted pursuant to any such additional covenants), the Governing Documents shall control.

The Governing Documents use diagrams, tables, and keynotes to illustrate concepts and assist the reader. If there is a conflict between any diagram, table, or keynote and the text of the Governing Documents, the text shall control.

If any court determines that any provision of this Charter is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision in other instances.

The Association's board of directors ("**Board**") may, by resolution, resolve any ambiguities in the Governing Documents, and the Board's reasonable interpretation of an ambiguous provision shall be determinative.

1.4. Definitions.

Capitalized terms used in the Governing Documents have the meaning described in the paragraph where they first appear in bold print. An index to defined terms may be found immediately following the Table of Contents for this Charter. All other terms used in the Governing Documents have their usual, commonly accepted definitions.

1.5. Interpretation of Certain References.

Consent or Approval. All references in the Governing Documents to "**consent**" or "**approval**" shall refer to permission or approval which, unless otherwise expressly qualified in the specific provision, may be granted or withheld in the discretion of the person or entity whose consent or approval is required.

Discretion and Determination. All references in the Governing Documents to "**discretion**" or to the right to "**determine**" any matter shall mean the sole and absolute power or right to decide or act. Unless otherwise expressly limited in the Governing Documents or by law, any one authorized in the Governing Documents to exercise discretion or make a determination may do so without regard to the reasonableness of, and without the necessity of justifying, the decision, determination, action, or inaction.

Person. References in the Governing Documents to a "**Person**" or "**Persons**" shall refer to an individual, a corporation, a partnership, a limited liability company, or any other legal entity.

Recording. All references in the Governing Documents to a "recorded" legal instrument, or to recording or the recording of a legal instrument, shall refer to an instrument filed or recorded, or the filing or recording of a legal instrument, in the Office of the County Clerk of Denton County, Texas, or such other place designated as the official location for filing documents affecting title to real estate in Denton County in order to make them a matter of public record.

Community-Wide Standard. Where the Governing Documents require compliance with the "Community-Wide Standard," the standard to be applied is the highest of: (a) the standard of use, conduct, architecture, landscaping, or aesthetic matters generally prevailing in the Community, or (b) the minimum standards described in this Charter, the Design Guidelines, the Rules, and Board resolutions. The Community-Wide Standard may contain objective elements, such as specific maintenance requirements, and subjective elements, such as matters subject to the discretion of the Board or the Reviewer (as defined in Article 5). The Community-Wide Standard may or may not be set out in writing. The Founder initially shall establish such standard; however, the Community-Wide Standard may evolve as development progresses and as Chadwick Farms matures.

* * *

Article 2 Community Administration

Vibrant communities depend upon all of their stakeholders working together to uphold community standards and achieve the vision and goals for the community. The Founder, the Association, the owners, the builders, and others have a role in the functioning of the community and in helping to fulfill that vision. This Article identifies these stakeholders and describes their roles in administering the Community.

2.1. The Founder.

The Founder has established the vision for the Community and, through the Governing Documents, has set forth the founding principles that will guide the Community during the initial period of development and sale and thereafter. The Founder's proposed plan for development of the Community is described in the plan for Chadwick Farms approved by the City of Fort Worth, Texas, as it may be amended, which encompasses all of the property described in Exhibit "A" and all or a portion of the property described in Exhibit "B" of this Charter (the "Development Plan"). However, the Founder is not obligated to submit property shown on the Development Plan to this Charter. In addition, the Founder may submit property to this Charter that is not shown on the Development Plan.

The Founder has reserved various rights in the Governing Documents with respect to development and administration of the Community. The Founder may exercise certain of these rights throughout the "Development and Sale Period," which is the period of time during which the Founder, any "Founder Affiliate," or any Builder as defined in Section 2.4 owns real property in the Community primarily for development or sale or has an unexpired option to expand the Community pursuant to Article 16. A "Founder Affiliate" is any Person that controls, is controlled by, or is under common control with the Founder, and any Person that is an owner, a member, a partner, or a shareholder of the Founder.

The Founder has reserved other rights that may be exercised during the "Founder Control Period," which is the period of time that the Founder is entitled to appoint a majority of the members of the Asso-

ciation's Board. It begins on the date of the Association's incorporation and terminates upon the first of the following to occur:

(a) when 75% of the total number of Units (as defined in Section 3.1) contemplated by the Development Plan are substantially complete and either occupied or ready for occupancy and have been conveyed to persons other than a Founder Affiliate or a builder holding title for purposes of construction and resale;

(b) December 31, 2025; or

(c) when, in its discretion, the Founder voluntarily and expressly surrenders such right in a recorded instrument.

The Founder has certain approval rights for a limited period as provided in the By-Laws after the termination of the Founder Control Period.

The Founder may assign its status and rights as the Founder under the Governing Documents to any Founder Affiliate or any person who takes title to any portion of the property described in Exhibits "A" or "B" for the purpose of development and/or sale. Such assignment shall be made only in a recorded instrument signed by both parties.

2.2. The Association and its Board.

The Founder has established the Association as the primary entity responsible for administering Chadwick Farms in accordance with the Governing Documents. On most matters, the Association acts through the Board, which is selected as provided in Section 2.1 and the By-Laws. However, in some instances the Governing Documents or applicable law limit the Board's ability to act without the approval of the Association's members. Unless the Governing Documents or Texas law specifically provide otherwise, the Board may exercise the Association's rights and powers without a vote of the membership.

The Association may exercise all rights and powers that the Governing Documents and Texas law expressly grant to it, as well as any rights and powers that may reasonably be implied under the Governing Documents. It may also take any action reasonably necessary to effectuate any such right or privilege. However, the Board has no legal duty to institute litigation or any other proceeding on behalf of or in the name of the Association or its members.

In exercising the Association's rights and powers, making decisions on the Association's behalf (including, without limitation, deciding whether to file a lawsuit or take other legal action under any circumstances) and conducting the Association's affairs, Board members and the Association's officers are required to comply with, and shall be judged by, the standards set forth in the By-Laws.

2.3. The Owners.

Each Person that holds record title to a Unit, as defined in Article 3, is referred to in the Governing Documents as an "Owner." However, a Person who holds title merely as security for the performance of an obligation (such as a lender holding a mortgage or similar security instrument) is not considered an "Owner." If a Unit is sold under a recorded contract of sale and the contract specifically so states, the purchaser (rather than the holder of fee simple title) will be considered the Owner. If a Unit has more than one Owner, all co-Owners are jointly and severally obligated to perform the responsibilities of the Owner under the Governing Documents.

Every Owner has a responsibility to comply with the Governing Documents and uphold the community standards described in Part Two of this Charter. Each Owner also has an opportunity to participate in the administration of the Community through membership in the Association and through service to the Community in various committee and leadership roles, as described in Articles 3 and 4 and in the By-Laws.

2.4. Builders.

Much of the responsibility and credit for helping to create Chadwick Farms rests with those Persons who acquire one or more unimproved lots or parcels of land within Chadwick Farms from the Founder for further subdivision or development and resale in the ordinary course of their business ("**Builders**"). Except as otherwise specifically provided in the Governing Documents, the Builders have the same privileges and responsibilities as Owners during the time that they own Units for construction and resale, including the privileges of membership in the Association.

2.5. Additional Associations.

Portions of the Community may have special requirements that lead the Founder or a Builder to establish a separate condominium or homeowners association ("**Additional Association**") to administer additional covenants applicable to that particular area. However, nothing in this Charter requires the creation of an Additional Association, and the jurisdiction of any Additional Association shall be subordinate to that of the Association.

Additional Associations, if any, are responsible for administering the additional covenants applicable to the property within their jurisdiction and for maintaining, in accordance with the Community-Wide Standard, any property which they own or which their respective covenants designate as being for the common benefit of their members.

2.6. Mortgagees.

If a Unit is made subject to a mortgage or other form of security instrument affecting title to a Unit ("**Mortgage**"), then the holder or beneficiary of that Mortgage ("**Mortgagee**") also has an interest in the administration of the Community. The Governing Documents contain various provisions for the protection of Mortgagees, including those set forth in Article 15.

2.7. Commercial Properties.

The commercial properties, if any, located between the Community and State Highway 114 are not intended to be subject to this Charter and the owners of such properties will not be members of the Association. However, such owners may be obligated to contribute to certain costs which the Association incurs in performing its responsibilities under any Covenant to Share Cost recorded pursuant to Section 9.5.

* * *

Article 3 Community Structure and Organization

The Community consists of parcels of property, referred to as Units, which are intended for the exclusive use of the Owner and occupants of the Unit, as well as property that is intended for the common use of some or all of the residents of the Community.

3.1. Units.

The Governing Documents refer to the homes and home sites in Chadwick Farms as "**Units**." A Unit is a portion of the Community which is depicted as a separately identified lot, parcel, or airspace on a recorded subdivision plat or in a recorded condominium instrument and which is zoned or otherwise intended for development, use, and occupancy as an attached or detached residence for a single family. The term "Unit" refers to the land, if any, which is part of the Unit, as well as to any structures and other improvements on such land. A parcel of land under single ownership and intended for construction of more than one residence is considered a single Unit until a subdivision map, plat, or condominium instrument is recorded subdividing it into more than one Unit. The subdivision and combination of Units is subject to the provisions of section 7.1(d).

3.2. Common Area.

Any property and facilities that the Association owns or in which it otherwise holds possessory or use rights for the common use or benefit of more than one Unit is referred to as "**Common Area**." The Common Area also includes any property that the Association holds under a lease and any easements in favor of the Association. The Founder and others may establish and convey Common Area to the Association as provided in Section 9.1.

3.3. Limited Common Area.

Certain portions of the Common Area may be designated as "**Limited Common Area**" and assigned for the exclusive use or primary benefit of less than all Units or Units in specified portions of the Community. Limited Common Areas might include such things as entry features, private streets, and recreational facilities, among other things, that benefit only a portion of the Community.

The Founder may designate property as Limited Common Area and assign it to particular Units on Exhibit "A" to this Charter, or in the Supplement by which the property is submitted to the terms of this Charter, or in the deed conveying such property to the Association.

3.4. Area of Common Responsibility.

All of the properties and facilities for which the Association has responsibility under the Governing Documents, or for which the Association otherwise agrees to assume responsibility, are collectively referred to in the Governing Documents as the "**Area of Common Responsibility**," regardless of who owns them. The Area of Common Responsibility includes all of the Common Area and may also include Units or portions of Units and property dedicated to the public, such as public rights-of-way. The initial Area of Common Responsibility is described in Article 9.

3.5. Other Properties.

In addition to the above, Chadwick Farms may include property dedicated to the public and property owned or controlled by an Additional Association for the common use and enjoyment of its members.

* * *

Article 4 Association Membership and Voting Rights

The Association is a mechanism by which each Owner can participate in the governance and administration of Chadwick Farms. While many powers and responsibilities are vested in the Board in order to facilitate day-to-day management and operation, the membership and voting rights vested in the Owners allow the Owners to participate in administration of the Community and influence the outcome of major decisions.

4.1. Membership.

The Association initially has two classes of membership: the Owner membership, which is comprised of all Owners, including Builders, and the Founder membership, which consists solely of the Founder. All persons holding a membership in the Association are referred to in this Charter as "Members."

(a) *Owner Membership.* Every Owner is automatically a member of the Association. However, there shall be only one membership per Unit. Thus, if a Unit has more than one Owner, all co-Owners of the Unit share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth below and in the By-Laws. If an Owner is a corporation, a partnership, or other legal entity, its membership rights may be exercised by any officer, director, partner, or trustee, or by an individual the Owner designates from time to time in a writing to the Association's Secretary, except that only the individuals residing in the Unit may use any Common Area recreational facilities available for use by Owners.

(b) *Founder Membership.* The Founder holds the sole Founder membership. The Founder membership shall terminate upon expiration of the Founder Control Period, or on such earlier date as the Founder determines and declares in a recorded instrument.

The Founder may, by Supplement, create additional classes of membership comprised of the Owners of Units within any portion of the additional property submitted to this Charter. The Founder shall specify in any such Supplement the rights, privileges, and obligations of the members of any class of membership created by that Supplement.

4.2. Voting.

Each Unit is assigned one equal vote, subject to the limitations on voting set forth in this Charter and the other Governing Documents. No vote shall be exercised for any property exempt from assessment under Section 12.8.

If there is more than one Owner of a Unit, the vote for such Unit shall be exercised as the co-Owners holding a majority of the ownership interest in the Unit determine among themselves. Any co-Owner may cast the vote for the Unit or consent to any action requiring approval of the Owners on behalf of all co-

Owners of the Unit, and majority agreement shall be conclusively presumed unless another co-Owner of the Unit protests promptly to the President or other person presiding over the meeting or the balloting, in the case of a vote taken outside of a meeting. In the absence of majority agreement, the Unit's vote shall be suspended if two or more co-Owners seek to exercise it independently. No more than one vote shall be cast for any Unit.

* * *

Article 5 Architecture, Landscaping and Aesthetic Standards

The Community derives its unique character from a mix of compatible architectural styles and from the cooperation of all Builders and Owners in upholding minimum design, landscaping, and aesthetic standards. This Article explains how those standards are established and how they are applied and maintained through a process requiring prior approval for construction on and exterior modifications to improvements on Units.

5.1. General.

All site work, landscaping, structures, improvements, and other items placed on a Unit or Common Area in a manner or location visible from outside of existing structures ("**Improvements**") are subject to standards for design, landscaping, and aesthetics adopted pursuant to this Article ("**Design Guidelines**") and the approval procedures set forth in this Article, except as this Article or the Design Guidelines may otherwise specify.

No prior approval is necessary to repaint the exterior of existing structures using the most recently approved color scheme or to rebuild or restore any damaged structures in a manner consistent with the plans and specifications most recently approved for such structures. Generally, no approval is required for work done to the interior of a structure; however, modifications to the interior of screened porches, patios, and other portions of a structure visible from outside of the structure do require prior approval.

Any dwelling constructed on a Unit shall be designed by and built in accordance with the plans and specifications of a licensed architect or professional building designer unless the Founder or its designee otherwise approves in its sole discretion.

Approval under this Article is not a substitute for any approvals or reviews required by the City of Fort Worth or any municipality or governmental agency or entity having jurisdiction over architectural or construction matters.

This Article shall not apply to structures existing on any portion of the Community prior to submitting it to this Charter, or to the Founder's or any Founder Affiliate's design and construction activities, or to the Association's design and construction activities during the Founder Control Period.

5.2. Design Review Authority.

(a) **Founder.** The Founder shall have exclusive authority to review and act upon all applications for review of proposed Improvements until the later of (i) the expiration of the Development and Sale Period, or (ii) such time as all Units planned for the property described in Exhibits "A" and "B" have been improved with dwellings that are substantially complete and occupied or ready for occupancy. The Founder may designate one or more persons to act on its behalf in reviewing any application, and may establish a committee

("Founder's Review Committee") comprised of such persons as the Founder deems appropriate (which may but need not include Builders, architects, engineers, or other professionals), to review applications and make recommendations to the Founder of approval or disapproval during the period of time that the Founder holds reviewing authority under this Article. In reviewing and acting upon any request for approval, the Founder and its designee, including any Founder's Review Committee, act solely in the Founder's interest and owe no duty to any other Person.

From time to time, the Founder may delegate any or all of its rights under this Article to other Persons or committees, including any committee appointed pursuant to Section 5.2(b). Any such delegation shall be in writing, shall specify the scope of responsibilities delegated, and shall be subject to (i) the Founder's right to revoke such delegation at any time and reassume its prior control, and (ii) the Founder's right to veto any decision which it determines, in its discretion, to be inappropriate or inadvisable. So long as the Founder has any rights under this Article, the jurisdiction of others shall be limited to such matters as the Founder specifically delegates.

(b) *Design Review Committee.* Upon the Founder's delegation of authority pursuant to Section 5.2(a), or upon expiration or termination of the Founder's rights under this Article, the Board shall appoint a Design Review Committee ("Design Review Committee" or "DRC") to assume jurisdiction over matters within the scope of the delegated authority or this Article, respectively. The DRC shall consist of at least three, but not more than seven, persons, who shall serve and may be removed and replaced in the Board's discretion. DRC members need not be Owners or representatives of Owners. The DRC may, but need not, include architects, engineers, or similar professionals. The Association may compensate DRC members in such manner and amount, if any, as the Board may determine appropriate.

Until expiration of the Founder's rights under this Article, the DRC shall notify the Founder in writing within three business days of any action (i.e., approval, partial approval, or disapproval) it takes under this Article. A copy of the application and any additional information the Founder may require shall accompany the notice. The Founder shall have 10 business days after receipt of such notice to veto any such action, in its sole discretion, by written notice to the DRC.

Unless and until such time as the Founder delegates all or a portion of its reserved rights to the DRC or the Founder's rights under this Article terminate, the Association shall have no jurisdiction over architectural matters.

(c) *Reviewer.* For purposes of this Article, the entity having jurisdiction in a particular case shall be referred to as the "Reviewer."



Initially, the Founder reviews applications for proposed Improvements. Thereafter, the Board of Directors will appoint a Design Review Committee to review applications for proposed improvements. The Founder or the Design Review Committee is referred to as the "Reviewer." The Reviewer sets fees for reviewing applications.

(d) *Fees; Assistance.* The Reviewer may establish and charge reasonable fees for its review of applications and may require that such fees be paid in advance. Such fees may also include reasonable costs incurred in having professionals review any application. The Board may include the compensation of such persons in the Association's annual operating budget.

5.3. Guidelines and Procedures.

(a) *Design Guidelines.* The Founder shall have the right to adopt and record initial Design Guidelines, which shall thereafter be subject to amendment as provided in this Section. The Design Guidelines may contain general provisions applicable to all of Chadwick Farms as well as specific provisions that vary based on the type of structure, use, or location within the Community. The Design Guidelines are intended to provide guidance to Owners and contractors regarding matters of particular concern to the Reviewer. The Design Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Design Guidelines does not guarantee approval.

The Founder shall have sole and full authority to amend the Design Guidelines for so long as it has review authority under Section 5.2(a). The Founder's right to amend the Design Guidelines shall continue even if it delegates reviewing authority to the DRC, unless the Founder also delegates the power to amend to the DRC. Upon termination or delegation of the Founder's right to amend, the DRC may amend the Design Guidelines with the Board's consent.

Amendments to the Design Guidelines shall apply prospectively only. They shall not require modifications to or removal of any structures previously approved once the approved construction or modification has begun. However, any new work on such structures must comply with the Design Guidelines as amended. There shall be no limitation on the scope of amendments to the Design Guidelines, and such amendments may eliminate requirements previously imposed or otherwise make the Design Guidelines less restrictive. Any amendment to the Design Guidelines shall be effective upon recording.

The Reviewer shall make the Design Guidelines, as they may be amended, available to Owners and their contractors upon request.

(b) *Procedures.* Unless the Design Guidelines provide otherwise, no activities within the scope of this Article (as described in Section 5.1) may begin on any property within Chadwick Farms until a written application is submitted to and approved by the Reviewer. The application must be accompanied by plans and specifications and such other information as the Reviewer or the Design Guidelines may require.

In reviewing each application, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that such determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements.

The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment, and such determinations shall not be subject to the procedures in Article 18 or judicial review so long as they are made in good faith and in accordance with required procedures.

The Reviewer shall make a determination on each application after receipt of a completed application with all required information. The Reviewer may permit or require that an application be submitted or considered in stages, in which case a final decision shall not be required until after the final, required submission. The Reviewer may (i) approve the application with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

The Reviewer shall notify the applicant in writing of the final determination on any application no later than 30 business days after its receipt of a completed application and all required submissions; however,

with respect to any DRC determination subject to the Founder's veto right under Section 5.2(b), the Reviewer shall notify the applicant of the final determination within 40 business days after its receipt of the final determination and all required submissions. Notice shall be deemed given at the time the envelope containing the response is deposited in the U.S. mail. Hand delivery, facsimile, electronic mail, or similar delivery of such written notice also shall be sufficient and shall be deemed given at the time of confirmed delivery to the applicant.

If the Reviewer fails to respond within the time period required above, approval shall be deemed given. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Design Guidelines unless a written variance has been granted pursuant to Section 5.5.

As part of any approval, the Reviewer may require that construction commence within a specified time period. If construction does not commence within the required period, the approval shall expire, and the Owner must reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within 12 months of commencement unless otherwise specified in the notice of approval or unless the Reviewer, in its discretion, grants an extension in writing.

The Reviewer may exempt certain activities from the application and approval requirements of this Article, if such activities are undertaken in compliance with the Design Guidelines and the Community-Wide Standard.

5.4. No Waiver of Future Approvals.

The people reviewing applications under this Article will change from time to time, and opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. It may not always be possible to identify objectionable features until work is completed. In such cases, the Reviewer may elect not to require changes to objectionable features. However, the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans shall not constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

5.5. Variances.

The Reviewer may authorize variances from compliance with any of the Design Guidelines and any procedures when it determines that circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations justify a variance, but no variance shall (a) be effective unless in writing; (b) be contrary to this Charter; or (c) prevent the Reviewer from denying a variance in other circumstances. A variance requires the Founder's written consent during the Development and Sale Period and, thereafter, requires the Board's written consent.



When unusual circumstances exist that make it difficult to comply with a particular requirement of the Design Guidelines, the Owner may file a request with the Reviewer to be excused from complying with such requirement. The Reviewer has the discretion to determine when a variance is appropriate.

5.6. Limitation of Liability.

This Article establishes standards and procedures as a mechanism for maintaining and enhancing the overall aesthetics of Chadwick Farms; they do not create any duty to any Person. Review and approval of any application pursuant to this Article may be based purely on aesthetic considerations. The Reviewer is

not responsible for the structural integrity or soundness of approved construction or modifications, for materials used, for compliance with building codes and other governmental requirements, or for ensuring that structures are fit for their intended purpose, or for ensuring that all dwellings are of comparable quality, value, size, or design, or are aesthetically pleasing or otherwise acceptable to other Owners. Neither the Reviewer nor any member of the DRC shall have any liability for approving plans that are inconsistent with the Design Guidelines provided that such person acted in good faith in approving such plans.

The Founder, Founder Affiliates, the Association, its officers, the Board, any committee, and any member of any of the foregoing, shall not be liable for (a) soil conditions, drainage, or other general site work; (b) any defects in plans revised or approved hereunder; (c) any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not the Founder has approved or featured such contractor as a Builder; (d) view preservation; or (e) any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction or modifications to any Unit. In all matters, the Association shall defend and indemnify the Board, the DRC, and the members of each, as provided in the By-Laws.

5.7. Certificate of Compliance.

Any Owner may request in writing that the Reviewer issue a certificate of compliance certifying that there are no known violations of this Article or the Design Guidelines. The Association shall either grant or deny such written request within 30 days after receipt and may charge a reasonable administrative fee. Issuance of such a certificate shall prevent the Association from taking enforcement action against an Owner for any condition known to the Association on the date of such certificate.

Article 6 Maintenance, Repair and Replacement

One of the benefits of owning property in a planned community is the commitment among neighbors to maintain their property in a neat, attractive, and well-landscaped condition to enhance the overall beauty and aesthetic appeal of the Community. This Article describes the Owners' responsibilities for maintenance and repair of their Units and for insuring their Units against property damage so that funds will be available for repair and restoration if needed.

6.1. Maintenance by Owners.

Each Owner shall maintain his or her Unit, including all structures, landscaping, and other improvements comprising the Unit, in a manner consistent with the Governing Documents and the Community-Wide Standard, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or an Additional Association pursuant to this Charter, any Supplement, or by law.

Each Owner whose Unit abuts Common Area or the right-of-way of any public street shall also be responsible for maintaining and irrigating the landscaping (a) between the Unit boundary and the nearest curb of such public street, except where there is a fence easement in favor of the Association pursuant to Section 13.6; and (b) between the Unit boundary and any wall or fence located on adjacent Common Area or right-of-way within 10 feet of the Unit boundary. However, Owners may not remove trees, shrubs, or similar vegetation from these areas without prior approval pursuant to Article 5. Owners shall have no responsibility for maintaining neighborhood entry features or landscaping associated with such features.

6.2. Maintenance by Additional Associations.

An Additional Association shall maintain its common property and any other property for which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants.

Any Additional Association shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Common Area or public right-of-way lying between the boundary of its common property and any wall, fence, or curb located on the Common Area or public right-of-way within 10 feet of its boundary. An Additional Association shall not remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article 5.

The Association may assume maintenance responsibility for property of any Additional Association, either by contract or agreement with the Additional Association, or upon the Board's determination, pursuant to Article 8, that the level and quality of maintenance then being provided is not consistent with the Community-Wide Standard.

6.3. Responsibility for Repair and Replacement.

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement as necessary to maintain the property to a level consistent with the Community-Wide Standard.

Each Owner shall carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible, unless either the Association or an Additional Association having jurisdiction over the Unit (if any) carries such insurance. If the Association assumes responsibility for insuring a Unit pursuant to this Charter or any applicable Supplement, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Units and the Owners thereof.

Within 90 days after damage to or destruction of a structure on a Unit which the Owner is responsible for insuring, the Owner shall promptly repair or reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved pursuant to Article 5 unless the Board, in its discretion, agrees to extend such period. Alternatively, the Owner shall clear the Unit of debris and maintain it in a neat and attractive landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs that insurance proceeds do not cover.

Additional recorded covenants applicable to any portion of the Community may establish additional insurance requirements and more stringent standards for rebuilding or reconstructing structures on Units and for clearing and maintaining the Units in the event the structures are not rebuilt or reconstructed.

This Section shall apply to an Additional Association with respect to its common property in the same manner as if the Additional Association were an Owner and its common property were a Unit.

6.4. Maintenance and Repair of Party Walls and Similar Structures.

Except as may otherwise be provided by state law, a written agreement between Owners, or other recorded documents applicable to affected Units:

(a) each wall, fence, driveway, or similar structure built as part of the original construction on the Units that serves and/or separates any two adjoining Units shall be considered a party structure. The cost

of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who use the party structure.

(b) If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

(c) Any Owner's right to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

(d) To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to any party structure. Any dispute concerning a party structure shall be subject to the provisions of Article 18.

* * *

Article 7 Use and Conduct

In order to maintain a residential environment that encourages respect for and courtesy among neighbors and minimizes the potential for disputes, this Article sets forth basic standards regarding use, occupancy, and transfer of interests in Units. In addition, it provides a procedure by which the Board and the membership can adopt and change rules regulating use, conduct, and activities within the Community to address particular needs and desires of the Community over time.

7.1. Use, Occupancy, and Transfer of Interests in Units.

(a) *Residential and Related Uses.* Units may be used only for residential and related purposes, except as the Founder may otherwise authorize with respect to construction, marketing and sale activities of the Founder and Builders it designates, and as otherwise authorized in this section. A business activity shall be considered "related" to a residential use and thus permitted under this Section only if conducted by a person or persons residing in the Unit and only if the business activity:

(i) is not apparent or detectable by sight, sound, or smell from outside of a permitted structure;

(ii) complies with applicable zoning requirements;

(iii) does not involve regular visitation of the Unit by employees who do not reside in the Unit, clients, customers, suppliers, or other business invitees, or door-to-door solicitation within the Community; and

(iv) is consistent with the residential character of that portion of the Community in which the Unit is located and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of others, as the Board determines in its discretion.

"Business" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves providing goods or services to Persons other than the family of the producer and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

Provision of child care on a limited basis for a fee shall not be considered a "business" within the meaning of this subsection so long as the child care provider (i) resides in the home where the child care is provided; (ii) does not employ other persons to assist in the provision of child care; and (iii) does not provide child care to more than two children at a time who do not reside in the home where the child care is provided, or more than four children total, including the children of the child care provider.

Leasing a Unit for residential purposes shall not be considered a "business" within the meaning of this subsection, provided that such lease complies with the requirements of Section 7.1(b)..

(b) *Leasing.* For purposes of this Charter, the terms "Lease" and "Leasing" shall refer to the regular, exclusive occupancy of a Unit by any Person other than the Owner, for which the Owner receives any consideration or benefit. Leasing of Units shall be prohibited except in strict compliance with all of the following:

(i) Any dwelling that is leased shall be leased only in its entirety; separate rooms, floors, or other areas within a dwelling may not be separately leased; however, any garage apartment, detached "in-law suite" or "guest house" approved pursuant to Article 5 may be leased separate from the main dwelling.

(ii) The Owner and any other Owners to whom such Owner is related with whom such Owner is directly or indirectly affiliated (e.g., through co-ownership, or as a principal, shareholder, partner, member, trustee, or other relationship the Board may determine,) shall not individually or collectively lease or offer for lease more than one Unit at the same time, the intent of this prohibition being to restrict leasing of multiple Units by a single investor or by a group of affiliated investors who take title to Units in different names.

(iii) No signs shall be posted on the Unit, elsewhere within the Community, or on right-of-way adjacent to the Community, advertising the availability of the Unit for rent or for lease; and

(iv) All leases shall be in writing and shall disclose that the tenants and all occupants of the leased Unit are bound by and obligated to comply with the Governing Documents. However, the Governing Documents shall apply regardless of whether such a provision is specifically set forth in the lease.

(v) Within 10 days of a lease being signed, the Owner of the leased Unit shall notify the Board or the Association's managing agent of the lease and provide any additional information the Board may reasonably require.

(vi) The Owner must give the tenant copies of the Governing Documents.

In accordance with Sections 7.2 and 7.3, the Association or the Board may adopt Rules governing leasing and subleasing in addition to, but consistent with, this subsection.

(c) *Transfer of Title.* Any Owner other than the Founder desiring to sell or otherwise transfer title to his or her Unit shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may rea-

sonably require. The Person transferring title shall continue to be jointly and severally responsible with the Person accepting title for all obligations of the Owner, including assessment obligations, until the date upon which the Board receives such notice, notwithstanding the transfer of title.

No Owner shall transfer title to a Unit unless and until it has (i) requested and obtained a resale certificate signed by a representative of the Association pursuant to Section 207.03(b) of the Texas Property Code ("**Resale Certificate**"), indicating, in addition to the other matters described in Section 207.03(b) of the Texas Property Code, that: (A) all assessments (or installments thereof) and other charges against the Unit due and payable through the date of the certificate have been paid; and (B) there are no violations of the Governing Documents of which the Board has actual knowledge that have not either been cured or waived in writing by the Association.

The Association shall deliver a Resale Certificate, along with a current copy of the Governing Documents, within 10 days after the Association's receipt of written request from an Owner or Owner's agent, or a title insurance company or its agent acting on behalf of the Owner. If the Resale Certificate indicates that there are known conditions on the Unit which violate the Governing Documents, or that there are amounts due and unpaid to the Association on account of the Unit, the Owner shall cure any such violations and pay any such unpaid amounts prior to transfer of title and, upon doing so, may request an update to the Resale Certificate to reflect such action.

The Association may charge a reasonable fee to assemble, copy, and deliver copies of the Governing Documents and the Resale Certificate and to prepare and deliver any update to a Resale Certificate. In addition, upon acceptance of title to a Unit, the new Owner of the Unit shall pay to the Association an administrative transfer fee to cover the administrative expenses associated with updating the Association's records. Such fee shall be in such amount as the Board may reasonably determine necessary to cover its costs, including, but not limited to, any fees charged by a management company retained by the Association for updating its records, except that no such fees shall be charged upon the conveyance of a Unit by the Founder or a Builder prior to the first occupancy of a dwelling on the Unit.

(d) *Subdivision and Combination of Units.* No Person other than the Founder shall subdivide or change the boundary lines of any Unit or combine Units without the Founder's prior written approval during the Development and Sale Period and the Board's prior written approval thereafter. Any subdivision shall be effective only upon recording of a plat or other legal instrument reflecting the subdivision or new boundaries of the affected Unit(s). Unless a revised or amended plat reflecting a boundary change has been approved and recorded pursuant to this subsection, adjacent Units owned by the same Owner shall continue to be treated as separate Units for purposes of voting and assessment, even though such Units may be improved with a single dwelling; therefore, the Owner of such adjacent Units shall be responsible for separate assessments for each such Unit.

(e) *Timesharing.* No Unit shall be used for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years.

7.2. Rulemaking Authority and Procedures.

The Governing Documents establish a framework of covenants and conditions that govern the Community. The initial Rules attached as Exhibit "C" are a part of that framework. However, within that framework, the Association must be able to respond to unforeseen issues and changes affecting the Com-

munity. Therefore, the Board and the Members are authorized to change the Rules in accordance with the following procedures, subject to the limitations set forth in Section 7.3.

(a) **Founder Authority.** So long as the Founder has the right unilaterally to amend this Charter pursuant to Section 20.2, the Founder may unilaterally amend Exhibit "C" to add new Rules or to modify or rescind existing Rules.

(b) **Board Authority.** Subject to the notice requirements in subsection (d) and the Board's duty to exercise judgment and reasonableness on behalf of the Association and its Members, the Board may adopt new Rules and modify or rescind existing Rules by majority vote of the directors at any Board meeting. However, during the Development and Sale Period, any such action shall also be subject to the Founder's approval.

(c) **Membership Authority.** Subject to the notice requirements in subsection (d), the Members entitled to cast a majority of the votes in the Association may also adopt new Rules and modify or rescind existing Rules at any meeting of the Association duly called for such purpose, regardless of the manner in which the original Rule was adopted. However, during the Development and Sale Period, any such action shall also be subject to the Founder's approval.

(d) **Notice.** The Board shall send notice to all Owners or publish notice concerning any Rule change proposed under subsections (b) or (c) above at least five business days prior to the meeting of the Board or the Members at which such action is to be considered. At any such meeting, Members shall have a reasonable opportunity to be heard before the proposed action is put to a vote.

(e) **Effective Date.** A Rules change adopted under this Section 7.2 shall be reflected in an amendment to Exhibit "C" executed by the Founder or the Association, or both, as applicable, and recorded. Any such amendment shall take effect upon recording or 30 days after the date on which written notice of the Rules change is given to the Owners, whichever is later.

(f) **Administrative and Operating Policies.** The procedures set forth in this section do not apply to administrative and operating policies that the Board may adopt relating to the Common Areas, such as hours of operation of a recreational facility, speed limits on private roads, safety regulations, or the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times, notwithstanding that such policies may be published as part of the Rules.

(f) **Conflicts.** No action taken under this Section 7.2 shall have the effect of modifying or repealing the Design Guidelines or any provision of this Charter other than the Rules. In the event of a conflict between the Design Guidelines and the Rules, the Design Guidelines shall control. In the event of a conflict between the Rules and any provision of this Charter (exclusive of the Rules), the Charter shall control.

 Since it is impossible to foresee all potential situations and problems that may arise within the Community, the Founder, the Board, and the Members have the authority to adopt and modify rules as needed to address new or changing circumstances.

7.3. Protection of Owners and Others.

Except as may be set forth in this Charter (either initially or by amendment) or in the initial Rules set forth in Exhibit "C," all Rules shall comply with the following provisions:

(a) *Similar Treatment.* Similarly situated Units shall be treated similarly; however, the Rules may vary from one portion of the Community to another.

(b) *Displays.* No Rule shall prohibit an Owner or occupant from displaying political, religious, or holiday symbols and decorations on his or her Unit of the kinds normally displayed in single-family residential neighborhoods, nor shall any Rule regulate the content of political signs. However, rules may prohibit signs containing profanity or derogatory or offensive language, graphics, or markings, as the Board may determine in its sole discretion, and the Association may adopt time, place, and manner restrictions with respect to signs, symbols, and displays visible from outside structures on the Unit, including reasonable limitations on size and number.

(c) *Household Composition.* No Rule shall interfere with an Owner's freedom to determine household composition, except that the Association may impose and enforce reasonable occupancy limitations and conditions based on Unit size and facilities and its fair share use of the Common Area.

(d) *Activities Within Dwellings.* No Rule shall interfere with the activities carried on within a dwelling, except that the Association may prohibit activities not normally associated with residential property. It may also restrict or prohibit activities that create monetary costs for the Association or other Owners, that create a danger to anyone's health or safety, that generate excessive noise or traffic, that create unsightly conditions visible from outside the dwelling, or that are an unreasonable source of annoyance.

(e) *Allocation of Burdens and Benefits.* No Rule shall alter the allocation of financial burdens among the various Units or rights to use the Common Area set forth in this Charter to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Area, or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Article 12.

(f) *Leasing and Transfer of Units.* No Rule shall prohibit leasing or transfer of any Unit or require approval prior to leasing or transferring a Unit; however, the Rules may require a minimum lease term of up to 12 months. Minimum lease terms may vary from one portion of the Community to another. The Rules may also require that Owners use Board-approved lease forms (or include specific lease terms) and may impose a reasonable administrative fee in connection with the Board's review of a lease.

(g) *Abridging Existing Rights.* No Rule shall require that an Owner or occupant dispose of personal property kept in or on the Unit in compliance with the Rules in effect at the time such personal property was brought onto the Unit. This exemption shall apply only during the period of such Owner's ownership of the Unit and shall not apply to subsequent Owners who take title to the Unit after adoption of the Rule.

(h) *Reasonable Rights to Develop.* No Rule may unreasonably interfere with the ability of the Founder, any Founder Affiliate, or Builder to develop, market, and sell property in Chadwick Farms.

(i) *Interference with Easements.* No Rule may unreasonably interfere with the exercise of any easement.

7.4. Owners' Acknowledgment and Notice to Purchasers.

By accepting a deed, each Owner acknowledges and agrees that the use, enjoyment, and marketability of his or her Unit is limited and affected by the Rules, which may change from time to time. All Unit purchasers are hereby notified that the Association may have adopted changes to the Rules and that such changes may not be set forth in a recorded document. A copy of the current Rules and administrative policies are available from the Association upon request. The Association may charge a reasonable fee to cover its reproduction cost.

* * *

Article 8 Compliance and Enforcement

The covenants, standards, and rules set forth in the Governing Documents are for the benefit of all Owners and occupants of the Community. However, if they are to have any real meaning, there must be a commitment by the stakeholders in the Community to comply with them, and there must be a mechanism in place to enforce that compliance in the event that someone fails or refuses to do so. This Article sets forth the obligation to comply and the remedies available to the Association for noncompliance.

8.1. Compliance.

Every Owner, occupant, and visitor to a Unit must comply with the Governing Documents and shall be subject to sanctions for violations as described in this Article. In addition, each Owner shall be responsible for, and may be sanctioned for, all violations of the Governing Documents by the occupants of or visitors to their Units and for any damage to the Area of Common Responsibility that such occupants or visitors cause.

8.2. Remedies for Non-Compliance.

The Association, the Founder, any Founder Affiliate, and every affected Owner shall have the right to file suit at law or in equity to enforce the Governing Documents. In addition, the Board may impose sanctions for violation of the Governing Documents, including those sanctions listed below and any others described elsewhere in the Governing Documents.

(a) *Sanctions Requiring Prior Notice and Hearing.* After written notice and an opportunity for a hearing in accordance with the By-Laws, the Board may:

(i) impose reasonable monetary fines, which shall constitute a lien upon the violator's Unit. In the event that any occupant, guest, or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine may, but need not, first be assessed against the violator; however, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board;

(ii) suspend an Owner's right to vote (except that no notice or hearing is required if the Owner is more than 60 days delinquent in paying any Base or Special Assessment);

(iii) suspend any Person's right to use any Common Area facilities (A) for any period during which any charge against such Owner's Unit remains delinquent, and (B) for a period not to exceed 30 days for a

single violation or for a longer period in the case of any continuing violation (except that no notice or hearing is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed the Association); however, nothing herein shall authorize the Board to limit ingress or egress to or from a Unit;

(iv) suspend services the Association provides (except that no notice or hearing is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed to the Association);

(v) exercise self-help or take action to abate any violation of the Governing Documents or to bring any Unit into compliance with the Governing Documents in a non-emergency situation (including removing personal property that violates the Governing Documents);

(vi) without liability to any Person, preclude any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article 5 and the Design Guidelines from continuing or performing any further activities in Chadwick Farms;

(vii) levy Specific Assessments to cover costs the Association incurs in bringing a Unit into compliance with the Community-Wide Standard or other requirements under the Governing Documents; and

(viii) record a notice of violation with respect to any Unit on which a violation exists.

If, after notice and an opportunity for a hearing, the violation continues or recurs within 12 months after the date of such notice, the Board may impose any of the above sanctions without further notice or opportunity for another hearing.

(b) **Other Sanctions.** The Board may take the following actions to obtain compliance with the Governing Documents without prior notice or a hearing:

(i) exercise self-help or take action to abate a violation in any situation which requires prompt action to avoid potential injury or damage or unreasonable inconvenience to other persons or their property (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations);

(ii) exercise self-help or take action to abate a violation on the Common Area under any circumstances;

(iii) require an Owner or an Additional Association, at its own expense, to perform maintenance or to remove any structure or improvement on such Owner's Unit or on the Additional Association's property, respectively, that is in violation of the Community-Wide Standard or other requirements under the Governing Documents and to restore the property to its previous condition;

(iv) enter the property and exercise self-help to remove or cure a violating condition if an Owner or Additional Association fails to take action as required pursuant to subsection (iii) above within 10 days after receipt of written notice to do so, and any such entry shall not be deemed a trespass; or

(v) bring suit at law for monetary damages or in equity to stop or prevent any violation, or both.

(c) **Powers Relating to Additional Associations.** The Association also shall have the power to require specific action to be taken by any Additional Association in connection with its obligations and responsibili-

ties under this Charter, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefor.

An Additional Association shall take appropriate action required by the Association in a written notice within the reasonable time frame set by the Association in the notice. If the Additional Association fails to comply, the Association shall have the right to effect such action on behalf of the Additional Association and levy Specific Assessments to cover the costs, as well as an administrative charge and sanctions.



All Owners are required to abide by the Governing Documents. If an Owner fails or refuses to obey the Governing Documents, the Owner may be subject to various penalties including fines and the loss of the right to use the Common Areas.

8.3. Board Decision to Pursue Enforcement Action.

The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. For example, the Board may determine that, in a particular case:

- (a) the Association's position is not strong enough to justify taking any or further action;
- (b) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;
- (c) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or
- (d) it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

A decision not to enforce a particular provision shall not prevent the Association from enforcing the same provision at a later time or prevent the enforcement of any other covenant, restriction, or rule.

8.4. Attorneys Fees and Costs.

In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs reasonably incurred in such action.

8.5. Enforcement of Ordinances.

The Association, by contract or other agreement, may enforce applicable city and county ordinances. In addition, the City of Fort Worth may enforce its ordinances within Chadwick Farms.

* * *

Article 9 Property Management

One of the Association's primary functions is maintaining and operating property and facilities for the common benefit of the Owners and residents of Chadwick Farms. This Article establishes the Association's obligation to accept property that the Founder designates as Common Area or Limited Common Area and to maintain, operate, and insure it, along with certain other properties, for the benefit of Chadwick Farms.

9.1. Acceptance and Control of Association Property.

(a) *Transfers and Conveyances by Founder.* The Founder, its designees, or any Founder Affiliate, and with the Founder's written consent, any Builder, may transfer or convey to the Association interests in real or personal property within or for the benefit of the Community, and the Association shall accept such transfers and conveyances. Such property may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests.

Upon the Founder's written request, the Association shall reconvey to the Founder, or any Founder Affiliate or Builder, any unimproved real property that the Founder originally conveyed to the Association for no payment, to the extent conveyed in error or needed to make minor adjustments in property lines or accommodate changes in the development plan.

The Founder shall have the right to convey any property to the Association as Common Area subject to easements permitting persons who are not members of the Association to use and enjoy such Common Area upon payment to the Association of reasonable use fees.

The Founder may also transfer and assign to the Association any continuing obligations and responsibilities under development agreements or conditions of development approvals relating to the Community, including any obligation to post or maintain maintenance bonds on improvements within public rights-of-way or other portions of the Area of Common Responsibility. The Association shall accept, assume, and fulfill all such obligations and responsibilities as the Founder shall assign to it.

(b) *Management and Control.* The Association is responsible for management, operation, and control of the Common Area, subject to any covenants set forth in the deed or other instrument transferring the property to the Association. The Association may enter into leases, licenses, or operating agreements with respect to portions of the Common Area, for payment or no payment, as the Board deems appropriate. The Association may permit use of Common Area facilities by persons other than Owners and occupants of Units and may charge use fees, in such amount as the Board may establish, for such use.

9.2. Maintenance of Area of Common Responsibility.

The Association shall maintain the Area of Common Responsibility in accordance with the Community-Wide Standard. The Area of Common Responsibility includes, but is not limited to:

(a) the Common Area;

(b) community signage, entry features, monumentation, and landscaping installed by or at the request of the Founder at entrances to the Community, whether located on Common Area or in public rights-of-way, including community signage and entry features, if any, located at the intersection of State Highway No. 114 and the primary road providing access from State Highway No. 114 through the Community to

Litsey Road ("Primary Road") and community signage and entry features, if any, located at the intersection of the Primary Road and Litsey Road;

(c) decorative fencing or privacy walls located on Common Area or within the fence or wall easements described in Section 13.6, and landscaping between such fencing or walls and the back-of-curb of the street within any adjacent public rights-of-way, including any privacy walls or fences installed by the Founder or a Builder (and replacements thereof) located along the Primary Road and along Litsey Road adjacent to the Community;

(d) stormwater detention and retention ponds and other stormwater drainage facilities serving more than one Unit or any Unit and the Common Area;

(e) any path or trail system installed by the Founder through utility or pipeline easements within or adjacent to the Community;

(f) such portions of any additional property as may be dictated by the Founder, this Charter, any Supplement, any Covenant to Share Cost recorded pursuant to Section 9.5, or any covenant or agreement for maintenance entered into by, or otherwise binding on, the Association; and

(g) any property and facilities that the Founder or any Founder Affiliate owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members. The Founder shall identify any such property and facilities by written notice to the Association, and they shall remain part of the Area of Common Responsibility until the Founder or Founder Affiliate revokes such privilege of use and enjoyment by written notice to the Association.

The Founder or the Association may, but shall not be obligated to, install paths or trails through portions of the Community and within power and gas line easements running through or adjacent to the Community. In some cases, such paths or trails may be comprised of concrete or other hard surface materials. In other cases, such paths or trails may have no finished surface or may be comprised of pervious material such as crushed rock. All paths and trails may not be built to the same standard and neither the Founder nor the Association shall have any duty to improve or maintain all paths and trails to the same standard.

The Association may maintain other property it does not own, including, without limitation, Units, property dedicated to the public, or property owned or maintained by an Additional Association, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard. The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property it does not own except to the extent that it has been negligent in performing its maintenance responsibilities.

9.3. Discontinuation of Operation.

The Association shall maintain the Common Area facilities in operation during such regular or seasonal operating hours as the Board may adopt, unless the Founder, during the Development and Sale Period, and Members entitled to cast 75% of the total votes in the Association, consent in writing to discontinue such operation. If the property is Limited Common Area, any discontinuation shall also require the approval in writing of at least 75% (or such higher percentage as a Supplement may require) of the Owners to whom such Limited Common Area is assigned. This Section shall not apply to restrict the Board's ability to establish reasonable operating hours, which may vary by season, or to restrict temporary closures or interruptions in operation as the Board may determine appropriate to perform maintenance or repairs.

9.4. Restoring Damaged Improvements.

In the event of damage to or destruction of portions of the Area of Common Responsibility for which the Association has insurance responsibility, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially its condition prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

The Association shall repair or reconstruct damaged Common Area improvements unless:

- (a) this Charter is terminated pursuant to Section 20.1;
- (b) repair or restoration would be illegal under any state or local statute or ordinance governing health or safety;
- (c) the Founder, during the Development and Sale Period, and Members entitled to cast at least 67% of the total votes in the Association, or in the case of a Limited Common Area, Owners of at least 67% of the Units to which the Limited Common Area is assigned, vote within 60 days after the loss not to repair or reconstruct.

If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. Except as provided above, no Mortgagee shall have the right to participate in determining whether the damage or destruction to the Common Area shall be repaired or reconstructed.



This provision ensures that desirable Common Area improvements will be replaced if destroyed, but it also makes it possible not to repair or rebuild if the Owners who benefit from the Common Area prefer not to rebuild.

If a decision is made not to restore the damaged improvements and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

The insurance proceeds attributable to any Units or Limited Common Areas that are not rebuilt shall be distributed to the Owners of the damaged Units or the Units to which such Limited Common Areas were assigned, or to their respective lienholders, as their interests may appear, in proportion to their relative liability for Association expenses. The Association shall retain and place in a capital improvements account for the benefit of all Owners, or the Owners of Units to which such Limited Common Areas were assigned, as appropriate, any insurance proceeds remaining after paying the costs of repair or reconstruction or after such settlement as is necessary and appropriate. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the membership, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 11.4.

9.5. Relationships with Other Properties.

The Founder may enter into, or cause the Association to enter into, an agreement or covenant to share costs by which the Owners of Units in Chadwick Farms and the owners of some or all of the properties lo-

cated between Chadwick Farms and State Highway No. 114 ("Commercial Properties"), will be obligated to share costs of maintaining the landscaping and community signage lying within the right-of-way and median of that public street providing access between the Litsey Road and State Highway No. 114 ("Covenant to Share Costs." The Covenant to Share Costs may obligate the Association to provide such maintenance and other services to such property and may authorize the Association to collect a specified portion of the costs it incurs from the owners of the Commercial Properties or any owners association having jurisdiction over such Commercial Properties, or vice versa. In addition, the Association may contract with the owner of any neighboring property or recreational amenity to provide for sharing of costs associated with (a) maintenance and operation of mutually beneficial properties or facilities, or (b) provision of mutually beneficial services.

* * *

Article 10 Provision of Services

In addition to its property management role, the Association is a vehicle for providing a variety of services for the benefit of the Community at large and individual Units. This Article describes some of the services the Association may provide and the mechanism by which it may provide varying levels and types of services to different areas of the Community.

10.1. Provision of Services to Units.

The Association may arrange for or provide services to Owners and their Units, directly or through contracts with the Founder or other third parties. The Association may enter into bulk service agreements by which a particular service is provided to all Units, or it may offer various services at the option of each Owner, or both. By way of example and not limitation, such services might include such things as cable television, community technology, utilities, fire protection, security, trash collection, landscape maintenance, pest control, and caretaker services.

Any Association contract for services may require individual Owners or occupants to execute separate agreements directly with the Persons providing components or services in order to gain access to or obtain specified services. Such contracts and agreements may contain terms and conditions that, if violated by the Owner or occupant of a Unit, may result in termination of services provided to such Unit. Any such termination shall not relieve the Owner of the continuing obligation to pay assessments for any portion of the charges for such service that are assessed against the Unit as a Common Expense or Limited Common Expense pursuant to Article 12.

In its discretion, the Board may discontinue offering particular services and may modify or cancel existing contracts for services, subject to the contract terms and any provision that may exist elsewhere in the Governing Documents requiring the Association to provide such services.

10.2. Community Technology.

(a) *Community Systems.* The Founder may provide, or may enter into and assign to the Association or cause the Association to enter into contracts with other Persons to provide, central telecommunication receiving and distribution systems (e.g., cable television, high speed data/Internet/intranet services, telephone, and security monitoring) and related components, including associated infrastructure, equipment, hardware, and software, to serve the Community ("Community Systems"). Any such contracts may provide

for installation, operation, management, maintenance and upgrades or modifications to the Community Systems as the Founder determines appropriate.

The Association may enter into a bulk rate service agreement providing access to any such Community System for all Units as a Common Expense. If particular services or benefits are provided to particular Owners or Units at their request, the benefited Owner(s) shall pay the service provider directly for such services, or the Association may assess the charges as a Specific Assessment pursuant to Article 12 and pay such charges to the provider on behalf of the Owners, as the Board deems appropriate.

(b) *Opportunities for Community Interaction.* The Association may make use of computers, the Internet, and expanding technology to facilitate community interaction and encourage participation in Association activities. For example, the Association may sponsor a community cable television channel, create and maintain a community intranet or Internet home page, maintain an "online" newsletter or bulletin board, and offer other technology-related services and opportunities for Owners and residents to interact and participate in Association-sponsored activities. To the extent Texas law permits, and unless otherwise specifically prohibited in the Governing Documents, the Association may send notices by electronic means, hold Board or Association meetings and permit attendance and voting by electronic means, and send and collect assessment and other invoices by electronic means.

* * *

Article 11 Association Insurance

The Association is responsible for insuring against various types of risks, including property damage, personal injury, and liability. This Article describes the minimum types and amounts of coverage that the Association must obtain, the specific requirements for such policies, and the handling of deductibles and premiums for such insurance.

11.1. Required Coverages.

The Association shall obtain and maintain in effect the following insurance coverage, if reasonably available, or if not reasonably available, the most nearly equivalent coverage as is reasonably available:

(a) Blanket property insurance covering "all risks of direct physical loss" on a replacement cost basis (or comparable coverage by whatever name denominated) for all insurable improvements on

(i) the Common Area; and

(ii) other portions of the Area of Common Responsibility, to the extent that the Association has responsibility for repair or replacement in the event of a casualty.

If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. The limits of Association property insurance policies shall be sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes.

(b) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for property damage or personal injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage shall have a limit of at least \$5,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage. Such coverage may be provided through a combination of primary and umbrella policies. However, if additional coverage and higher limits are available at reasonable cost that a reasonably prudent person would obtain, the Association shall obtain such additional coverage or limits;

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

(d) Directors and officers liability coverage with a limit of at least \$1,000,000.00; and

(e) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-fourth of the annual Base Assessments (as defined in Section 12.2) on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation.

The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Denton County, Texas area. In the exercise of its business judgment, the Board may obtain additional insurance coverage and higher limits than this Section requires.

11.2. Deductibles.

The Association's policies may contain a reasonable deductible, which shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 11.1. In the event of an insured loss, the deductible shall be treated as a Common Expense or a Limited Common Expense in the same manner as the premiums for the applicable insurance coverage under Section 11.4. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment.



Persons who cause damage in Chadwick Farms may be held responsible for the insurance deductible payable on any insurance claim related to such damage.

11.3. Policy Requirements.

All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Owner.

To the extent available at reasonable cost and terms, all Association insurance shall:

(a) be written with a company authorized to do business in Texas which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(b) be written in the name of the Association as trustee for the benefited parties. All policies shall be for the benefit of the Association and its members, except that policies on Limited Common Area shall be for the benefit of the Owners of Units to which the Limited Common Area is assigned and their Mortgagees, as their interests may appear;

(c) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

(d) contain an inflation guard endorsement;

(e) include a co-insurance waiver or an agreed amount endorsement, if the policy contains a co-insurance clause;

(f) provide that each Owner is an insured person with respect to liability arising out of such Owner's status as a member of the Association;

(g) provide a waiver of subrogation against any Owner or household member of an Owner; and

(h) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any act or omission of one or more Owners, unless acting on the Association's behalf within the scope of their authority, or on account of any curable defect or violation, without prior written demand to the Association and allowance of a reasonable time to cure the defect or violation.

In addition, the Board shall use reasonable efforts to secure insurance policies that provide:

(a) a waiver of subrogation as to any claims against the Association's directors, officers, employees, and manager;

 *Subrogation is a legal concept by which one person is substituted in the place of another with respect to a lawful claim or right. For example, once they have paid a claim by an insured party, insurance companies generally have the right to step into the shoes of the insured party and sue anyone that the insured party could have sued.*

(b) a waiver of the insurer's right to repair and reconstruct instead of paying cash;

(c) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(d) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

(e) a cross liability provision; and

(f) a provision vesting in the Board exclusive authority to adjust losses. However, Mortgagees having an interest in such losses may not be precluded from participating in the settlement negotiations, if any, related to the loss.

11.4. Insurance Premiums.

Premiums for all Association insurance shall be a Common Expense, except that premiums for property insurance on Limited Common Areas shall be levied as Limited Common Area Assessments pursuant to Section 12.1(b) against the Units to which such Limited Common Area is assigned, unless the Board reasonably determines that other treatment of the premiums is more appropriate.

* * *

Article 12 Association Finances

This Article provides for various types of funding to cover expenses that the Association incurs or expects to incur in exercising its authority and performing its responsibilities under the Governing Documents. The primary source of funding is the assessments which this Article authorizes the Association to levy against the Units and collect from the Owner of each Unit. Assessments are secured by a lien on each Unit as described in this Article.

12.1. Association Expenses.

(a) **Common Expenses.** Except as the Governing Documents otherwise specifically provide, all of the expenses that the Association incurs, or expects to incur, in connection with the ownership, maintenance, improvement, and operation of the Area of Common Responsibility, and otherwise for the general benefit of the Owners, are considered "**Common Expenses.**" Common Expenses include such operating reserves and reserves for repair and replacement of capital items within the Area of Common Responsibility as the Board finds necessary or appropriate.

Common Expenses shall not include any expenses incurred during the Founder Control Period for initial development or original construction costs unless the Founder and Members entitled to cast a majority of the total votes in the Association approve such expenditure. Payments due under leases of capital improvements such as street lights shall not be considered an initial development or original construction cost.

The characterization of a particular expense as a "Common Expense" shall not preclude the Association from seeking reimbursement for, or a contribution toward, such expenses from other Persons who may be responsible for the expenses incurred or for sharing such expenses pursuant to this Charter, any Supplement, or any other recorded covenants or agreements.

(b) **Limited Common Expenses.** All expenses that the Association incurs or expects to incur in connection with the ownership, maintenance and operation of Limited Common Areas, including any operating reserve or reserve for repair and replacement of capital items within such Limited Common Area, are considered "**Limited Common Expenses**" and shall be assessed against the Units to which the Limited Common Area is assigned as a Limited Common Area Assessment pursuant to Section 12.2.

12.2. Budgeting for and Allocating Association Expenses.

(a) **Preparation of Budget.** At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year. In addition, the Board shall prepare a separate budget for each Limited Common Area reflecting the estimated Area Limited Common Expenses that the Association expects to incur for that Limited Common Area in the coming year.

The estimated expenses in each budget shall include, in addition to any operating reserves, a reasonable contribution to a reserve fund for repair and replacement of any capital items to be maintained as a Common Expense or as a Limited Common Expense, as applicable. In determining the amount of such reserve contribution, the Board shall take into account the number and nature of replaceable assets, the expected useful life of each, the expected repair or replacement cost, and the contribution required to fund the projected needs by annual contributions over the useful life of the asset.

Each budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units (including any Covenant to Share Costs established pursuant to Section 9.5), and the amount to be generated through the levy of Base Assessments and Limited Common Area Assessments pursuant to subsections (b) and (c).

Association Funds	
	General Operating Fund Service Area Operating Funds Reserve Funds for Repair and Replacement of Capital Items
Primary Sources of Income	
	Base Assessments Limited Common Area Assessments Special Assessments Specific Assessments Founder Subsidy (If any) One-time Contributions to Working Capital
Secondary Sources of Income	
	Facilities Rental Monetary Penalties Interest on Reserves and Delinquent Assessments Late Charges

(b) *Calculation of Base Assessments.* The total budgeted Common Expenses, less any surplus in the Common Expense budget from prior years and any income anticipated from sources other than assessments against the Units, shall be allocated among all Units subject to assessment under Section 12.5 and levied as a "Base Assessment." Base Assessments shall be levied at a uniform rate per Unit subject to assessment under Section 12.5, except that Units which the Founder owns shall not be assessed any portion of the Base Assessment levied to fund contributions to reserve funds and shall not be assessed

at all during any period that the Founder has elected to fund deficits pursuant to Section 12.6(b).

The Founder may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by the Founder under Section 12.6(b)). Any such subsidy may be treated as a contribution, an advance against future assessments due from the Founder, or a loan, in the Founder's discretion. Any such subsidy and the characterization thereof shall be conspicuously disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate the Founder to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and the Founder.

(c) *Calculation of Limited Common Area Assessments.* The total Limited Common Expenses budgeted for each Limited Common Area, less any surplus in such budget from prior years, shall be allocated among all Units to which the Limited Common Area is assigned that are subject to assessment under Section 12.5 and levied as a "Limited Common Area Assessment." Except as otherwise specified in Sections 12.5 and 12.6(b) or in any Supplement applicable to a such Units, Limited Common Area Assessments shall be set at a uniform rate per Unit. A supplement may provide that any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures may be levied on each of the benefited Units in proportion to the benefit received, as the Board may reasonably determine.

All funds that the Association collects as Limited Common Area Assessments shall be accounted for separate from the Association's general funds and shall be expended solely for the benefit of the Limited Common Area for which they were collected.

(d) *Notice of Budget and Assessment; Right to Disapprove.* Within 30 days after the Board adopts any budget, the Board shall send a summary of the budget, together with notice of the amount of the Base Assessment or any Limited Common Area Assessment to be levied pursuant to such budget, to the Owner of each Unit responsible for a share of the expenses covered by such budget. The Common Expense budget shall automatically become effective unless disapproved at a meeting by Members representing at least 75% of the total votes in the Association and by the Founder, during the Development and Sale Period. Each Limited Common Area budget shall automatically become effective unless disapproved at a meeting by Owners of at least 75% of the Units to which the Limited Common Area is assigned and by the Founder, during the Development and Sale Period. There shall be no obligation to call a meeting to consider the budget except on petition of the membership for a special meeting pursuant to the By-Laws.

If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is ratified.

(e) *Budget Revisions.* The Board may revise the budget and adjust the Base Assessment or Limited Common Area Assessments any time during the year, subject to the same notice requirements and rights to disapprove set forth in subsection (d) above.

(f) *Surplus Funds.* Any surplus funds of the Association remaining after payment of or provision for all Association expenses and any prepayment of or provision for reserves shall be taken into account in the income portion of the budget pursuant to which the funds were collected, in order to reduce the assessments that would otherwise be levied pursuant to that budget in the succeeding year.

12.3. Special Assessments.

The Association may levy "Special Assessments" to cover Common Expenses or Limited Common Expenses that are non-routine, unanticipated, or in excess of those anticipated in the applicable budget. Except as otherwise specifically provided in this Charter, any Special Assessment for Common Expenses shall require the affirmative vote or written consent of Members entitled to cast more than 50% of the votes attributable to Units subject to assessment under Section 12.5 and shall be allocated equally among all such Units. Any Special Assessment for Limited Common Expenses shall require the affirmative vote or written consent of Owners representing more than 50% of the total votes allocated to Units to which the Limited Common Area is assigned and shall be allocated in the same manner as Limited Common Area Assessments under Section 12.1(c). In addition, during the Development and Sale Period, any Special Assessment shall also be subject to the Founder's written consent. Special Assessments shall be payable in such manner and at such times as the Board determines and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

12.4. Specific Assessments.

The Association may levy "Specific Assessments" against a particular Unit as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to the Unit upon request of the Owner pursuant to any menu of optional services which the Association may offer (which might include the items identified in Section 10.1). Specific Assessments for optional services may be levied in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; however, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing in accordance with the By-Laws before levying any Specific Assessment under this subsection (b); and

(c) to cover any deductible assessed against the Owner of Unit pursuant to Section 11.2; and

(d) to cover any other amounts that the Governing Documents authorize the Association to charge to a particular Owner or levy against any particular Unit.

12.5. Authority to Assess Owners; Time of Payment.

The Founder hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. Except as otherwise provided in Section 12.2 and Section 12.6 with respect to Units owned by the Founder, the obligation to pay assessments shall commence as to each Unit as of the date on which the Unit is made subject to this Charter. The Base Assessment and Limited Common Area Assessment, if any, levied on each Unit for the year in which the Unit is made subject to this Charter shall be prorated as of such date.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment and any Limited Common Area Assessment shall be due and payable in advance on the first day of each fiscal year.

If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

12.6. Obligation for Assessments.

(a) *Personal Obligation.* By accepting a deed or entering into a recorded contract to purchase any Unit, each Owner covenants and agrees to pay all assessments authorized in the Governing Documents which are levied by the Association. All assessments, together with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of Texas law), late charges as determined by Board resolution, costs, and reasonable attorneys fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments and Limited Common Area Assessments at the rate of assessment established for the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfall.

No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Unit, or non-use of services provided to all Units. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take

some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.



By acquiring a Unit in Chadwick Farms each Owner agrees to pay all assessments levied against his or her Unit. If the Owner does not pay on time, the Owner will be charged late fees and interest on all past due amounts. Owners may not reduce their assessments because of any action or inaction by the Association.

(b) *Founder's Financial Obligations to Association.* Subject to Section 12.2, the Founder shall be liable for assessments on any Units it owns that are subject to assessment under this section, except that during the Development and Sale Period, the Founder may satisfy its obligation to pay Base Assessments, Limited Common Area Assessments and Special Assessments for Common Expenses on Units it owns either (i) by paying such assessments (exclusive of any portion levied to fund contributions to reserve funds) in the same manner as any other Owner, or (ii) by paying any shortfall in actual expenses (excluding contributions to reserve funds) under the applicable budget resulting from events other than failure of other Owners to pay their assessments, the amount of any such shortfall to be determined after allocating to reserves that portion of the assessments actually collected from other Owners for purposes of funding reserve accounts.

Regardless of the Founder's election under this section, any of the Founder's financial obligations to the Association may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these.

(c) *Assessment Statement.* Within seven days after receipt of a written request from any Owner, Mortgagee, prospective Mortgagee, or prospective purchaser of a Unit, delivered personally or sent by certified mail, first-class postage prepaid, return receipt requested to the Association's registered agent or designee, the Association shall issue a written statement setting forth the amount of any unpaid assessments with respect to such Unit, the amount of current periodic assessments and the date on which such assessment becomes or became due, and any credit for advanced payments or prepaid items. Such statement shall be delivered personally or by certified mail, first-class postage prepaid, return receipt requested, or by such other means as may be stated in the request.

The Association may require the payment of a reasonable processing fee for issuance of such statement. Such statement shall be binding upon the Association as to Persons who rely thereon in good faith.

12.7. Lien for Assessments.

(a) *Existence of Lien.* The Association shall have a lien against each Unit to secure payment of assessments, as well as interest, late charges (subject to the limitations of Texas law), and costs of collection (including attorneys fees and expenses). Such lien shall be superior to all other liens, except (i) liens and encumbrances recorded prior to this Charter and which the Association has assumed or taken subject to; (ii) the liens of all real estate taxes and other governmental assessments or charges, and (iii) the lien or charge of any Mortgage made in good faith and for value having first priority over any other Mortgages on the Unit and recorded prior to the assessment becoming delinquent.

The Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Unit the amount of the delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Association to execute and record any such document shall not affect the validity, enforceability, or priority of the lien. The lien may be foreclosed through judicial or, to the extent allowed by law, nonjudicial foreclo-

sure proceedings in accordance with Tex. Prop. Code Ann. Section 51.002 (Vernon 1984), as it may be amended, in like manner of any deed of trust on real property. Each Owner hereby grants to the Association, whether or not it is so expressed in the deed or other instrument conveying such Unit to the Owner, a power of sale to be exercised in accordance with Tex. Prop. Code Ann. Section 51.002 (Vernon 1984), as it may be amended.



In order to secure the obligation of each Owner to pay its share of Association expenses, the Association has a lien against each Unit. If an Owner does not pay his or her assessments on time, the Association may foreclose the lien on such Owner's Unit, causing it to be sold to pay the past due assessments. The Association may also sue an Owner in court to recover past due assessments.

(b) **Enforcement of Lien.** The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit, subject to the Owner's right of redemption, if any, under Texas law. While a Unit is owned by the Association following foreclosure: (i) no right to vote shall be exercised on its behalf; (ii) no assessment shall be levied on it; and (iii) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same, in addition to pursuing any and all remedies allowed by law to enforce the lien.

(c) **Effect of Sale or Transfer.** Sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit pursuant to foreclosure of a first Mortgage having priority over the Association's lien pursuant to Section 12.7(a) shall extinguish the lien as to any installments of such assessments due prior to the Mortgagee's foreclosure. The subsequent Owner of the foreclosed Unit shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 12.5, including such acquirer, its successors and assigns.

12.8. Exempt Property.

The following property shall be exempt from payment of Base Assessments, Limited Common Area Assessments, and Special Assessments:

(a) All Common Area and such portions of the property owned by the Founder or a Founder Affiliate as are included in the Area of Common Responsibility; and

(b) Any property dedicated to and accepted by any governmental authority or public utility; and

(c) Property owned by any Additional Association for the common use and enjoyment of its members, or owned by the members of an Additional Association as tenants-in-common.

In addition, the Association may, by resolution, grant exemptions to certain Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Charter for purposes listed in Section 501(c) of the Internal Revenue Code.

12.9. Capitalization of Association.

The first Owner of each Unit other than the Founder, a Founder Affiliate, or a Builder designated by the Founder, shall pay to the Association, immediately upon taking title to the Unit, a contribution to the working capital of the Association in the amount of \$175, for use in funding initial start-up expenses, operating expenses, and other expenses the Association incurs pursuant to this Charter and the By-Laws, and, to the extent not required to fund expenses, for helping to fund operating or other reserves. These amounts shall be one-time payments in addition to, not in lieu of, the annual Base Assessment levied on the Unit and shall not be considered an advance payment of such assessments.

12.10. Use and Consumption Fees.

The Board may charge use, consumption, or activity fees to any Person using Association services or facilities or participating in Association-sponsored activities. The Board may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (e.g., Owners and non-Owners).

12.11 Community Enhancement Fee

(a) *Authority.* As an additional funding source, the Board may establish and collect a Community Enhancement Fee upon each transfer of title to a Unit. The fee shall be charged to the seller of the Unit, shall be payable to the Association at the closing of the transfer, shall constitute an assessment against the Unit being transferred, and shall be secured by the Association's lien for assessments under Section 12.7. Each Owner shall notify the Association's Secretary or designee at least seven days prior to the scheduled closing and provide the name of the buyer, the date of title transfer, and other information the Board may reasonably require.

(b) *Fee Determination.* The Board shall have the sole discretion to determine the amount of and method of calculating the Community Enhancement Fee. The fee may be based upon a sliding scale that varies in accordance with the "gross sales price" of the property or any other factor the Board deems appropriate. However, the Community Enhancement Fee may not exceed one-quarter of one percent (0.25%) of the Unit's gross selling price, or in the case of a transfer other than a sale at fair market value, one-quarter of one percent (0.25%) of the appraised value of the real property being transferred, as determined by the Denton County Appraisal District for real estate ad valorem tax purposes. The "gross sales price," for purposes of this section, shall mean the total amount paid by the purchaser for the real property, excluding customary closing costs.

(c) *Purpose.* The Community Enhancement Fees shall be accounted for separately from the Association's operating and reserve funds and shall be used to provide funding for such activities and other purposes as the Board, or a committee that it appoints, deems beneficial to the general good and welfare of Chadwick Farms, aside from those matters which are the Association's responsibility under the Governing Documents. For example, Community Enhancement Fees might be used to sponsor or fund, or to assist one or more tax-exempt entities in sponsoring or funding:

(i) cultural, artistic, and educational programs, festivals, and holiday celebrations and activities;

(ii) listings of community services for the benefit of residents of Chadwick Farms and the surrounding community (e.g., caretaker services, childcare, personal shopping services, etc.);

(iii) computer Internet or intranet sites and community-wide video and technology;

- (iv) learning centers and computer centers;
- (v) charter clubs and other volunteer organizations and activities;
- (vi) recycling programs;
- (vii) recreational leagues;
- (viii) social services, educational programs, community outreach programs, and other charitable causes;
- (ix) the preservation and maintenance of natural areas, wildlife preserves, or similar conservation areas and sponsorship of educational programs and activities that contribute to the overall understanding, appreciation, and preservation of the natural environment within and surrounding Chadwick Farms;
- (x) other programs and activities which enhance the welfare, benefit, and lifestyle of residents within and outside of Chadwick Farms;

Such Community Enhancement Fees shall not be used to engage in any political activity, including lobbying or protesting.

(d) *Exempt Transfers.* Notwithstanding the above, no Community Enhancement Fee shall be levied upon transfer of title to a Unit:

- (i) by or to the Founder;
- (ii) by a Builder designated by the Founder who held title solely for purposes of development and resale;
- (iii) by a co-Owner to any Person who was a co-Owner immediately prior to such transfer;
- (iv) to the Owner's estate, surviving spouse, or heirs at law upon the death of the Owner;
- (v) to an entity wholly owned by the grantor or to a family trust created by the grantor for the benefit of grantor, his or her spouse, and/or heirs at law; provided, upon any subsequent transfer of an ownership interest in such entity, the Community Enhancement Fee shall become due;
- (vi) to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage; or
- (vii) under circumstances which the Board, in its discretion, deems to warrant classification as an exempt transfer (e.g., a transfer made solely for estate planning purposes may be, but is not required to be, deemed exempt from payment of the Community Enhancement Fee).

* * *

Article 13 Easements

The easements created in this Article establish the rights of Owners to use the Common Area and create various rights for the benefit of owners, the Founder, the Association, and others over property within the Community. Some of these rights are related to development and construction within the Community and on adjacent property. Others relate to the rights of the Association to come upon property of others to fulfill its responsibilities.

13.1. Easements in Common Area.

The Founder grants to each Owner a nonexclusive right and easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) the Governing Documents and any other applicable covenants;
- (b) any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) certain Owners' rights to the exclusive use of those portions of the Common Area designated "Limited Common Area," if any;
- (d) the Board's right to:
 - (i) adopt rules regulating Common Area use and enjoyment, including rules limiting the number of guests who may use the Common Area, and to charge use fees for such use;
 - (ii) suspend an Owner's right to use Common Area facilities;
 - (iii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Charter;
 - (iv) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area;
 - (v) rent any portion of any clubhouse or other Common Area recreational facilities on an exclusive or non-exclusive short-term basis to any Person;
 - (vi) permit use of any recreational facilities situated on the Common Area by persons who do not own property subject to this Charter or reside in the Community, which use may be subject to admission charges, membership fees, or other user fees established in the Board's discretion; and
 - (vii) permit any Person to use Common Areas, at such charge or no charge as the Board may determine, for the purpose of offering and conducting classes or similar activities for the benefit of interested Owners and residents and such other individuals as the Board may specify, whether offered on a fee basis for profit or otherwise;
 - (viii) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and
- (e) the right of the Founder and its designees to use the Common Area pursuant to Section 17.2.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable Board regulation. An Owner who leases his or her entire Unit (as opposed to leasing only a garage apartment, in-law suite, or guest house authorized pursuant to Section 7.1(b)) shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.



An easement is one person's right to go onto or do something on the property of another.

13.2. Easements of Encroachment.

The Founder grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units. A permitted encroachment is a structure or fixture that extends unintentionally from one person's property onto another's a distance of not more than one foot, as measured from any point on the common boundary along a line perpendicular to such boundary. An encroachment easement shall not exist if the encroachment results from willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.



An encroachment occurs when a person's home, fence, or other structure extends onto his or her neighbor's property. This section permits minor, unintentional encroachments to remain.

13.3. Easements for Utilities, Etc.

(a) ***Installation and Maintenance.*** The Founder reserves for itself, its successors, assigns, and designees, perpetual exclusive easements throughout Chadwick Farms (but not through a structure) for the purpose of:

(i) installing utilities and infrastructure, Community Systems, security and similar systems, and drainage systems to serve Chadwick Farms;

(ii) installing walkways, pathways and trails, street lights, and signage on property the Founder or the Association owns or within public rights-of-way or easements reserved for such purpose on a recorded plat;

(iii) inspecting, maintaining, repairing, and replace the utilities, infrastructure, and other improvements described above; and

(iv) access to read, maintain, and repair utility meters.

Notwithstanding the above, the Founder reserves the right to deny access to any utility or service provider, to the extent permitted by law, and to condition such access on negotiated terms.

(b) ***Specific Easements.*** The Founder also reserves the non-exclusive right and power to grant and record such specific easements, consistent with Section 13.3(a), as it deems necessary or appropriate to develop the property described in Exhibits "A" and "B." The location of the specific easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

(c) **Minimal Interference.** All work associated with the exercise of the easements described in subsections (a) and (b) of this Section shall be performed so as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to the condition existing prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Unit, nor shall it unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

13.4. Easements to Serve Additional Property.

The Founder reserves for itself and its duly authorized agents, successors, assigns, and Mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Charter. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property. The Person exercising such easement rights shall be responsible for any damage caused to the Common Area as a result of their actions in connection with development of such property.

If the above easement grants permanent access to any property which is not submitted to this Charter, the Founder, or its successors or assigns, shall enter into a reasonable agreement with the Association to share the cost of maintenance that the Association provides for the benefit of the easement holder. The shared maintenance costs may include maintenance to or along any roadway providing access to the benefited property.

13.5. Easements for Maintenance, Emergency, and Enforcement.

By this Charter, the Founder grants to the Association easements over Chadwick Farms as necessary to enable the Association to perform maintenance under Section 9.2 and exercise its enforcement rights under Section 8.2. The Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance, to inspect for compliance with the Governing Documents, and to enforce the Governing Documents. Any member of the Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.



The Association may come onto a Unit to perform maintenance or to address violations of the covenants but will give prior notice unless there is an urgent need to enter the property.

13.6. Easement for Fence and Landscape Maintenance.

The Founder, a Builder, or the Association may construct and install decorative fencing or walls and landscaping along public thoroughfares adjacent to or running through the Community to enhance the overall aesthetics of the Community. Such fencing, walls, and landscaping may be installed within public rights-of-way, on Common Area, or in easements established over Units that are situated adjacent to such thoroughfares or separated from such thoroughfares only by Common Area. The Founder reserves for itself, the Association, and their successors, assigns, and designees, a perpetual, nonexclusive right and easement over each Unit which lies adjacent to a public thoroughfare, or which is separated from such thoroughfare only by Common Area, for purposes of installation, maintenance, repair and replacement of decorative fencing and landscaping within a strip of land 20 feet wide, as measured from the back of the nearest

curb of such public thoroughfare, and running parallel to such curb. Nothing in this Section shall obligate the Founder, the Association, or any Builder to install decorative fencing, walls, or landscaping, the installation of such items being in the sole discretion of the Founder and the Association.

13.7. Easements for Pond Maintenance and Flood Water.

The Founder reserves for itself, the Association, and their successors, assigns, and designees, a perpetual, nonexclusive right and easement of access over the Common Area and Units (but not the dwellings thereon) adjacent to or within 50 feet of detention ponds or other bodies of water and wetlands within Chadwick Farms, in order to perform such maintenance and repair as the Board may deem appropriate, which may include removing dead or diseased trees, shrubs, and plants; and taking action to control any condition or remove any thing that constitutes a potential health or safety hazard. All persons entitled to exercise this easement shall use reasonable care in and repair any damage resulting from the intentional exercise of such easement. Nothing in this Section shall be construed to make the Founder or any other Person liable for damage resulting from flooding due to weather events or other natural occurrences.



The Founder and the Association have the right to access property adjacent to ponds, streams and wetlands for maintenance purposes.

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Article 14 Disclosures and Waivers

This Article discloses some important information about the Community for the benefit of prospective purchasers of property in the Community. Each Owner, by accepting a deed to property in the Community, also accepts and agrees to the matters set forth in this Article.

14.1. Public Access.

Most, if not all, of the streets within Chadwick Farms are public streets and, as a result, the general public may be able to gain access to Common Areas, including but not limited to parks and trails. The Association may, but shall have no obligation to, control such access or police the Common Areas to identify and eject unauthorized persons.

14.2. Safety and Security.

Each Owner and occupant of a Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in Chadwick Farms. The Association may, but shall not be obligated to, maintain or support certain activities within Chadwick Farms designed to promote or enhance the level of safety or security which each person provides for himself or herself and his or her property. However, the Association, the Founder, and Founder Affiliate shall not in any way be considered insurers or guarantors of safety or security within Chadwick Farms, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including security monitoring systems or any mechanism or system for limiting access to Chadwick Farms, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing any tenants and other occupants of such Owner's Unit that the Association, its Board and committees, and the Founder and Founder Affiliates are not insurers or guarantors of security or safety and has no duty to warn of potential risks or threats, and that each Person within Chadwick Farms assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

14.3. Changes in Development Plan.

Each Owner acknowledges that Chadwick Farms is a planned community, the development of which is likely to extend over many years, and agrees that neither the Association nor any Additional Association shall engage in, or use Association funds to support, any protest, challenge, or other form of objection to changes in uses or density of property within Chadwick Farms, or changes in the Development Plan as it relates to property outside Chadwick Farms, without the Founder's prior written consent.

14.4. Private Preserve.

Portions of the Community may abut a private preserve, park, or open space area that is not owned by the Founder or the Association and is not public property ("Private Preserve"). No Person acquires any right of access to, or any right to use and enjoy, such Private Preserve by virtue of ownership or occupancy of a Unit, except to the extent, if any, that the Association's members, the Owners, or the general public are specifically granted such rights pursuant to any agreement with or easement granted by the owner of such Private Preserve.

14.4. View Impairment.

Neither the Founder, any Founder Affiliate, nor the Association, guarantee or represent that any view over and across the Units, Common Areas, open space within the Community, or any Private Preserve located adjacent to the Community, will be preserved without impairment, nor that any privacy presently afforded by any such Common Areas, open space, or Private Preserve, will always be maintained.. The Founder, Founder Affiliates, and the Association shall have no obligation to relocate, prune, or thin trees or shrubs on the Common Area. The Association shall have the right to add trees and other landscaping to the Common Area. There shall be no express or implied easements for view purposes or for the passage of light and air.

14.5. Notices and Disclaimers as to Community Systems and Services.

Each Owner acknowledges that interruptions in cable television and other Community Systems and services will occur from time to time. The Founder, Founder Affiliates, Association, and their respective successors or assigns, shall not be liable for, and shall not be obligated to refund, rebate, discount, or offset any applicable fees as a result of any interruption in Community Systems and services, regardless of whether or not such interruption is caused by reasons within the service provider's control.

The Owner of each Unit shall be responsible for ensuring that the dwelling on such Unit is pre-wired to connect to any Community System installed by or at the request of the Founder pursuant to Section 17.7. If such wiring is installed by a party other than the provider of the Community System, the Owner shall contact the provider of the Community System upon completion of such installation and arrange for the provider of the Community System to inspect the wiring to ensure compatibility with the Community Sys-

tem. If authorized by the Founder, the provider of the Community System may charge the Owner of the Unit a reasonable fee for such inspection. If it is determined that the wiring is not compatible, the Owner of the Unit shall promptly arrange for such wiring to be replaced with wiring that is compatible with the Community System.

14.6. Power Transmission Lines; Radio and Telecommunication Towers.

Every Owner and occupant of a Unit is hereby advised that high voltage power transmission lines, radio and telecommunication towers, and related equipment may now or hereafter be located within or in the vicinity of Chadwick Farms. The Founder, any Founder Affiliate, Builders, the Association, and their respective members, partners, affiliates, officers, directors, agents, and employees, shall not be liable for any damage or injury to any Person or any property arising out of or related to the construction, installation, maintenance, or operation of, or proximity to, high voltage power transmission lines, radio or telecommunication towers, or any such towers that may now or hereafter be located in or in the vicinity of Chadwick Farms.

14.7. Use of Nonpotable Water for Irrigation.

Each Owner and occupant of a Unit, and their respective guests and invitees, are hereby advised that the water used to irrigate property within or adjacent to Chadwick Farms may be treated effluent, re-use water or "gray water." Although such water is considered safe for irrigation and limited contact, it is not suitable for human or animal consumption and should not be used for drinking, bathing, swimming, or any purpose other than irrigation.

14.8. Natural Conditions.

The Community contains or borders a number of manmade, natural and environmentally sensitive areas that may serve as habitats for a variety of native plants and wildlife, including insects, venomous and non-venomous snakes, and other animals, some of which may pose hazards to persons or pets coming in contact with them. Each Owner and occupant of any Unit, and every person entering the Community (i) acknowledges that such plants and wildlife are indigenous to the area and are not restrained or restricted in their movement within or through the Community; and (ii) assumes all risk of personal injury arising from the presence of such plants and wildlife within the Community. Neither the Association, the Founder, any Builder, nor the members, partners, affiliates, officers, directors, agents or employees of any of them, shall have any duty to take action to control, remove, or eradicate any plant or wildlife in the Community, nor shall they have any liability for any injury resulting from the presence, movement or propagation of any plant or wildlife within or through the Community.

The natural areas described in this Section may also contain creeks, ponds, or intermittent pools of water, muddy areas, and underbrush, among other things, all of which are important to the ecological balance and maintenance of the area as a wildlife habitat. No Owner or occupant of a Unit shall enter upon, or permit their guests or any other person acting on their behalf to enter upon or disturb, such areas in any way without the Association's or the Founder's prior written approval.

14.9. Utility Easements.

Portions of the Community may be subject to easements for power transmission lines and natural gas pipelines. The Association shall have no responsibility for providing maintenance to such areas or improving them to the Community-Wide Standard.

* * *

Article 15 Rights of Lenders

In order to enhance each Owner's ability to obtain financing for the purchase of his or her Unit, this Article sets forth various provisions for the benefit of lenders who make mortgage loans and for the benefit of those agencies which guarantee and insure mortgage loans made by institutional lenders.

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units in Chadwick Farms.

15.1. Notices of Action.

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

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

(b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Governing Documents relating to such Unit or the Owner or occupant which is not cured within 60 days; or

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

15.2. No Priority.

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

15.3. Notice to Association.

Upon request, each Owner shall furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

15.4. Failure of Mortgagee to Respond.

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

* * *

Article 16

Expansion of the Community

It is not practical to develop, market and sell a community the projected size of Chadwick Farms all at one time. Therefore, the Founder intends to develop the Community in phases to meet demand. This Article establishes procedures by which the Founder and the Association may expand the Community.

16.1. Expansion by Founder.

The Founder may, from time to time, submit to the terms of this Charter all or any portion of the property described in Exhibit "B" by recording a Supplement describing the additional property to be submitted. The Founder may record such a Supplement without the consent of any Person except the owner of such property, if not the Founder.

The Founder's right to expand Chadwick Farms under this section expires when all property described in Exhibit "B" has been submitted to this Charter or 40 years after this Charter is recorded, whichever is earlier. Until then, the Founder may transfer or assign this right to any Founder Affiliate or any Person who is the developer of at least a portion of the real property described in Exhibit "A" or "B." Any such transfer shall be described in a recorded instrument executed by the Founder.

Nothing in this Charter shall require the Founder or any successor to submit additional property to this Charter or to develop any of the property described in Exhibit "B" in any manner whatsoever. The Founder may submit different parcels of property to this Charter at different times. The Founder gives no assurances as to the boundaries of the parcels that may be submitted to this Charter, or as to the order in which the Founder may submit different parcels of property to this Charter, as to whether buildings erected on any additional property submitted to this Charter will be compatible with other buildings in the Community in terms of architectural style, quality of construction, principal materials employed in construction, or size.

16.2. Expansion by the Association.

The Association also may submit additional property to this Charter by recording a Supplement describing the additional property. Any Supplement which the Association records must be approved by Members entitled to cast more than 50% of the total votes in the Association at a meeting duly called for such purpose and by the owner of the property to be submitted. In addition, during the Development and Sale Period, the Founder's consent is required. The Association's President and Secretary, the owner of the property, and the Founder, if the Founder's consent is required, shall sign the Supplement.

16.3. Additional Covenants and Easements.

Any Supplement that the Founder records may impose additional covenants and easements on the property described in such Supplement. Such provisions may be included in a Supplement submitting new property to this Charter or may be set forth in a separate Supplement applicable to property previously submitted to this Charter. If someone other than the Founder owns the property, then the Supplement must be signed by such owner evidencing such owner's consent. Any Supplement may add to, create exceptions to, or otherwise modify the terms of this Charter as it applies to the property described in the Supplement, in order to reflect the different character and intended use of such property.

16.4. Effect of Filing a Supplement.

A Supplement shall be effective upon recording unless otherwise specified in the Supplement. On the effective date of the Supplement, any additional property made subject to this Charter shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Charter.

* * *

Article 17 Additional Rights Reserved to the Founder

This Article reserves various rights to the Founder, in addition to those specifically reserved elsewhere in the Governing Documents, in order to facilitate the Founder's development and sale of property in the Community, to enable the Founder to respond to Owners' concerns, and to protect various property rights and other interests of the Founder.

17.1. Special Development Rights.

In addition the rights specifically reserved to the Founder under Article 16 with respect to expanding the Community, the Founder reserves the right, during the Development and Sale Period, to:

(a) create Units, Common Areas, and Limited Common Areas, and to designate roadways, within any portion of the Community which it owns;

(a) subdivide or combine any Unit or Units which it owns in order to create larger or additional Units, Common Areas, and/or Limited Common Areas;

(b) convert any Unit which it owns into Common Area, Limited Common Area, or roadways;

(c) adjust the boundaries of any Units that it owns and any Common Area or Limited Common Area; and

(d) amend this Charter or any Supplement to withdraw property from the Community and the coverage of this Charter, provided that such property has not been improved with a dwelling. Any such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Founder. If the property is Common Area, the Association shall consent to such withdrawal.

17.2. Marketing and Sales Activities.

Notwithstanding anything in the Governing Documents to the contrary, during the Development and Sale Period the Founder and its designees or assigns may construct, use, and maintain such facilities and conduct such activities upon portions of the Common Area and other property they own as, in the Founder's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Units. Such permitted facilities and activities shall include business offices, signs, flags (whether hung from flag poles or attached to a structure), model homes, sales offices, parking facilities, exterior lighting features or displays, and special events. Founder and authorized Builders whom the Founder may designate shall have easements for access to and use of such facilities at no charge. Such right shall specifically include the right of the Founder and its designees to use Common Area facilities for an information center and/or for administrative, sales and business offices at no charge and to restrict use or access to such facilities by the Association, its members and others as long as they are being used for any such purpose. There shall be no

limit on the number or location of such facilities, except as otherwise restricted by state law or local ordinance or regulations.

17.3. Access for Development Purposes.

During the Development and Sale Period, the Founder and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area and roadways within the Community for the purpose of:

(a) exercising any rights reserved to the Founder pursuant to this Charter, including the rights set forth in Sections 17.1 and 17.2; and

(b) making, constructing, and installing any improvements indicated on recorded subdivision maps or plats of the Community and such other improvements to the Common Area and to the Exhibit "B" property as it deems appropriate; and

(c) making repairs or correcting any condition on the Common Area or any Unit.

17.4. Right to Approve Changes in Community Standards.

During the Development and Sale Period, no amendment to or modification of any Rules or Design Guidelines shall be effective without prior notice to and the written approval of the Founder.

17.5. Additional Covenants and Restrictions.

During the Development and Sale Period, no one other than the Founder or a Founder Affiliate may record any additional covenants or restrictions affecting any portion of the Community without the Founder's written consent. Any instrument recorded without the required consent shall be void and of no force and effect.

17.6. Exclusive Rights to Use Name of Development.

No Person other than the Founder or a Founder Affiliate shall use the name "Chadwick Farms" or any derivative of such name or in any logo or depiction associated with Chadwick Farms in any printed or promotional material or on any Internet website without the Founder's prior written consent. However, Owners may use the name "Chadwick Farms" in printed or promotional matter where such term is used solely to specify that particular property is located within Chadwick Farms, and the Association shall be entitled to use the word "Chadwick Farms" in its name.

17.7. Community Systems.

The Founder reserves for itself, Founder Affiliates, and their respective successors and assigns, a perpetual right and easement over all of the property in Chadwick Farms to install and operate such Community Systems as the Founder, in its discretion, deems appropriate to serve any portion of the Community. Such right shall include, without limitation, the Founder's right to select and contract with companies licensed to provide telecommunications, cable television, and other Community Systems services in the area. The Founder also has the right to charge or authorize any provider to charge individual users a reasonable fee, not to exceed the maximum allowable charge for such service, as defined from time to time by the laws, rules, and regulations of any government authority having jurisdiction.

Notwithstanding the above, there is no guarantee or representation that any particular Community System will be made available.

17.8. Easement to Inspect and Right to Correct.

The Founder reserves for itself, Builders, and others it may designate, the right, but not the obligation, to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the property within Chadwick Farms, including Units, and a perpetual nonexclusive easement of access throughout Chadwick Farms to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner, and no entry into an enclosed structure shall be permitted without the Owner's consent. The person exercising this easement shall promptly repair, at such person's own expense, any damage he or she causes. Nothing in this paragraph shall relieve an Owner of the responsibility for the maintenance and repair of his or her Unit.



The Founder, or someone it designates, may enter any Owner's property to inspect and correct problems with the Unit. The Founder must give the Owner of the Unit prior notice, unless it is an emergency.

17.9. Right to Notice of Design or Construction Claims.

Neither the Association, any Owner, or any other Person shall initiate the dispute resolution procedures under Article 18, nor retain an expert for the purpose of inspecting the design or construction of any structures or improvements within Chadwick Farms in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction, including any claim for breach of contract or warranty or violation of statutory or common law requirements, unless the Founder has been first notified in writing, by certified mail, and given an opportunity to meet with the Association and the Owner of any affected Unit to discuss the concerns, conduct its own inspection, and take action to remedy any problem in accordance with this Section. Any notice to the Founder under this Section shall include a description of the nature and location of the alleged defect in design or construction ("Defect"), a description of any damage suffered as the result of the Defect, the date on which the Defect was discovered, and dates and times during ordinary business hours that the Founder may meet with the Owner of the affected Unit or a representative of the Association to conduct an inspection.

Nothing in this Section obligates the Founder to inspect, repair, replace, or cure any Defect. However, if the Founder elects to repair any Defect, it will so notify the Association (if the Defect involves Common Area) or the Owner of the affected Unit (if the Defect is in a Unit) within 30 days after conducting such inspection and the Association or Owner shall permit the Founder, its contractors, subcontractors, and agents access as needed during ordinary business hours to make such repairs which, once begun, shall be completed within a reasonable time, subject to the nature of the repair and unforeseen circumstances and events. All applicable statutes of limitations shall be tolled during the period of inspection and cure under this Section, not to exceed the earlier of (i) 120 days after the date the Founder receives written notice of the Defect in accordance with this Section; or (ii) Founder's delivery to the claimant of written notice that the Founder does not intend to take any further action to remedy the Defect.

Any dispute as to the adequacy of the proposed repairs to resolve the problem or as to whether repairs that the Founder, its contractors, or subcontractors have performed have remedied the Defect, the Founder may appoint a third-party inspector who is knowledgeable and experienced in residential home construction to inspect the Defect and make a determination as to whether any proposed solution is adequate or as to whether the Defect has been remedied. The Association, the Founder, and the Owner of any affected Unit agree to accept and abide by the decision of the inspector.

If the Association or any Owner fails to comply with this Section, the Founder shall not be liable for any general, special, or consequential damages, costs, or diminution in value that might have been avoided had the Founder been given the notice and opportunity to repair described in this Section.

17.10. Right to Transfer or Assign the Founder's Rights.

The Founder may transfer any or all of the Founder's special rights and obligations set forth in this Charter or the By-Laws in whole or in part, temporarily or permanently, to other Persons. However, such a transfer shall not reduce an obligation or enlarge a right beyond that which Founder has under this Charter or the By-Laws. No transfer or assignment of the Founder's status as the Founder or as the Founder member shall be effective unless it is in a recorded instrument which the Founder has signed. The Founder may permit other Persons to exercise, on a one-time or limited basis, any right reserved to the Founder in this Charter where the Founder does not intend to transfer such right in its entirety. In such case, it shall not be necessary to record any written assignment unless desired to evidence the Founder's consent to such exercise.

17.11. Termination of Rights.

Except as otherwise specified above, the rights reserved to the Founder in this Article shall terminate on the earlier of (a) termination of the Development and Sale Period; or (b) the Founder's recording of a written statement that all sales activity has ceased.

* * *

Article 18 Dispute Resolution and Limitation on Litigation

From time to time, disputes may arise between owners or between an owner and the Association, the Founder or others involved in the Community. This Article commits the parties to any such a dispute to work together in an attempt to resolve the dispute without litigation in order to facilitate the prompt resolution of such disputes in a manner that respects and builds upon the relationships between the parties. It also requires substantial support of the Association's membership before the Association can engage in certain types of litigation that could result in significant legal and emotional costs to the Community.

18.1. Agreement to Encourage Resolution of Disputes Without Litigation.

(a) **Bound Parties.** The Founder, the Association and its officers, directors, and committee members, all Owners and other Persons subject to this Charter, and any Person not otherwise subject to this Charter who agrees to submit to this Article (collectively, "**Bound Parties**"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 18.2 in a good faith effort to resolve such Claim.

(b) **Claims.** As used in this Article, the term "**Claim**" shall refer to any claim, grievance, or dispute arising out of or relating to:

- (i) the interpretation, application, or enforcement of the Governing Documents;
- (ii) the rights, obligations, and duties of any Bound Party under the Governing Documents; or

(iii) the design or construction of improvements within the Community, other than matters of aesthetic judgment under Article 5, which shall not be subject to review.

Notwithstanding the above, the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 18.2:

- (i) any suit by the Association to collect assessments or other amounts due from any Owner;

(ii) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Part Two of this Charter (relating to creation and maintenance of community standards);

(iii) any suit that does not include the Founder, a Founder Affiliate, or the Association as a party, if such suit asserts a Claim that would constitute a cause of action independent of the Governing Documents;

(iv) any dispute which affects the material rights or obligations of a party who is not a Bound Party and has not agreed to submit to the procedures set forth in Section 18.2;

(v) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 18.2(a), unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim's statute of limitations to comply with this Article; and

(vi) any suit by the Association to enforce the Governing Documents where the Association has given the violator notice and either a hearing or an opportunity to cure the violation, or both, prior to the Association filing suit.

18.2. Dispute Resolution Procedures.

(a) *Notice.* The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice ("Notice") by mail or personal delivery to each Respondent and to the Board, stating plainly and concisely:

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

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

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim.

(b) *Negotiation.* The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, ac-

then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys fees and court costs.

18.3. Initiation of Litigation by Association.

(a) **Membership Approval.** In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by a vote of Members entitled to cast at least 75% of the total votes in the Association, except that no such approval shall be required for actions or proceedings:

- (i) initiated during the Founder Control Period;
- (ii) initiated to enforce the provisions of the Governing Documents, including collection of assessments and foreclosure of liens;
- (iii) initiated to challenge *ad valorem* taxation or condemnation proceedings;
- (iv) initiated against any contractor, vendor, or supplier of goods or services, other than the Founder or a Builder, arising out of a contract for services or supplies; or
- (v) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

This subsection (a) shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

(b) **Mandatory and Binding Arbitration.** Notwithstanding any other provision of this Charter, any Claim by the Association or any Owner or group of Owners arising out of alleged defects in the Common Areas or other portions of the Area of Common Responsibility that is not resolved by mediation shall be submitted to final and binding arbitration in accordance with this subsection (b). The Claimant shall have 30 days following termination of mediation pursuant to 18.2(c) to submit the Claim to arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, or the Claim shall be deemed abandoned and the Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; however, nothing in this section shall release or discharge the Respondent from any liability to Persons not a Party to the foregoing proceedings. Unless the parties agree otherwise, there shall be one arbitrator. The arbitrator may grant any remedy or relief that the arbitrator considers just and equitable. The decision of the arbitrator shall be final, and judgment upon the arbitral award may be entered in any court having jurisdiction thereof.

Each Owner, by accepting a deed to a Unit, waives any right to have a Claim within the scope of this subsection (b) resolved by judicial proceedings, including any right to trial by jury. This subsection (b) is an agreement of the Bound Parties to arbitrate the Claims described in this subsection and may be specifically enforced by any Bound Party. The Bound Parties acknowledge that any Claim subject to this subsection (b) involves a transaction in interstate commerce and shall be governed by and interpreted

under the Federal Arbitration Act, 9 U.S.C. §1, et seq., to the exclusion of any inconsistent state law, regulation or judicial decision.

If any party commences litigation in violation of this Section, then upon the other party's written objection, the party commencing litigation shall immediately stipulate to the dismissal of that litigation without prejudice. If the party commencing the litigation fails to make that stipulation within five days after the filing of such written objection, that party shall reimburse the other parties for their costs and expenses, including reasonable attorneys' fees, incurred in seeking a dismissal or stay of that litigation if such dismissal or stay is obtained.

(c) *Good Faith; Fees.* The parties shall participate in good faith in all mediation and arbitration proceedings. The venue of the mediation or arbitration proceeding shall be determined by the mediator or arbitrator, as the case may be. The fees and expenses of the mediation or arbitration proceeding (including the fee of the mediator and arbitrator) shall be shared equally by the parties. Each party shall pay its own expenses (including without limitation attorneys' fees and costs and expenses of preparation and presentation of proofs), except that the prevailing party in any arbitration proceeding shall be entitled to an award of reasonable attorneys' fees and costs.

* * *

Article 19

Changes in the Common Area

Various influences and circumstances within and outside the Community may give rise to a need or desire to make changes in the ownership of, or rights to use, Common Area. This Article explains the procedures for dealing with matters such as changing use rights in Common Area or Limited Common Area, partition of the Common Area, and condemnation.

19.1. Assignment and Reassignment of Limited Common Area.

(a) *Assignment.* The Board may assign any portion of the Common Area as Limited Common Area, and may reassign Limited Common Area, upon approval of the Board and Members representing a majority of the total votes in the Association, including a majority of the votes attributable to Units to which the Limited Common Area is proposed to be assigned or reassigned. During the Development and Sale Period, any such assignment or reassignment shall also require the Founder's written consent.

(b) *Use by Others.* Upon approval of a majority of Owners of Units to which any Limited Common Area is assigned, the Association may permit Owners of other Units to use all or a portion of such Limited Common Area upon payment of reasonable user fees, which fees shall be used to offset the Limited Common Area Expenses attributable to such Limited Common Area.

19.2. Condemnation.

If any part of the Common Area is taken by any authority having the power of condemnation or eminent domain, or conveyed by the Association in lieu of and under threat of condemnation with such approval as may be required under Section 19.4, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:



A public entity such as a town, county, or state has the power to condemn property for its own uses and generally has to pay the value of the property to do so.

If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking the Founder, during the Development and Sale Period, and Members entitled to cast at least 75% of the total votes in the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 9.4 regarding funds for restoring damaged improvements shall apply.

If the taking or conveyance does not involve any improvements on the Common Area, if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be treated in the same manner as proceeds from the sale of Common Area under Section 19.4.

19.3. Partition.

Except as permitted in this Charter, the Common Area shall remain undivided, and no Person shall bring any action to partition any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property or from acquiring and disposing of real property that may or may not be subject to this Charter, with such approval as may be required under Section 19.4.



Partition is a legal action in which a party requests to have a portion of one interest in property split off so that the party can possess that portion or interest separately from other parties who have rights in the property.

19.4. Transfer, Mortgaging, or Dedication of Common Area.

The Association may transfer or dedicate portions of the Common Area to the City of Fort Worth, Denton County, Texas, any local, state, or federal governmental or quasi-governmental entity, may subject Common Area to a security interest, or may transfer or convey Common Area as follows:

(a) if Common Area other than Limited Common Area, upon the written direction of Members entitled to cast at least 67% of the total votes in the Association and, during the Development and Sale Period, the written consent of the Founder; or

(b) if Limited Common Area, upon written approval of Owners of at least 67% of the Units to which such Limited Common Area is assigned.

The proceeds from the sale or mortgaging of Common Area other than Limited Common Area shall be an asset of the Association to be used as the Board determines, unless otherwise directed by Members at the time such sale or mortgage is authorized pursuant to Section 19.4(a). The proceeds from the sale or mortgaging of Limited Common Area shall be disbursed in the manner directed by the Owners of Units to which the Limited Common Area is assigned at the time such sale or mortgage is authorized pursuant to Section 19.4(b).

No conveyance or encumbrance of Common Area may deprive any Unit of rights of access or support.

Article 20

Termination and Amendment of Community Charter

As the Community matures and grows, the rules by which it is governed must be flexible enough to adapt to changes in the development plan, as well as changes in the needs and desires of the Community that inevitably will occur. This Article sets out procedures by which either the Founder or the Owners as a group may amend this Charter to address such changes.

20.1. Term and Termination.



There is an old concept of law known as the "Rule Against Perpetuities" that restricts how long covenants can affect the title to land. Many jurisdictions no longer observe such rule; however, where the rule applies, the term of the covenants cannot exceed 21 years after the death of a named person who is living at the time the covenants are recorded.

This Charter shall be effective for a minimum of 21 years from the date it is recorded. After 21 years, this Charter shall be renewed and extended automatically for successive 10-year periods unless at least 67% of the then Owners sign a document stating that the Community Charter is terminated and that document is recorded within the year before any extension. In such case, this Charter shall terminate on the date specified in the termination document.

If any provision of this Charter would be unlawful, void, or voidable by reason of any rule restricting the period of time that covenants can affect title to property, that provision shall expire 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

This section shall not permit termination of any easement created in this Charter without the consent of the holder of such easement.

20.2. Amendment.

(a) *By the Founder.* In addition to the specific amendment rights granted elsewhere in this Charter, during the Founder Control Period, the Founder may unilaterally amend this Charter for any purpose.

(b) *By Owners.* Except as otherwise specifically provided above or elsewhere in this Charter, this Charter may be amended only by the affirmative vote or written consent of Owners of not less than two-thirds of the Units or Members entitled to cast not less than 67% of the total votes in the Association. During the Development and Sale Period, the Founder's written consent shall also be required.

Any amendment pursuant to this Section shall be prepared, executed, certified and recorded on behalf of the Association by any officer designated for such purpose or, in the absence of such designation, by the Association's President.

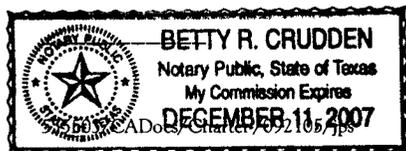
(c) *Validity and Effective Date.* Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

No amendment may remove, revoke, or modify any right or privilege of the Founder or the Founder Member without the written consent of the Founder or the Founder Member, respectively (or the assignee of such right or privilege).

GIVEN under my hand and seal of office this 8th day of December, 2005.

Betty R. Crudden
Notary Public

[Notarial Seal]



My commission expires:
12/11/07

EXHIBIT "A"

Land Initially Submitted

ALL THOSE TRACTS OR PARCELS OF LAND lying and being in Denton County, Texas, and being more particularly described on that certain final plat of Chadwick Farms Section 1, filed in Cabinet W, Pages 454 through 456, and that certain final plat of Chadwick Farms Section 2, filed in Cabinet W, Pages 452 and 453, both plats having been filed in the Office of the County Clerk of Denton County, Texas on August 8, 2005.

EXHIBIT "B"

Expansion Property

BEING a 180.640 acre tract of land in the Allen Henderson Survey, Abstract No. 596, the F. Huston Survey, Abstract No. 597, and the Lewis Medlin Survey, Abstract No. 830, situated in the City of Fort Worth, Denton County, Texas and being a portion of that tract conveyed to Roanoke Land Partners, Ltd. by deed recorded in Volume 4387, Page 566 of the Deed Records of Denton County, Texas (DRDCT) and being more particularly described as follows:

COMMENCING at a capped 1/2" iron pin found, said iron pin also being the southeast corner of a tract conveyed to J. Fred Davis by deed recorded in Volume 1024, Page 499 DRDCT;

THENCE N 01°00'39" E along the east line of said Davis tract, a distance of 33.55 feet to a capped 1/2" iron pin set for the Point of Beginning of the herein described tract;

THENCE N 01°00'39" E along the east line of said Davis tract, a distance of 669.24 feet to a 4" metal fence corner post found;

THENCE N 88°51'53" E along the east line of said Davis tract, a distance of 288.93 feet to a 1/2" iron pin found;

THENCE N 01°33'50" E along the east line of said Davis tract, a distance of 100.96 feet to a 1/2" iron pin found;

THENCE S 89°36'13" E along the east line of said Davis tract, a distance of 79.21 feet to a 1/2" iron pin found;

THENCE N 00°10'12" E along the east line of said Davis tract and the east line of a tract conveyed to Culberson Properties, Inc. by deed recorded in Volume 3276, Page 139 DRDCT, a distance of 2800.06 feet to a capped 1/2" iron pin set;

THENCE S 89°49'48" E departing said east lines, a distance of 316.36 feet to a capped 1/2" iron pin set;

THENCE N 00°10'12" E, a distance of 61.83 feet to a capped 1/2" iron pin set;

THENCE S 89°49'48" E, a distance of 666.80 feet to a capped 1/2" iron pin set;

THENCE S 00°10'12" W, a distance of 130.00 feet to a capped 1/2" iron pin set;

THENCE S 89°49'48" E, a distance of 29.87 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the right having a radius of 525.00 feet, a central angle of 13°08'31" and being subtended by a chord which bears S 83°15'33"

[continued on next page]

EXHIBIT "B"

Expansion Property

(continued)

E, 120.16 feet;

THENCE along said curve to the right, a distance of 120.42 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the right having a radius of 50.00 feet, a central angle of 166°28'28" and being subtended by a chord which bears S 51°08'21" E, 99.30 feet;

THENCE along said curve to the right, a distance of 145.28 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the right having a radius of 525.00 feet, a central angle of 13°57'00" and being subtended by a chord which bears S 18°43'49" E, 127.51 feet;

THENCE along said curve to the right, a distance of 127.82 feet to a capped 1/2" iron pin set;

THENCE S 11°45'19" E, a distance of 194.61 feet to a capped 1/2" iron pin set;

THENCE N 78°23'01" E, a distance of 229.96 feet to a capped 1/2" iron pin set;

THENCE N 73°40'22" E, a distance of 79.51 feet to a capped 1/2" iron pin set;

THENCE S 68°31'31" E, a distance of 140.63 feet to a capped 1/2" iron pin set;

THENCE S 25°14'29" E, a distance of 117.37 feet to a capped 1/2" iron pin set;

THENCE S 02°40'45" E, a distance of 60.69 feet to a capped 1/2" iron pin set;

THENCE S 11°20'19" E, a distance of 250.00 feet to a capped 1/2" iron pin set;

THENCE N 78°39'41" E, a distance of 120.00 feet to a capped 1/2" iron pin set;

THENCE S 11°20'19" E, a distance of 117.30 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the right having a radius of 50.00 feet, a central angle of 99°11'24" and being subtended by a chord which bears S 69°12'04" E, 76.15 feet;

THENCE along said curve to the right, a distance of 86.56 feet to a capped 1/2" iron pin set;

THENCE N 78°39'41" E, a distance of 110.52 feet to a capped 1/2" iron pin set;

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EXHIBIT "B"

Expansion Property
(continued)

THENCE S 11°20'19" E, a distance of 394.13 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the left having a radius of 990.00 feet, a central angle of 11°56'09" and being subtended by a chord which bears N 24°40'18" E, 205.86 feet;

THENCE along said curve to the left, a distance of 206.24 feet to a capped 1/2" iron pin set;

THENCE N 18°42'13" E, a distance of 328.36 feet to a capped 1/2" iron pin set;

THENCE S 71°17'47" E, a distance of 120.00 feet to a capped 1/2" iron pin set;

THENCE S 18°42'13" W, a distance of 328.36 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a circular curve to the right having a radius of 1110.00 feet, a central angle of 10°50'36" and being subtended by a chord which bears S 24°07'31" W, 209.76 feet;;

THENCE along said curve to the right, a distance of 210.07 feet to a capped 1/2" iron pin set;

THENCE S 52°41'12" E, a distance of 332.28 feet to a capped 1/2" iron pin set;

THENCE S 54°14'34" E, a distance of 100.49 feet to a capped 1/2" iron pin set;

THENCE S 56°55'52" E, a distance of 73.09 feet to a capped 1/2" iron pin set;

THENCE S 58°03'47" E, a distance of 60.00 feet to a capped 1/2" iron pin set;

THENCE S 61°49'04" E, a distance of 73.72 feet to a capped 1/2" iron pin set;

THENCE S 74°14'50" E, a distance of 47.27 feet to a capped 1/2" iron pin set;

THENCE S 56°39'18" E, a distance of 59.56 feet to a capped 1/2" iron pin set;

THENCE S 36°38'23" E, a distance of 62.44 feet to a capped 1/2" iron pin set;

THENCE S 14°37'23" E, a distance of 70.51 feet to a capped 1/2" iron pin set;

THENCE S 08°18'04" W, a distance of 70.56 feet to a capped 1/2" iron pin set;

THENCE S 26°26'33" W, a distance of 37.25 feet to a capped 1/2" iron pin set;

THENCE S 37°00'07" W, a distance of 38.21 feet to a capped 1/2" iron pin set;

THENCE S 43°51'58" W, a distance of 10.85 feet to a capped 1/2" iron pin set;

[continued on next page]

EXHIBIT "B"

Expansion Property
(continued)

THENCE S 27°24'47" W, a distance of 293.63 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a circular curve to the right having a radius of 680.00 feet, a central angle of 5°09'37" and being subtended by a chord which bears S 29°59'36" W, 61.22 feet;

THENCE along said curve to the right, a distance of 61.24 feet to a capped 1/2" iron pin set;

THENCE S 32°34'24" W, a distance of 427.11 feet to a capped 1/2" iron pin set;

THENCE S 22°58'47" W, a distance of 59.73 feet to a capped 1/2" iron pin set;

THENCE S 39°38'42" W, a distance of 59.11 feet to a capped 1/2" iron pin set;

THENCE S 56°07'02" W, a distance of 58.36 feet to a capped 1/2" iron pin set;

THENCE S 79°01'52" W, a distance of 77.36 feet to a capped 1/2" iron pin set;

THENCE N 67°29'51" W, a distance of 79.52 feet to a capped 1/2" iron pin set;

THENCE N 57°25'36" W, a distance of 180.00 feet to a capped 1/2" iron pin set;

THENCE S 32°34'24" W, a distance of 250.00 feet to a capped 1/2" iron pin set;

THENCE N 57°25'36" W, a distance of 145.44 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a circular curve to the right having a radius of 1025.00 feet, a central angle of 10°01'37" and being subtended by a chord which bears S 49°02'59" W, 179.15 feet;

THENCE along said curve to the right, a distance of 179.38 feet to a capped 1/2" iron pin set;

THENCE S 54°03'47" W, a distance of 183.50 feet to a capped 1/2" iron pin set;

THENCE S 35°56'13" E, a distance of 130.00 feet to a capped 1/2" iron pin set;

THENCE S 54°03'47" W, a distance of 240.00 feet to a capped 1/2" iron pin set;

THENCE S 57°47'54" W, a distance of 74.64 feet to a capped 1/2" iron pin set;

THENCE S 68°45'28" W, a distance of 81.96 feet to a capped 1/2" iron pin set;

THENCE S 80°28'41" W, a distance of 83.56 feet to a capped 1/2" iron pin set;

THENCE S 85°57'24" W, a distance of 201.97 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the left having a radius of

[continued on next page]

EXHIBIT "B"

Expansion Property
(continued)

1260.00 feet, a central angle of 18°46'48" and being subtended by a chord which bears S 84°44'11" W, 411.15 feet;

THENCE along said curve to the left, a distance of 412.99 feet to a capped 1/2" iron pin set;

THENCE S 75°20'47" W, a distance of 195.91 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a circular curve to the right having a radius of 1140.00 feet, a central angle of 14°14'10" and being subtended by a chord which bears S 82°27'51" W, 282.52 feet;

THENCE along said curve to the right, a distance of 283.25 feet to a capped 1/2" iron pin set;

THENCE S 89°34'56" W, a distance of 575.27 feet to the Point of Beginning and containing 7,868,662 square feet or 180.640 acres of land, more or less.

LESS AND EXCEPT that land initially submitted to this Charter as described on Exhibit "A."

In addition to the above, as the owner or with the written consent of the owner, the Founder may also submit to the terms of the Charter any real property situated within five miles of the perimeter boundaries of the property described on Exhibit "A" or this Exhibit "B."

Note to clerk and title examiners:

This Charter is not intended to create an encumbrance on title to the property described in this Exhibit "B." Such title may be encumbered only with the consent of the owner by filing a Supplement in accordance with Article 16.

EXHIBIT "C"

Initial Rules

The purpose of Rules is not to anticipate all acceptable or unacceptable behavior in advance and eliminate all improvements or activities that fall outside of "the norm." In fact, it is expressly intended that the Reviewer under Article 5, and the Board, as appropriate, have discretion to approve or disapprove items, or to enforce or not enforce technical violations of the Governing Documents, based upon aesthetic or other considerations consistent with the established guidelines. As such, while something may be approved or permitted for one Unit under one set of circumstances, the same thing may be disapproved for another Unit under a different set of circumstances. The exercise of discretion in approving or enforcement shall not be construed as a waiver of approval or enforcement rights, nor shall it preclude the Board from taking enforcement action in any appropriate circumstances.

The following shall apply to all of Chadwick Farms until such time as they are modified pursuant to the Charter.

1. **General.** The Units within Chadwick Farms shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by the Founder or its designees to assist in the sale of property described in Exhibit "A" or "B," offices for any property manager retained by the Association, or business offices for the Founder or the Association) consistent with this Charter and any Supplement.

2. **Restricted Activities.** Unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board, the following activities are prohibited within Chadwick Farms, except to the extent undertaken by the Founder in the course of development of property in Chadwick Farms:

(a) Overnight parking of vehicles on public or private streets or thoroughfares; or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages or other locations screened from view of adjacent property in a manner approved by the Reviewer pursuant to Article 5; provided, construction, service and delivery vehicles shall be exempt from this provision during normal business hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Area;

(b) Raising, breeding, or keeping animals except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Unit. However, those pets which are permitted to roam free, or, in the Board's sole discretion, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed, and inoculated as required by law;

(c) Any activity that emits foul or obnoxious odors outside the Unit or creates noise or other conditions that tend to disturb the peace or threaten the safety of the occupants of other Units;

(d) Any activity that violates local, state, or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

EXHIBIT "C"

Initial Rules

(continued)

(e) Pursuit of hobbies or other activities that tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Unit;

(f) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units;

(g) Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Unit;

(h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes;

(i) Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers;

(j) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(k) On-site storage of fuel, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment. This provision shall not apply to any underground fuel tank authorized pursuant to Article 5;

(l) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within Chadwick Farms or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(m) Regular use of any Unit to host religious activities, motivational meetings, classes, parties, or similar activities requiring the parking of a number of vehicles exceeding the number that can be accommodated in the host's garage, driveway, and the right-of-way immediately in front of and adjacent to the Unit;

(n) Swimming, wading, or use of boats or other watercraft with gasoline-powered engines on any pond within the Community, except that the Founder and the Association may use gasoline-powered boats for construction, maintenance, and repair of such ponds;

(o) Any yard sale, garage sale, moving sale, rummage sale, estate sale, or similar activity, except on such dates as the Board may designate for such activities to be conducted on a community-wide basis; and

(p) Posting of any signs on Units, Common Areas, or rights-of-way within or adjacent to the Community, except that:

(i) the Founder and the Association may post signs as they deem appropriate;

EXHIBIT "C"

Initial Rules

(continued)

(ii) subject to the limitations on leasing of Units set forth in Section 7.1 of the Charter, an Owner may post on a Unit which such Owner is offering for sale or for lease one standard real estate sign, not to exceed four feet in height, the total message area of which does not to exceed 12 square feet (all sides combined), advertising the Unit on which it is posted "for sale" or "for lease;" and

(iii) the Owner or occupant of a Unit may post temporary political signs on the Unit for up to 90 days prior to an election or referendum and up to 10 days after the election or referendum, provided that (A) no more than one sign is posted on a Unit for any one candidate or ballot issue; (B) the sign is ground-mounted or placed in a window; (C) the sign does not exceed 4 feet in width or 6 feet in height (including any post or other device on which it is mounted), (D) the sign has a professional appearance and contains no profanity or derogatory or offensive language, graphics, or markings, as the Board may determine in its sole discretion;

(q) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without prior approval pursuant to Article 5; and

(r) Any modification of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article 5 of the Charter. This shall include, without limitation, signs, basketball hoops, and swing sets and similar sports and play equipment; clotheslines; garbage cans; wood-piles; above-ground swimming pools; docks, piers, and similar structures; hedges, walls, dog runs, animal pens, or fences of any kind; decks; storage sheds; and satellite dishes and antennas, except that:

(i) an antenna designed to receive direct broadcast satellite services, including direct-to-home satellite services, that is one meter or less in diameter; or

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multi-channel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or

(iii) an antenna that is designed to receive television broadcast signals;

(collectively, "**Permitted Antennas**") shall be permitted on Units, subject to such reasonable requirements as to location and screening as may be set forth in the Design Guidelines, consistent with applicable law, in order to minimize obtrusiveness as viewed from streets and adjacent property. The Founder and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of Chadwick Farms, should any master system or systems be utilized by the Association and require such exterior apparatus.

EXHIBIT "C"

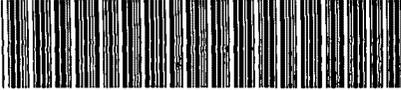
Initial Rules
(continued)

3. **Prohibited Conditions.** The following shall be prohibited at Chadwick Farms:

(a) Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of Chadwick Farms; and

(b) Structures, equipment, or other items on the exterior portions of a Unit which have become rusty, dilapidated, or otherwise fallen into disrepair.

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



70 2005 00154228

Instrument Number: 2005-154228

As

Recorded On: December 13, 2005

Misc General Fee Doc

Parties: KIMBALL HILL CHADWICK FARMS

To

Billable Pages: 35

Number of Pages: 35

Comment:

**** Examined and Charged as Follows: ****

Misc General Fee Doc	152 00
Total Recording:	152.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law

File Information:

Document Number: 2005-154228

Receipt Number: 249419

Recorded Date/Time: December 13, 2005 03:55P

User / Station: J Morris - Cash Station 1

Record and Return To:

KIMBALL HILL HOMES

3010 LBJ FRWY STE 1100

DALLAS TX 75234



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Cynthia Mitchell

County Clerk
Denton County, Texas

NOTE TO CLERK: Please cross-reference to
Community Charter at
Instrument No. 2005-154-227

Prepared by/upon recording, please return to:

Samuel L. Wyse, III
Kimball Hill Homes Dallas, LP
3010 LBJ Freeway, Suite 1100
Dallas, Texas 75234

STATE OF TEXAS

COUNTY OF DENTON

DESIGN GUIDELINES
FOR
CHADWICK FARMS

THESE DESIGN GUIDELINES are adopted this 8th day of December 2005, by
KIMBALL HILL CHADWICK FARMS, LP, a Texas limited partnership ("Founder").

WITNESSETH:

On December 8, 2005, the Founder executed the Community Charter for Chadwick Farms, which was recorded in the County Clerk Official Records of Denton County, Texas on December 13, 2005 as Instrument No. 2005-154-227 (the "Charter"). The Charter is a "dedicatory instrument," as defined in the Texas Residential Property Owners Protection Act, Texas Property Code §209.001, *et seq.*, covering the establishment, maintenance, and operation of a residential subdivision or planned development located in the City of Fort Worth, Denton County, Texas, known as Chadwick Farms. The real property made subject to the terms of the Charter, as it may be supplemented and amended, is referred to as the "Community".

Article V of the Charter establishes architectural controls and review procedures applicable to the property submitted to the Charter. Section 5.3 of the Charter authorizes the Founder to adopt and record design standards and architectural and aesthetic guidelines ("Design Guidelines") to provide guidance to property owners and builders regarding matters of particular concern to the reviewer in considering applications for architectural approval. Pursuant to the authority set forth in Article IV of the Charter, the Founder has adopted the Design Guidelines attached as Exhibit

"A" as the initial Design Guidelines to be administered pursuant to the Charter. Such guidelines are not intended to be the exclusive basis for decisions of the reviewer and compliance with the Design Guidelines does not guarantee approval of any application.

The Founder hereby declares that these Design Guidelines shall apply to the Community, as it may be expanded by amendment to or supplement of the Charter, in accordance with the terms of Article V of the Charter and any amendments adopted pursuant to the Charter.

The Founder desires to record the Design Guidelines to provide public notice of their existence.

IN WITNESS OF THE FOREGOING, the Founder has set its hand and seal as of the date first above written.

FOUNDER: KIMBALL HILL CHADWICK FARMS, LP, a Texas limited partnership

By: [Signature]
Name: SAMUEL L. WYSE, III
Its: PRESIDENT

STATE OF TEXAS)
) ss
COUNTY OF Dallas)

Before me, the undersigned authority, on this day personally appeared Samuel L. Wyse, III and _____, personally known to me ~~or proved to me~~ on the oath of _____ to be the persons whose names are subscribed to the foregoing instrument, and known to me to be the President and _____ of KIMBALL HILL CHADWICK FARMS, LP, a Texas limited partnership, and acknowledged to me that they executed the same for the purpose and consideration therein expressed and as the act of said limited partnership.

GIVEN under my hand and seal of office this 8th day of December, 2005.

[Signature]
Notary Public

[Notarial Seal]

My commission expires: 12/11/07

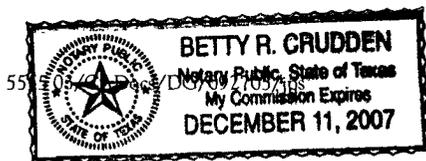


EXHIBIT "A"

[see attached]

**THIS STAMP IS FOR SCANNING
PURPOSES ONLY.**

**THIS STAMP IS FOR SCANNING
PURPOSES ONLY.**

CHADWICK FARMS RESIDENTIAL DESIGN GUIDELINES



**to submit design review
applications, contact:**

**Chadwick Farms Community
Association, Inc.
Founder's Review Committee
3010 LBJ Freeway, Suite 1100
Dallas, Texas 75234
(972) 481-2224
(972) 243-3189 (fax)**

CHADWICK FARMS RESIDENTIAL DESIGN GUIDELINES

Introduction

These Residential Design Guidelines seek to establish criteria for implementing coordinated design and overall visual identity while maintaining opportunities for individual needs and creativity for each project. Included are parameters for the site design of individual residential lots within the Chadwick Farms community as well as procedures and requirements for design submittal and review. These parameters address: spatial boundaries, structures, fencing/screening, pedestrian circulation, provision of open space and landscaping.

The primary purpose of these Residential Design Guidelines is to ensure that property owners within the Chadwick Farms community will adhere to a standard of design excellence necessary to maintain a cohesive community. These guidelines seek to establish a design framework through the Community Identity Program that the property owner will use as a guide for site improvements, with flexibility balanced with preserving the design integrity of the Chadwick Farms community.

DESCRIPTION OF PROPERTY

These Residential Design Guidelines are for use for Chadwick Farms, a subdivision in the City of Fort Worth, Denton County, Texas, more fully described in Exhibit "A".

RELATED CONTROLS

All improvements must comply with applicable codes and regulations of governing bodies with jurisdiction over the development, including but not limited to the City of Fort Worth, Denton County and the State of Texas. These guidelines are to be used in conjunction with City standards and ordinances and the Community Charter for the development. Should conditions imposed by any provision of these Design Guidelines conflict with those conditions imposed by a City, County or applicable regulatory agency code or regulation, the more restrictive provision shall govern.

Administration and Interpretation

During the development period, the Founder retains final authority for the interpretation and enforcement of the design guidelines and review and approval process; however, the Founder may from time to time delegate these responsibilities to an appointed review committee (the Founder's Review Committee). While some features of the design guidelines are mandatory, others may be waived when it can be demonstrated that the overall spirit and intent will be preserved. Since individual conditions and circumstances may vary, such discretionary actions shall not constitute or imply a binding precedent.

Upon termination of the development period, the Founder may further delegate these responsibilities to an appropriate committee of the Association.

DESIGN REVIEW

Founder's Review Committee or its designee (hereinafter called the "Review Committee") has authority to review plans and specifications for all improvements described herein, shall be the conclusive interpreter of these Design Guidelines, shall monitor the effectiveness of these Design Guidelines, and may promulgate additional design and architectural standards and review procedures consistent with these Design Guidelines from time to time as it deems necessary and appropriate. Decision of the Review Committee shall be binding and final except as otherwise permitted herein.

INTERPRETATION

The provisions of these Design Guidelines shall be held to be the minimum requirements for the Chadwick Farms community. Deviations from these guidelines in any way require prior approval from the Review Committee, whether or not it is specifically mentioned in any paragraph here or not.

REVIEW PROCEDURES

All site work, landscaping, structures, improvements, and other items placed on a lot or common area in a manner or location visible from any adjacent or other property, public right of way or public open space are subject to standards for design, landscaping and aesthetics adopted pursuant to these Design Guidelines and the approval procedures set forth here.

LIMITATION OF LIABILITY FOR APPROVAL OF PLANS

Review and assessment of plans and specifications are based solely on aesthetic considerations as informed by these Design Guidelines. Neither Founder nor its designee shall bear any responsibility for ensuring the structural integrity or soundness of approved new construction or modifications, nor for ensuring compliance with building codes or other governmental requirements. Neither Founder nor its designee shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction or modifications to any property within the Chadwick Farms community.

PRE-DESIGN SITE MEETING

A pre-design site meeting with a representative of the Review Committee is available to Builders and to Homeowners for the purpose of reviewing the criteria of these Design Guidelines. An appointment for a pre-design meeting may be made by calling the Founder's offices.

REVIEW PERIOD

The Review Committee or its designee will meet regularly to review plans submitted for approval, but may require the submittal of additional material and may postpone action until such required materials have been submitted. Review Committee or its designee will reply to submittals in writing if additional materials are necessary and will take action and send notice of their decision within the time period specified in the Community Charter.

APPEAL

An Owner shall have the right to appeal a decision as described above by resubmitting the required information; however, such appeal shall be considered only if the appellant has

modified the proposed construction or has new information which would, in the opinion of Review Committee, warrant a reconsideration. Upon re-submittal, Review Committee shall have ten days to approve or disapprove the re-submittal. The filing of an appeal does not extend any maximum time period for the completion of any construction.

IMPLEMENTATION OF APPROVED PLANS / PENALTY FOR NONCOMPLIANCE

All projects and construction shall be implemented per approved plans or requests. If construction is found to not be in accordance with the approved Plans, Review Committee will require the Owner (Builder or Homeowner) to remedy the discrepancies. If the Owner fails to remedy such non-compliance or fails to commence and continue diligently toward achieving compliance within the time period stated in the notice, then such non-compliance shall be deemed to be in violation of the Community Charter for the development. In such case, Review Committee or its designee, whichever is appropriate, shall notify the Owner that it may take action to remove the noncompliance and/or seek sanctions as described in the Community Charter.

The Review Committee, at its sole discretion, may require the Builder to provide a Certificate of Accuracy from a registered licensed Surveyor (hired by the Builder) attesting to the accuracy of the building foundation as approved by Review Committee. The certificate shall be in the form of an improvement survey showing dimensions of foundation to property lines, top of curb, and elevations (related to USGS datum or equivalent benchmark) of top of foundation. Points at which elevations are taken shall be clearly identified and correlate with location of top of foundation as shown on the final approved plans.

PERIOD OF PLAN VALIDATION

For initial construction of a structure, final approval of plans is valid for twelve months unless otherwise agreed to in writing by Review Committee and the Builder or Homeowner. Construction shall begin within this period and be completed within twelve months from commencement of Construction. Construction is deemed commenced when the foundation for the structure has been formed.

Design Review Application

The following documents are required for a design review submittal:

APPLICATION

The Owner shall submit a Design Review Application to Review Committee or its designee. Such Application shall meet the following requirements:

- (A) Owner Information, including:
 - (1) Owner's name, address, and telephone number;
 - (2) Type of project; and
 - (3) Address of construction
- (B) Nature of Request. The Owner shall attach to the Application a written description of the proposed project. If the Application is being re-submitted pursuant to an appeal of a decision, the application shall clearly state such fact.

- C) All Applications shall be addressed to the appropriate committee at the address set forth on the cover of these Design Guidelines.

REVIEW FEES

There will be no fee required by for the initial review and first appeal, if applicable. A review fee of \$500.00 is required for a second appeal after plans have twice been denied. This fee will be paid at the time the appeal is submitted.

In the case that, in the judgment of Review Committee, review by professional architects, landscape architects, engineers or the like is necessary, then the Owner shall be responsible for the payment of all associated professional fees. Final approval shall be contingent upon payment by the Owner of such fees.

PLANS

All applications for construction shall include plans for review. These plans shall illustrate the design and visual quality of the project as well as how the project complies with these Design Guidelines.

- (A) Architectural Plan Review. For new building construction or major improvements, such as room additions, remodels, structural changes or accessory building construction, the Builder or Homeowner shall submit to Review Committee one set of professionally prepared 24"x36" or 11"x17" construction documents at a scale of 1/8"=1'0" that includes the following:
- (1) Architectural elevations (front, side and rear), indicating typical proposed grade lines, finish floor elevations, top of slab elevations and building height calculations.
 - (2) Floor plans, including square footage for each floor.
 - (3) Roof plans indicating pitches, ridges, valleys and location of mounted equipment
 - (4) Locations of all proposed exterior materials
 - (5) Exterior details, including items such as chimneys, exterior stairs and decks, railings, and deck supports
 - (6) Typed schedule of all finished exterior materials and colors, including siding and downspouts, trim/ gutters, roofing, garage doors, front door, and window trim.
 - (7) Cut sheets for exterior lighting
 - (8) Any other proposed improvements
 - (9) Lot, block, subdivision name, street address with Owner's and Builder's names listed.

Samples of materials and/ or a 4'x4' lay-up of masonry or stone material at the construction site may be required at the discretion of Review Committee.

- (B) Site Plan Review. For new building construction, the Builder or Homeowner shall also submit to Review Committee one set of 8½" x 11" or larger construction documents to include the following:

- (1) Site Plan for each lot, at a scale of 1"=10'-0" or 1"=20'-0".
 - (2) Lot lines and dimensions, building setbacks, street right-of-way, curb lines and easements.
 - (3) Existing and proposed contour lines at one foot (1') intervals extending ten feet (10') past all property lines, existing top of curb or proposed street elevations, finish grade at building corners, drainage swales.
 - (3) Building footprint, main finished floor elevations and garage slab elevations.
 - (5) Walks, driveways, drainage structures, fire hydrants, decks, accessory structures, fencing, retaining walls with top and bottom of wall elevations, and other physical appurtenances of material importance.
 - (6) All proposed plant locations, types, quantities and sizes, and location of turf and other ground cover materials shall be shown on the plan and labeled. The plan shall also indicate grading and layout of all additional landscape improvements such as berms, walks, and structures.
- (C) Environmental Protection Plan. An Environmental Protection Plan is required for all lots and shall address the following three topics:
- (1) Soil erosion control, i.e., measures designed to minimize erosion both during and after construction;
 - (2) Protection of existing vegetation. Identification of vegetated areas to be preserved and methods of protecting existing vegetation during the construction phase shall be described;
 - (3) Revegetation of disturbed areas. The revegetation plan shall include plans for the revegetation of land disturbed by development and construction activity.

Each Builder shall make an initial submission of an architectural plan for each plan and elevation, which will include a typical Site Plan. A separate submission for each home to be built is not required unless the home includes an elevation, materials, or appurtenances not previously approved by the Review Committee.

ADDITIONAL INFORMATION

Review Committee may require the submittal of additional plans, drawings, specifications, samples or other material if deemed necessary to determine whether a project will comply with these Design Guidelines.

DESIGN REVIEW CRITERIA

While the Design Guidelines are intended to provide parameters for design and visual quality, they are not all-inclusive. In its review process, Review Committee will consider, among other things, the quality of workmanship, harmony of design with existing lots and structures, topography, and finished grade elevations. Such assessment will be based solely on aesthetic considerations, as informed by these Design Guidelines.

VARIANCES

Review Committee may grant variances when circumstances require deviation from these Design Guidelines. Such circumstances may include limitations caused by topography, natural obstructions, or other environmental considerations.

Site Planning

As the location and orientation of structures on residential lots contribute directly to the visual appeal of the streetscape and to the quality of views from community open space, this section provides guidelines for the arrangement and presentation of structures on residential lots.

RESERVED LOTS

Certain lots are reserved for the purpose of providing a view corridor to the community's model homes and the amenity center. These reserved lots shall not be built upon until late in the final phase of development, unless otherwise approved by the Review Committee. The reserved lots are listed in Exhibit B.

BUILDING LAYOUT

Structures should be designed to fit the constraints of the topography. Using structures to accommodate slopes is encouraged in lieu of extreme cut/fill slopes and construction of retaining walls.

BUILDING ENVELOPE

Each lot has a building envelope defined by the building setbacks and the maximum building height. Although the envelope forms a box, the goal should never be to fill the box with a building. Rather, the use of varied setbacks and articulated building facades should be used to minimize monotonous repetition. Homes should be centrally located on the lot with building height and profile in scale with the surrounding structures and topography. The maximum height of residential structures is thirty-five (35) feet. In the interest of providing visual relief along the street, varied front setbacks are encouraged.

ARCHITECTURAL VARIETY

In order to maintain architectural variety along the residential street, homes of the same model and front elevation shall maintain a minimum of three (3) units between one another, whether on the same side of the street or on the opposite side of the street. The same brick may not be repeated more often than every third home, whether on the same side of the street or on the opposite side of the street. In addition, homes with the same floor plan but with a different elevation shall maintain a minimum of two (2) units between one another, whether on the same side of the street or on the opposite side of the street unless approved by Review Committee. Variations in color and materials shall also be maintained from homes next to each other and across the street from one another.

UTILITIES AND UTILITY EASEMENTS:

Pipes, wires, poles, utility meters and other utility facilities shall be kept and maintained, to the extent reasonably possible, underground or within an enclosed structure. Locations of utilities

and utility equipment require approval by Review Committee prior to installation. For purposes of these Design Guidelines, utilities shall include water, sewer, gas, electrical, telephone, cable television, and miscellaneous conduits.

Prior to commencing construction, owners are responsible for locating and avoiding existing water, sewer, gas, electrical, cable television and other utility lines or building over utility easements. It is the responsibility of the owner to repair or replace existing utilities damaged during work on his or her lot.

GREENBELT EDGES / COMMUNITY OPEN SPACE

The visual impact of buildings, landscaping, accessory structures and other built elements along Greenbelt edges must be carefully considered during the design process. Attractive, well-articulated facades are encouraged. Lots adjacent to Greenbelts will be reviewed with special attention to the rear building facade.

Unbroken blank facades, unfinished foundations and similar conditions are prohibited. Screen walls and privacy fences are prohibited in rear yards adjacent to and parallel to designated common areas unless otherwise approved by the Review Committee.

Architecture

All plans for construction of buildings and other architectural features shall be prepared by a qualified designer and submitted to Review Committee for review prior to construction. Each submittal will be reviewed with respect to its ability to perpetuate a harmonious relationship with neighboring homes.

STYLE

Due to the importance of residential architecture to the visual context of the community, all architecture should reflect high quality and craftsmanship, both in design and construction. While no mandatory architectural style is required, the use of unusual shapes, colors, and other characteristics that cause disharmony should be avoided.

MASSING

Each structure in the community should complement its site through thoughtful attention to the massing and arrangement of each structure's architectural components on the site and surroundings.

The design of residential structures should include all facades, rather than emphasizing only the front elevation. Large unbroken planes are not considered in keeping with the desired scale of the development. Accessory buildings and enclosures should complement the style and scale of the main structure to develop well-balanced massing.

SQUARE FOOTAGE

Each home in the community must be a minimum of 1,500 square feet of air-conditioned living area, regardless of lot size unless otherwise approved by the Review Committee. The garage is not included in this required square footage.

EXTERIOR SURFACE MATERIALS AND COLORS

Homes should be designed with careful attention to the combination and interface between materials. Materials chosen should be appropriate for the theme and scale of the building, compatible with its location within the neighborhood, and expressive of the community's desired character and image. Review Committee will review all exterior materials as to type, color, texture and durability, as well as the extent of use of any single material or combination of materials.

Materials such as natural stone and brick masonry (clay-fired brick or concrete brick is permissible), acrylic-based stucco, fibrous cement siding and trim, and select use of natural wood will be encouraged as exterior building materials in keeping with the image of the community and the desire for visual harmony. Incorporating more than one such material on exterior walls is allowed provided their use does not detract from the building's overall design and form. All materials should appear as structural elements and not merely superficial.

Brick masonry should include special details such as coining, soldier and other decorative coursing, patterned lay-ups, articulated window headers and sills, and special chimney statements. Each residence shall be at least 75% total masonry unless otherwise approved by the Review Committee. The front elevation brick requirement is one-hundred percent (100%), measured to the uppermost eve or plate line, exclusive of porches and area above first floor roofs. Homes on lots adjacent to Cleveland-Gibbs Road or Litsey Road shall be 100% masonry on the elevation facing said roads. These lots are identified in Exhibit B. Corner lots adjacent to Cleveland-Gibbs Road shall require 100% masonry on both the rear and side elevations facing either street. These lots are identified in Exhibit B. Masonry coverage calculation does not include doors, windows, chimneys, dormers, window box-outs, bay windows that do not extend to the foundation or any exterior wall that does not bear on the foundation.

Concrete foundation walls shall not be exposed in excess of 6" and shall be faced or finished to blend with the general architectural design of the building.

Stone masonry joints shall be raked clean where appropriate, and held to a maximum of one inch (1") in width. A four foot by four foot (4'x4') sample lay-up of all stone masonry may be required on-site, to be reviewed prior to installation of the stone. The use of synthetic stone veneers, Masonite, plywood, vinyl, aluminum or metal siding is not allowed.

Siding is discouraged but will be considered for chimneys, dormers, window box-outs, bay windows that do not extend to the foundation, or exterior walls that do not bear on the foundation. Only fibrous cement siding and external trim materials shall be allowed. Siding material shall continue to within 6" of finished grade on any elevation. Knotty species of wood and other "rustic" textures are likewise discouraged unless good reason can be shown that it will significantly enhance the design of the home. Owners shall obtain written approval from Review Committee prior to installing or replacing siding that differs from the original siding material. The following are prohibited except with the express written consent of Review Committee:

- Metal structures such as sheds
- Multi-colored masonry
- Exposed cinder block
- Metal as a building skin
- Mirrored glass
- Clay tile roofs

The use of color shall generally be restricted to earth tones or natural colors found in the immediate surroundings, and shall apply equally to additions and/or alterations to existing structures as well as to new detached structures. Garish colors and color combinations, and/or unusual designs are discouraged. No bright, unfinished or mirrored surfaces will be allowed.

SIDEWALKS, WALKWAYS AND DRIVEWAYS

Each residence shall have a city sidewalk four feet (4') in width from property line to property line. Street corner lots will have a city sidewalk four feet (4') in width wrapping the street side of the home from the front property line to the rear property line. Sidewalks shall have a medium broom finish.

Lots which are a part of the trail system (whether they are residential lots or common area lots) will require six foot (6') wide sidewalks. These lots are identified in Exhibit B.

Driveways shall be either concrete paved with a medium broom finish, stamped and colored concrete, or exposed aggregate concrete. Driveways shall be perpendicular to the street and shall not exceed 12% slope.

Extension or expansion of driveways requires approval by Review Committee prior to installation. Review Committee may not approve such extensions or expansions intended for side yard parking or vehicle storage.

ROOFS

All roof materials and colors are subject to Review Committee approval. Roof color should complement colors on the home and should be weatherwood or equivalent. Twenty (20) year minimum fiberglass composition shingles should be used. Reflective roofing materials are prohibited. Metal roofs shall be considered reflective unless they have been painted or otherwise treated to reduce or eliminate reflections. Skylights shall be of flat glazed glass units. Roof pitch should be a 6:12 minimum slope.

Review Committee approval is required prior to installation of rooftop equipment and accessories. All rooftop mechanical equipment shall match roofing colors and be screened from neighboring properties and community open space. Exposed gutters and downspouts shall be painted to match the fascia and siding material of the structure. Exposed flashing shall be painted to match the roof material. Solar equipment and skylights shall be incorporated into the structure and building mass and be architecturally compatible with the residence.

GARAGES

Garages should not dominate the street view of the home. In all neighborhoods, garage doors should be selected to evoke a sense of quality with attention paid to jamb details and shadow lines, but must be metal to be durable. Each garage shall be capable of housing a minimum of two (2) cars. Automatic door openers are recommended for all garage doors.

Detached garages are allowed only with the express approval of the Review Committee.

SECURITY DOORS AND WINDOWS

Requests for security treatments for doors and windows must be approved by the Review Committee prior to installation; however, the use of "burglar bars", steel or wrought iron bars, or similar fixtures on the exterior of any windows or doors is strictly prohibited. Approval is not required for the addition of screen doors or other type doors to a home or an accessory building if the material matches or is similar to existing doors on the home and if the color is complementary to that of existing doors on the home

WINDOWS

Windows shall be of clear glass or a tinted glass of bronze, gray, green or smoke color. The use of reflective glass, reflective tinting, or lining with reflective material is prohibited. Divided lite windows shall be utilized on the front elevation of each home. Review Committee approval is required for exterior shutters. Shutters shall be of a material similar to and of a color and design generally accepted as complementary to the exterior of the home.

AWNINGS AND OVERHANGS

The use of awnings and overhangs requires Review Committee approval prior to installation. The materials and colors shall be the same or generally recognized as being complementary to the exterior of the building and will be attached directly to the structure. Neither metal nor plastic awnings will be allowed on any elevation fronting or siding to a street.

CHIMNEYS

External chimneys (foundation projection with a brick ledge) on the front elevation must be constructed of brick or stone to the chimney cap on three sides (side adjacent to the home may be siding). All chimneys, regardless of location, must be constructed with an enclosure (no external flue piping). Interior chimney enclosures may be constructed of siding material.

DECKS & PATIOS

Review Committee approval is required prior to the installation of a deck or patio. Decks and patios shall be constructed of wood, concrete, brick, high density concrete blocks (pavestone or similar), or of a material similar to that of the residence and, if painted, shall be painted a color similar to or generally accepted as complementary to the residence. Decks or patios shall be located so as not to obstruct or diminish the view from or create a nuisance for adjacent property owners. Construction shall not occur over easements and shall comply with the applicable Design Review procedures as stated herein.

PAINTING/ REPAINTING

Review Committee approval is required prior to any exterior painting or repainting of the home or its accessory improvements. The submittal shall contain the manufacturer's paint chips with name and code number. Exterior finishes should consist of subdued earth tones such as gray, green, brown, muted blues or reds, or other similar colors. White, primary colors, and other bright colors may be permitted as accent colors only. Downspouts shall be painted to match the body color of the home. Generally, garage doors should be painted a muted color and blend with

other colors of the home, as prescribed herein and in accordance with the review procedures as prescribed herein.

ALTERATIONS, ADDITIONS, AND EXPANSIONS

Review Committee approval is required prior to any exterior alteration to, addition to, or expansion of a home. The architectural design and materials used in any and all exterior additions, alterations, or renovations shall conform to the original home's design intent with respect to style, detailing, and materials used in the initial construction, as prescribed herein.

ACCESSORY STRUCTURES

Review Committee approval is required prior to construction of any accessory structure, including but not limited to sheds, gazebos, greenhouses and permanently installed playhouses. Applications for accessory structures will be reviewed with regard to lot size, setbacks, and primary building size. Accessory structures shall be located in the rear yard or in a location not prominently visible from the street, and shall adhere to the standards described herein. Accessory structures shall be architecturally compatible with the home and shall meet the following criteria:

- Accessory structures shall be of the same color, material, and architectural style as the main residence or of color, material, and style that is generally recognized as complementary to that of the main residence.
- An accessory structure's roofing materials shall match those of the main residence.
- Accessory structures shall be no larger than 8'x8'.
- Utilities servicing accessory structures shall be installed underground.
- Accessory structures shall conform to the side and rear yard setbacks, as established by the City.
- Accessory structures shall not unreasonably obstruct any adjacent neighbor's views of public open space.
- Accessory structures shall extend no more than two feet (2') above the yard screening fence.

Carports (non-fully enclosed automobile shelters) and temporary sheds are prohibited.

EXTERIOR LIGHTING

Review Committee approval is required prior to changing or adding exterior lighting. In reviewing lighting requests, Review Committee will consider the visibility, style, location and quantity of the light fixtures. Landscape lighting fixtures shall be dark-colored so as to be less obtrusive and shall be as small in size as is reasonably practical. All lighting shall be compatible with the architecture of the residence.

All landscape lighting in the front yard or the side street yard shall be incandescent. Exterior lighting shall not produce glare or direct illumination across a property line of an intensity that creates a nuisance or detracts from the use or enjoyment of adjacent property. Lighting for walkways generally should be directed toward the ground.

AIR-CONDITIONING AND OTHER MECHANICAL EQUIPMENT

All mechanical equipment, including air-conditioning equipment, shall be located in a side or rear yard only and shall be screened from view with landscaping. No window, roof or wall-type

air conditioner that is visible from any street or any other Lot shall be used, placed or maintained on or in any home, garage or other improvement.

LIFESTYLE ACCESSORIES

Unless otherwise specified otherwise, the following items require Review Committee approval prior to installation. This list is intended to serve as a guide and should not be construed to be all-inclusive.

Clotheslines - Clotheslines of any type are prohibited.

Dog Runs - Dog runs should be located within side or rear yards in such a way that they are not visible to neighboring properties or to community open space. Generally, dog run areas should not exceed three hundred (300) square feet in size and fence height should not exceed five (5) feet. The dog run fencing should be compatible with the home in material and color. Dog runs shall be well screened from neighboring properties and streets with landscaping. "Dog kennels" are not allowed.

Playground Equipment/Sports Equipment/Grills - Jungle gyms, swing sets or similar playground equipment shall be positioned on the Lot so as not to be visible from any street, but no closer to the side within rear lot lines than ten feet (10'). Any playground or other play areas, barbecue grills or equipment furnished as part of the common property of the subdivision shall be used at the risk of the user. Other playground equipment, sports equipment, or grills that are more portable in nature may be temporarily used in the front of the home in view of the street. When not in actual use, all such equipment shall be stored out of view from the street. No playground or other sports equipment or grills shall be permanently erected on the front or side street side of the Lot, visible from any street.

Flagpoles - No free standing flagpole shall be permanently erected on any Lot. A temporary flagpole approved by the Review Committee may be erected on a Lot with a model home until such time that the Lot on which the model home is situated is sold. The Review Committee may also design and erect permanent free standing flagpoles as part of entryway or common property ornamentation. Temporary poles may be kept in the front of the lot for a period not to exceed ten (10) days prior to and five (5) days following an appropriate national holiday.

Satellite Dishes and Antennas - Television antennas, radio towers or masts, and satellite dishes larger than one (1) meter in diameter are prohibited. The satellite dish, antenna, or mast shall be placed in the rear or side of the home in such a manner that it is screened from view from adjacent streets and neighboring properties and shall not be constructed on any utility easement or other easement or right-of-way located on any lot. The installation of a satellite dish, antenna, or mast shall also comply with the following minimum conditions:

- Must be securely mounted to a base, so as to be able to withstand the effects of high winds or other extraordinary weather conditions; however, no guy wires or similar mounting apparatus will be allowed.
- No advertising slogans, logos, banners, signs or any other printint or illustration whatsoever shall be permitted.

- Shall not ever be used to send or receive any ham radio signal.
- Shall not be permitted to cause any distortion or interference whatsoever with respect to any other electronic device in the subdivision.
- Shall be one solid color only; either white or black or shades of either brown, gray or tan.
- Must be installed in a manner that complies with all applicable laws and regulations and manufacturer's instructions.

Spas / hot tubs - Spas shall be located in the side or rear yard in such a manner that it is screened from view from adjacent streets and neighboring properties. Spas should be designed as an integral part of the deck or patio area where they are located.

Swimming Pools – In reviewing requests for swimming pool installation, consideration will be given to, but not necessarily limited to, setback from and impact on neighboring properties and the size of the pool enclosure.

Temporary Structures - Temporary structures, other than playhouses and those used during the initial construction of a residence, are not allowed.

Signs - Review Committee shall have the right and privilege to develop and implement uniform signage specifications and requirements applicable throughout the community, including entryway signage, community signage, Builder signage and model home signage. All signage shall conform to existing municipal ordinances. Existing homes for sale or for lease shall have no more than one temporary sign per lot that advertises property, which stands no more than four (4) feet high, which has dimensions of no more than 18"x24", which is conservative in color and style and which does not display inflammatory, derogatory or foul language. Temporary signs may be displayed only while the lot / home is for sale or lease and shall be removed when the property is no longer for sale or lease. Homeowners shall be allowed to temporarily display a sign which promotes a political candidate, party or issue for a two (2) week period starting not earlier than two (2) weeks prior to the date of the election or referendum and which must be removed no later than the day after the date of the election or referendum, providing it follows the standards listed above as to size, shape, color and content. The Review Committee or its designees shall have the right to enter any Lot and remove any sign, billboard, poster or advertising device which is not permitted and in doing so will not be subject to any liability for trespassing or other tort in connection therewith or arising from such removal.

Trade signs, which include but are not limited to, landscaping, painting, remodeling, etc., may only be displayed while work is in progress. Review Committee may dictate a specific uniform size, style and color for such trade signs.

Addresses - Each home shall provide a cast stone address sign incorporated into the masonry of the front of the residence and clearly visible from the street. Painting of address numbers on the street curb is prohibited. One security sign may be permitted in the front yard located either adjacent to the driveway or in close proximity to the front entrance of the main dwelling. Review Committee may impose size, shape and color restrictions on security signs.

Fire Wood Storage - Approval is not required for storage of firewood provided it is located in the enclosed rear yard only, is not visible from any street, and is neatly stacked.

MAILBOX REQUIREMENTS

Brick double mailbox located on the common property line, constructed out of the brick from the first home built are required. The alternative is cluster box with brick or stone base, as permitted by the Postmaster.

Landscaping

In order to provide an attractive environment for all residents of the community, it is important that all residential landscapes work in harmony with both the built and the surrounding natural environment. Careful integration of site grading, architecture, and landscaping will accomplish this, while also maximizing each site's potential.

- View corridors into public open space should be maintained when siting residences and designing residential landscapes.
- Homeowners are required to extend landscaping to the street curb or sidewalk where it is adjacent to the street.
- Each homeowner is required to maintain the landscaping on his or her lot, as described herein.

INITIAL LANDSCAPING

The homeowner shall install landscaping no later than thirty days after a certificate of occupancy is issued. Sod shall be installed to cover 100% of the lot (exclusive of the area enclosed by the rear yard fence) before home completion and occupancy. Qualified landscaping professionals shall perform initial installation of all landscaping.

SOIL ENHANCEMENT

Topsoil shall be natural, fertile, friable, soil possessing characteristics of representative productive soil in this vicinity. It shall not be excessively acid or alkaline or contain toxic substances, which may be harmful to plant growth. Topsoil shall be free from weeds and other noxious materials. Topsoil shall not be stripped, collected or deposited while wet.

LOT GRADING

Homeowners shall not grade their property in a manner that interferes with the established drainage pattern over any property. Homeowners should work with the natural contours and seek solutions that minimize the impact of grading with respect to major alterations of existing grades. Grading shall not extend onto adjacent properties without approval of the Owners of those adjacent properties.

Berms, slopes and swales may be used to define spaces, screen undesirable views, and reduce noise and high winds but should not exceed three feet of horizontal distance to one foot of vertical height (3:1 slope). Extensive cut/fill slopes are discouraged. Fill slopes shall not exceed 3:1. Cut slopes may be 3:1 if the soil's natural angle of repose allows.

Terracing which utilizes retaining walls may be used where the space cannot accommodate the maximum slope, provided that retaining walls conform to the guidelines expressed herein

DRAINAGE

Existing and proposed drainage and grading shall be indicated on the site plan. Homeowners may make drainage modifications to their Lots provided that they do not alter the established drainage pattern, as shown on the As-Built Drainage Plan for the entire community.

Landscape plans shall conform to the established drainage pattern, shall cause water to drain away from the foundation of the home, and shall prevent water from flowing under or ponding near or against the home foundation. Water shall flow fully over walkways, sidewalks or driveways into established drainage structures or collection points. Obstruction of surface flows resulting in a backup of water onto any lot is strictly prohibited. If deemed necessary, Review Committee may require a report from a drainage engineer as part of landscaping or improvement plan approval.

As defined below, accepted erosion control measures shall be used during construction to reduce adverse silting impacts downstream.

EROSION CONTROL

To prevent erosion and siltation, all erodible areas of disturbed soil shall be protected until the soil is stabilized. Failure to exercise proper soil and sediment control techniques, particularly in areas which drain directly into ponds, detention facilities, public open space, streets or storm sewer inlets may result in the installation of erosion control devices by Review Committee and the costs thereof assessed against the offending party. The builder (or homeowner) shall landscape slopes within seven days after grading is completed.

Accepted erosion control techniques include the use of sedimentation basins, filtration materials such as straw bales or permeable geotextiles, and slope stabilization fabrics or tackifiers. .

PLANT MATERIALS

Landscaping shall consist of a combination of sodded turf areas and shrub and groundcover bed areas. Front yard and side yards exclusive of the area enclosed by the rear yard fence shall be 100% sod where there are no beds. Shrub and groundcover bed area shall contribute no less than 15% nor more than 50% of the total front yard area. Large expanses of mulch or bed areas without substantial shrub or groundcover plantings are unacceptable. Stone or gravel mulch with harsh, unnatural or high contrast colors is prohibited.

Tree Requirements – One tree of two inch (2”) caliper size is required in the front yard of each residential property. Trees used shall not include any prohibited trees as shown on the list in Exhibit C.

OTHER LANDSCAPING REQUIREMENTS: 50' LOTS

- 100% of the lot should be sod (exclusive of the area enclosed by the rear yard fence and any planting beds.
- Eight (8) three to five (3-5) gallon shrubs are required in the front yard.

- Five (5) one (1) gallon shrubs are required in the front yard.
- All planting beds are to be mulched.

OTHER LANDSCAPING REQUIREMENTS: 60' LOTS

- 100% of the lot should be sod (exclusive of the area enclosed by the rear yard fence and any planting beds).
- Twelve (12) three to five (3-5) gallon shrubs are required in the front yard.
- Five (5) one (1) gallon shrubs are required in the front yard.
- All planting beds are to be mulched.

LANDSCAPE MAINTENANCE

To perpetuate the community's visual integrity by ensuring healthy well-maintained plant materials, each residential lot should receive routine maintenance. The following practices are suggested to help minimize maintenance problems:

- Plants should be selected with regard to growth rate, regional climate and to their ultimate size and shape.
- Plants and irrigation heads shall be located away from pedestrian/bicycle traffic.
- Irrigation systems should be maintained. Such maintenance should include draining and servicing sprinkler systems and conducting operational checks on a weekly basis to ensure proper performance of the system.
- Soil mixes should include sufficient organic material (30% per tilled depth).
- At least 2" of shredded hardwood mulch, or comparable, should be used in planting beds to hold soil moisture and to help prevent weeds and soil compaction.
- Fertilization, weed and pest controls, etc. should be provided only as required for optimum plant growth.
- Woody plants should be pruned only when needed, and never by more than one-third.
- Trees should be spaced to allow for efficient mowing.
- Plants with similar sun, water, and space requirements should be located together.

IRRIGATION

Automatic irrigation systems are not required for residential properties. However, the following items apply when designing an irrigation system.

- The irrigation system shall provide 100% coverage of the landscaped areas in all front and side yards.
- The environment of the area - wind, rain, temperature, sun exposure and topography - should be considered when designing a system.
- Drip or bubbler irrigation systems are recommended for trees.
- Regular maintenance of the irrigation system shall be performed so as to minimize waste of water.

WEED BLOCK

The use of solid plastic sheeting or polyethylene over ground plane areas is strictly prohibited. If landscape fabric is used, such fabric shall be of an A.B.S. or Nylon A.B.S. composite type to allow the free flow of water, air, and gasses to and from the soil.

WALLS

The installation of walls requires Review Committee approval. Walls should appear as extensions of the home's architecture and be complementary to the main structure. Walls may be used to enclose and define courtyards, extend and relate the building forms to the landscape, and provide security and privacy. In no case should they block community views to public open space. Freestanding walls shall not exceed six feet in height. Low decorative walls that are part of the landscape design will be considered. Front yard landscape walls shall not exceed three feet in height.

If a retaining wall is necessary, it shall be constructed from Milsap stone or interlocking masonry units. If greater than four (4) feet in height, it shall be engineer-certified. Walls shall be located so as not to alter established drainage patterns. The Owner/ Builder of the "high side" property shall be responsible for installation of side property line retaining walls.

The foregoing standards are intended as an aesthetic guide only. Neither Review Committee nor its designee ensures the soundness, structural integrity, or effectiveness of retaining walls constructed in conformity with this section. Neither Review Committee nor its designee shall be responsible for ensuring the structural integrity or soundness of any approved retaining wall.

FENCES

Except as designated below, lots may have a wooden fence not to exceed eight (8) feet in height. No fence may be painted but shall be sealed in a natural color or allowed to weather naturally. The smooth side of each wooden fence shall face any street or public right-of-way.

Community Identity Fencing (Cleveland-Gibbs Road) is intended to contribute to a community-wide design style or theme and shall consist of masonry columns with solid wood with border-trimmed panels and steel pipe posts. Community identity fencing shall be located in areas of high visibility such as along the main collector road, Cleveland Gibbs Blvd. Lots which require community identity fencing (Cleveland-Gibbs Road) are listed in Exhibit B.

Community Identity Fencing (Litsey Road) is intended to contribute to a community-wide design style or theme and shall consist of solid wood with border-trimmed panels and steel pipe posts. Community identity fencing shall be located in areas of high visibility such as along the main collector road, Litsey Road. Lots which require community identity fencing (Litsey Road) are listed in Exhibit B.

Designated Common Area Fencing shall be placed along properties adjacent to open spaces, including the powerline area, and shall be constructed so as to create a sense of security and safety while allowing for visibility, allowing open spaces to function as integral parts of the community rather than residual space. Lots which back up to or side on common areas or green spaces must have a four foot (4') wrought iron fence. Common area lots which require a wrought iron fence are listed in Exhibit B.

Model View Fencing shall be placed along lots to provide a view corridor to the community's model homes. It shall be initially constructed using masonry columns and wrought iron or solid

wood with border-trimmed panels and steel pipe posts. When homes on model view lots are sold to homeowners, the Builder shall replace the wrought iron portions where they exist with steel pipe posts and solid wood with border-trimmed panels. Model view lots are identified in Exhibit B.

Conventional Privacy Fencing is allowed for interior lots only and may be constructed of wood, masonry or a combination of these materials. If wood is used, sealed spruce or cedar is recommended. Either wood or steel pipe support posts will be allowed, provided that the smooth side of each wooden fence shall face any street or public right-of-way. No fence may be painted but may be sealed in a natural color or allowed to weather naturally.

All fences require Review Committee approval prior to installation. The following guidelines apply to fences within the community:

- Fencing shall not exceed eight feet (8') in height nor extend into the front setback of a lot. Columns shall not exceed nine feet (9').
- Double walls or double fences along common property lines are prohibited.
- Fences shall not extend beyond the front face of the exterior wall that contains the residence's primary front entrance.
- All fences, whether constructed by the homeowner or the builder, shall be well maintained. In the event a fence or wall is damaged or destroyed, the homeowner shall repair or recondition the same at homeowner's expense within three weeks of the damage.

Construction Guidelines

CONSTRUCTION SITE PLAN

Approval of construction site plan by Review Committee or its designee is required prior to the commencement of any residential construction. Procurement of applicable permits from other governmental agencies is the responsibility of the Owner and shall be obtained prior to commencement of construction. Once begun, construction shall be completed expeditiously and in accordance with approved plans.

Prior to the commencement of construction activity, the Owner shall provide to Review Committee a detailed plan for the construction site including: size and location of the construction material storage area, limits of excavation, erosion control measures, drive areas, parking areas, chemical toilet location, location(s) of temporary structure(s), dumpster location, location of debris storage, plan for utility trenching, and location of construction signs. This plan shall also identify the proposed methods of tree protection.

COMPLIANCE WITH PLANS

Contractors are responsible for complying with the approved construction site plan and with these Design Guidelines. If trash, debris, or spillage is not cleaned up, or damage to protected or improved areas is not repaired, Review Committee reserves the right to complete the cleanup or repairs needed and specifically assess all related costs to the contractor and/ or Owner.

Contractors and Owners are encouraged to notify Review Committee of any potential issues related to compliance with approved plans.

FACILITIES

Hours of Operation - Hours of operation for construction shall be from 7:00 a.m. to 6:00 p.m. during Central Standard Time and from 7:00 a.m. to 8:00 p.m. during Central Daylight Savings Time. Construction operation hours shall be from 8:30 a.m. to 6:00 p.m. on Saturdays. Exterior construction shall not occur on Sundays or holidays.

Construction Trailers, Sheds, Temporary Structures - All construction trailers, sheds, or temporary structures require approval by Review Committee prior to installation. All such shelters shall be removed upon completion of construction, with a maximum duration per approval of twelve months. Reapprovals may be granted by Review Committee prior to the end of any approval period. Temporary living quarters for workmen are strictly prohibited.

Sanitary Facilities - The contractor shall be responsible for providing adequate sanitary facilities for construction workers. Portable toilets or similar temporary toilet facilities shall be located on-site only and in areas approved by Review Committee.

MAINTENANCE

Protection of Natural Materials - Owners are advised of the fact that building sites may contain trees and other plant materials to be protected during construction. Damage to natural materials or scarring of property, including but not limited to damage to offsite areas is prohibited. Should such damage occur, it shall be repaired and/or restored promptly at the expense of the offending party. Review Committee reserves the right to complete the cleanup or repairs needed and specifically assess all related costs to the contractor and/ or Owner.

Materials to be protected shall be marked by flagging and protected by fencing or other approved barriers. Review Committee shall have the right to flag plants to be fenced off for protection. Any trees or branches approved to be removed during construction shall be promptly removed from the construction site.

Prior to commencing work on a building site, the Owner shall have a water-permeable siltation fence installed along the streetside of the lot, and all locations where drainage is designed to flow from the lot under construction onto another lot or open space. The fence shall be a minimum of twenty inches tall, anchored with wooden or metal stakes no farther than eight feet apart, and shall be made of a tight woven nylon or synthetic mesh material. This fence shall be maintained at all times until the ground plane of the building site has been fully vegetated.

Upon completion of construction, each contractor shall clean the construction site and repair or replace all damaged property, including but not limited to restoring grades, planting shrubs and trees as approved or required by Review Committee and repairing streets, driveways, pathways, culverts, ditches, signs, lighting, and fencing.

Excavation Materials - Excess excavation materials shall be hauled away from the project site except where written arrangements have been made with Review Committee to haul clean excavated fill dirt to another site within the community. Stockpiled material shall not be placed within the street right of way, and shall remain behind the silt fence at all times.

Dust - The contractor shall be responsible for controlling dust from the construction site. Earthwork shall be sprayed with water as necessary to keep dust at a minimum.

Trash - Regular cleanup of the construction home site is mandatory. All trash and debris shall be stored in a fenced trash disposal area and shall be removed from the trash disposal area on a weekly basis or when full, whichever occurs first. Any soil and/or debris flowing into the street(s) or open spaces from the construction home site shall be removed daily. Review Committee reserves the right to initiate cleanup of untidy building sites and assess contractors, subcontractors, or Owners for clean-up cost.

Construction Drainage - The Owner shall provide temporary erosion control measures during the construction period as described above. .

Vehicles & Access - Construction-related vehicles and including personnel vehicles shall enter the construction site via the construction entrance as designated by Review Committee. Such vehicles shall be parked so as not to impede traffic or damage surrounding natural landscape. Vehicles shall not be left on community roads overnight. Review Committee may designate, at the time of plan review or during construction, specific areas for the parking of construction workers' vehicles and/or equipment. Washing of vehicles and/or construction equipment on streets within the community is prohibited, and such washing shall be carried out either fully off-site or within such area designated by the Review Committee.

Utility Disruption - If telephone, cable TV, electrical, water, or other utility lines are cut, it is the offending party's obligation to report the incident to Review Committee and the affected utility provider. It is the offending party's obligation to negotiate the repair of such damage with the affected utility provider.

EXHIBIT A
Legal Description

NOTE: Also refer to the plat recording information listed immediately following the legal description.

PROPERTY DESCRIPTION

BEING a 180.640 acre tract of land in the Allen Henderson Survey, Abstract No. 596, the F. Huston Survey, Abstract No. 597, and the Lewis Medlin Survey, Abstract No. 830, situated in the City of Fort Worth, Denton County, Texas and being a portion of Tract Two of those tracts conveyed to Chadwick Holdings, Ltd. by deed recorded in Volume 5019, Page 2723 of the Deed Records of Denton County, Texas (DRDCT) and being more particularly described as follows:

COMMENCING at a capped 1/2" iron pin found, said iron pin also being the southeast corner of a tract conveyed to J. Fred Davis by deed recorded in Volume 1024, Page 499 DRDCT;

THENCE N 01E00'39" E along the east line of said Davis tract, a distance of 33.55 feet to a capped 1/2" iron pin set for the Point of Beginning of the herein described tract;

THENCE N 01E00'39" E along the east line of said Davis tract, a distance of 669.24 feet to a 4" metal fence corner post found;

THENCE N 88E51'53" E along the east line of said Davis tract, a distance of 288.93 feet to a 1/2" iron pin found;

THENCE N 01E33'50" E along the east line of said Davis tract, a distance of 100.96 feet to a 1/2" iron pin found;

THENCE S 89E36'13" E along the east line of said Davis tract, a distance of 79.21 feet to a 1/2" iron pin found;

THENCE N 00E10'12" E along the east line of said Davis tract and the east line of a tract conveyed to Culbertson Properties, Inc. by deed recorded in Volume 3276, Page 139 DRDCT, a distance of 2800.06 feet to a capped 1/2" iron pin set;

THENCE S 89E49'48" E departing said east lines, a distance of 316.36 feet to a capped 1/2" iron pin set;

THENCE N 00E10'12" E, a distance of 61.83 feet to a capped 1/2" iron pin set;

THENCE S 89E49'48" E, a distance of 666.80 feet to a capped 1/2" iron pin set;

THENCE S 00E10'12" W, a distance of 130.00 feet to a capped 1/2" iron pin set;

THENCE S 89E49'48" E, a distance of 29.87 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the right having a radius of 525.00 feet, a central angle of 13E08'31" and being subtended by a chord which bears S 83E15'33" E, 120.16 feet;

THENCE along said curve to the right, a distance of 120.42 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the right having a radius of 50.00 feet, a central angle of 166E28'28" and being subtended by a chord which bears

S 51E08'21" E, 99.30 feet;

THENCE along said curve to the right, a distance of 145.28 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the right having a radius of 525.00 feet, a central angle of 13E57'00" and being subtended by a chord which bears S 18E43'49" E, 127.51 feet;

THENCE along said curve to the right, a distance of 127.82 feet to a capped 1/2" iron pin set;

THENCE S 11E45'19" E, a distance of 194.61 feet to a capped 1/2" iron pin set;

THENCE N 78E23'01" E, a distance of 229.96 feet to a capped 1/2" iron pin set;

THENCE N 73E40'22" E, a distance of 79.51 feet to a capped 1/2" iron pin set;

THENCE S 68E31'31" E, a distance of 140.63 feet to a capped 1/2" iron pin set;

THENCE S 25E14'29" E, a distance of 117.37 feet to a capped 1/2" iron pin set;

THENCE S 02E40'45" E, a distance of 60.69 feet to a capped 1/2" iron pin set;

THENCE S 11E20'19" E, a distance of 250.00 feet to a capped 1/2" iron pin set;

THENCE N 78E39'41" E, a distance of 120.00 feet to a capped 1/2" iron pin set;

THENCE S 11E20'19" E, a distance of 117.30 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the right having a radius of 50.00 feet, a central angle of 99E11'24" and being subtended by a chord which bears S 69E12'04" E, 76.15 feet;

THENCE along said curve to the right, a distance of 86.56 feet to a capped 1/2" iron pin set;

THENCE N 78E39'41" E, a distance of 110.52 feet to a capped 1/2" iron pin set;

THENCE S 11E20'19" E, a distance of 394.13 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the left having a radius of 990.00 feet, a central angle of 11E56'09" and being subtended by a chord which bears N 24E40'18" E, 205.86 feet;

THENCE along said curve to the left, a distance of 206.24 feet to a capped 1/2" iron pin set;

THENCE N 18E42'13" E, a distance of 328.36 feet to a capped 1/2" iron pin set;

THENCE S 71E17'47" E, a distance of 120.00 feet to a capped 1/2" iron pin set;

THENCE S 18E42'13" W, a distance of 328.36 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a circular curve to the right having a radius of 1110.00 feet, a central angle of 10E50'36" and being subtended by a chord which bears S 24E07'31" W, 209.76 feet;

THENCE along said curve to the right, a distance of 210.07 feet to a capped 1/2" iron pin set;

THENCE S 52E41'12" E, a distance of 332.28 feet to a capped 1/2" iron pin set;

THENCE S 54E14'34" E, a distance of 100.49 feet to a capped 1/2" iron pin set;

THENCE S 56E55'52" E, a distance of 73.09 feet to a capped 1/2" iron pin set;

THENCE S 58E03'47" E, a distance of 60.00 feet to a capped 1/2" iron pin set;

THENCE S 61E49'04" E, a distance of 73.72 feet to a capped 1/2" iron pin set;

THENCE S 74E14'50" E, a distance of 47.27 feet to a capped 1/2" iron pin set;

THENCE S 56E39'18" E, a distance of 59.56 feet to a capped 1/2" iron pin set;

THENCE S 36E38'23" E, a distance of 62.44 feet to a capped 1/2" iron pin set;

THENCE S 14E37'23" E, a distance of 70.51 feet to a capped 1/2" iron pin set;

THENCE S 08E18'04" W, a distance of 70.56 feet to a capped 1/2" iron pin set;

THENCE S 26E26'33" W, a distance of 37.25 feet to a capped 1/2" iron pin set;

THENCE S 37E00'07" W, a distance of 38.21 feet to a capped 1/2" iron pin set;

THENCE S 43E51'58" W, a distance of 10.85 feet to a capped 1/2" iron pin set;

THENCE S 27E24'47" W, a distance of 293.63 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a circular curve to the right having a radius of 680.00 feet, a central angle of 5E09'37" and being subtended by a chord which bears S 29E59'36" W, 61.22 feet;

THENCE along said curve to the right, a distance of 61.24 feet to a capped 1/2" iron pin set;

THENCE S 32E34'24" W, a distance of 427.11 feet to a capped 1/2" iron pin set;

THENCE S 22E58'47" W, a distance of 59.73 feet to a capped 1/2" iron pin set;

THENCE S 39E38'42" W, a distance of 59.11 feet to a capped 1/2" iron pin set;

THENCE S 56E07'02" W, a distance of 58.36 feet to a capped 1/2" iron pin set;

THENCE S 79E01'52" W, a distance of 77.36 feet to a capped 1/2" iron pin set;

THENCE N 67E29'51" W, a distance of 79.52 feet to a capped 1/2" iron pin set;

THENCE N 57E25'36" W, a distance of 180.00 feet to a capped 1/2" iron pin set;

THENCE S 32E34'24" W, a distance of 250.00 feet to a capped 1/2" iron pin set;

THENCE N 57E25'36" W, a distance of 145.44 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the right having a radius of 1025.00 feet, a central angle of 10E01'37" and being subtended by a chord which bears S 49E02'59" W, 179.15 feet;

THENCE along said curve to the right, a distance of 179.38 feet to a capped 1/2" iron pin set;

THENCE S 54E03'47" W, a distance of 183.50 feet to a capped 1/2" iron pin set;

THENCE S 35E56'13" E, a distance of 130.00 feet to a capped 1/2" iron pin set;

THENCE S 54E03'47" W, a distance of 240.00 feet to a capped 1/2" iron pin set;

THENCE S 57E47'54" W, a distance of 74.64 feet to a capped 1/2" iron pin set;

THENCE S 68E45'28" W, a distance of 81.96 feet to a capped 1/2" iron pin set;

THENCE S 80E28'41" W, a distance of 83.56 feet to a capped 1/2" iron pin set;

THENCE S 85E57'24" W, a distance of 201.97 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the left having a radius of 1260.00 feet, a central angle of 18E46'48" and being subtended by a chord which bears S 84E44'11" W, 411.15 feet;

THENCE along said curve to the left, a distance of 412.99 feet to a capped 1/2" iron pin set;

THENCE S 75E20'47" W, a distance of 195.91 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a circular curve to the right having a radius of 1140.00 feet, a central angle of 14E14'10" and being subtended by a chord which bears S 82E27'51" W, 282.52 feet;

THENCE along said curve to the right, a distance of 283.25 feet to a capped 1/2" iron pin set;

THENCE S 89E34'56" W, a distance of 575.27 feet to the Point of Beginning and containing

7,868,662 square feet or 180.640 acres of land, more or less.

PHASE 1 PLAT RECORDING INFORMATION

The Chadwick Farms Addition, Phase 1, Section 1 plat was filed in the office of the County Clerk of Denton County, Texas on August 8, 2005, in Cabinet W, Pages 454-456.

The Chadwick Farms Addition, Phase 1, Section 2 plat was filed in the office of the County Clerk of Denton County, Texas on August 8, 2005, in Cabinet W, Pages 452-453.

EXHIBIT B
Lots with Special Requirements

Reserved Lots

The following lots are the Phase 1 reserved lots:

Block 15, Section 2: 2, 3

Block 16, Section 2: 1, 2, 3, 4, 5, 6, 7

Block 17, Section 2: 16, 17, 18

Block 18, Section 2: 28, 29 (reserve model lot), 33 (reserve model lot), 34

Trail System Lots

There are no trail system lots in Phase 1, Section 1 or Phase 1, Section 2.

Lots Adjacent to Cleveland-Gibbs Road or Litsey Road

The following are the Phase 1 lots adjacent to Cleveland-Gibbs Road or Litsey Road and have additional masonry requirements:

Block 1, Section 1: 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31

Block 6, Section 1: 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13

Block 7, Section 1: 11, 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 23

Block 9, Section 1: 3, 4, 5, 6, 7

Block 15, Section 2: 3

Block 16, Section 2: 1, 2, 3, 4, 5, 6

Corner lots adjacent to Cleveland-Gibbs Road

The following are the Phase 1 lots adjacent to Cleveland-Gibbs Road and have additional masonry requirements:

Block 1, Section 1: 2

Block 6, Section 1: 2, 14

Block 7, Section 1: 24

Block 9, Section 1: 2, 8

Block 15, Section 2: 2

Block 16, Section 2: 7

Model View Lots

The following lots are the Phase 1 model view lots:

Block 15, Section 2: 2, 3

Block 16, Section 2: 1, 2, 3, 4, 5, 6, 7

Community Identity Fencing (Cleveland-Gibbs Road) Lots

The following Phase 1 lots adjacent to Cleveland-Gibbs Road require the fencing along the back of the lot (and/or side, if so specified) to be community identity fencing (Cleveland-Gibbs Road):

Block 1, Section 1: 2 (also the north side of the lot), 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16

Block 6, Section 1: 2 (also the north side of the lot), 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 (also the south side of the lot)

Block 7, Section 1: 14, 15, 16, 17, 19, 20, 21, 22, 23, 24 (also the north side of the lot)

Block 9, Section 1: 2 (also the north side of the lot), 3, 4, 5, 6, 7, 8 (also the south side of the lot)

Block 15, Section 2: 2 (east side of the lot only)

Block 16, Section 2: 1 (north side of the lot only), 7 (west side of the lot only)

Block 17, Section 2: 24 (north side of the lot only)

These common area lots adjacent to Landing Creek Lane also require community identity fencing along their southwest edges:

Block 14, Section 1: 27X

Block 15, Section 1: 18X

The common area lot (amenity center lot) requires community identity fencing along its west edge:

Block 17, Section 2: 25X

Community Identity Fencing (Litsey Road) Lots

The following Phase 1 lots adjacent to Litsey Road require the fencing along the back of the lot (and/or side, if so specified) to be community identity fencing (Litsey Road):

Block 1, Section 1, 17, 18, 19, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31

Block 7, Section 1: 10, 11, 12, 13, 14

Designated Common Area Lots

The following are the Phase 1 designated common area lots and require wrought-iron fencing along the back (and/or side, if so specified):

Block 1, Section 1: 19 (on the west side of the lot only), 21 (on the east side of the lot only), 68 (on the east side of the lot only), 70 (on the west side of the lot only)

Block 2, Section 1: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 45 (east side of the lot only)

Block 3, Section 1: 1, 2, 3, 4, 5, 6, 7, 8, 9, 11 (on the west side of the lot), 16 (on the west side of the lot), 17, 18, 19 (on the west corner of the lot), 23 (on the west side of the lot)

Block 7, Section 1: 1, 2 (also on the south side of the lot), 4 (on three sides of the lot, not including the street side), 5, 6, 7, 8, 9, 17 (on the north side of the lot), 19 (on the south side of the lot)

Block 8, Section 1: 1 (on the east side of the lot), 15 (back of the lot)

EXHIBIT C
List of Prohibited Trees

The following trees may not be planted in the front yard of any home in Chadwick Farms:

<u>Common Name</u>	<u>Scientific Name</u>
Arizona Ash	<i>Fraxinus velutina</i> 'Arizona'
Bois D'arc	<i>Maclura pomifera</i>
Cottonwood	<i>Populus deltoides</i>
Siberian Elm	<i>Ulmus pumila</i>
Silver Maple	<i>Acer saccharinum</i>
Mimosa / Silk Tree	<i>Albizzia julibrissen</i>
Mulberry	<i>Morus alba</i>
Lombardy Poplar	<i>Populus nigra</i> 'Italica'
Chinese Tallow	<i>Sapium sebiferum</i>
Arborvitae	<i>Thuja occidentalis</i>
Weeping Willow	<i>Salix babylonica</i>
Black Willow	<i>Salix nigra</i>
Sycamore	<i>Platanus occidentalis</i>
Mesquite	<i>Prosopis glandulos</i>
Bald Cypress	<i>Taxodium distichum</i>
Chinaberry	<i>Melia azedarach</i>

Denton County
Juli Luke
County Clerk

Instrument Number: 162369

ERecordings-RP

MEMORANDUM

Recorded On: December 20, 2019 03:31 PM

Number of Pages: 9

" Examined and Charged as Follows: "

Total Recording: \$58.00

******* THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 162369
Receipt Number: 20191220000604
Recorded Date/Time: December 20, 2019 03:31 PM
User: Terri B
Station: Station 20

Record and Return To:

Simplifile



STATE OF TEXAS
COUNTY OF DENTON

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke
County Clerk
Denton County, TX

AFTER RECORDING, PLEASE RETURN TO:

**Judd A. Austin, Jr.
Henry Oddo Austin & Fletcher, P.C.
1700 Pacific Avenue
Suite 2700
Dallas, Texas 75201**

**FIRST SUPPLEMENTAL
CERTIFICATE AND MEMORANDUM OF
RECORDING OF DEDICATORY INSTRUMENTS FOR
CHADWICK FARMS COMMUNITY ASSOCIATION, INC.**

**STATE OF TEXAS §
 §
COUNTY OF DENTON §**

The undersigned, as attorney for the Chadwick Farms Community Association, Inc., for the purpose of complying with Section 202.006 of the Texas Property Code and to provide public notice of the following dedicatory instrument affecting the owners of property described on Exhibit B attached hereto (the “*Property*”), hereby states that the dedicatory instrument attached hereto is a true and correct copy of the following:

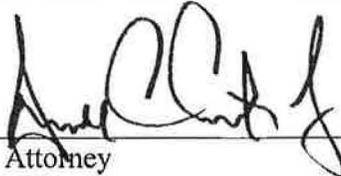
- ***First Amendment to the Chadwick Farms Residential Design Guidelines (Exhibit A).***

All persons or entities holding an interest in and to any portion of property described on Exhibit B attached hereto are subject to the foregoing dedicatory instrument until amended or revoked.

IN WITNESS WHEREOF, the Chadwick Farms Community Association, Inc. has caused this First Supplemental Certificate and Memorandum of Recording of Dedicatory Instruments to be recorded in the Official Public Records of Denton County, Texas, and serves to supplement that certain Certificate and Memorandum of Recording of Dedicatory Instruments for

filed on July 11, 2019, and recorded as Instrument No. 2019-82507 in the Official Public Records of Denton County, Texas.

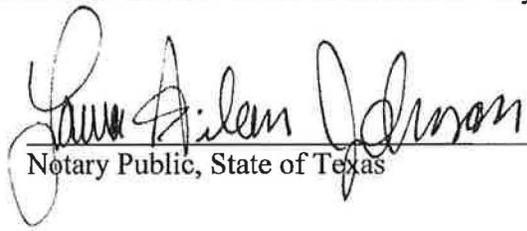
**CHADWICK FARMS
COMMUNITY ASSOCIATION, INC.**

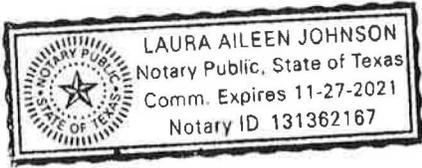
By: 
Its: Attorney

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Judd A. Austin, Jr., attorney for the Chadwick Farms Community Association, Inc., known to me to be the person whose name is subscribed on the foregoing instrument and acknowledged to me that he executed the same for the purposes therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND AFFIRMED SEAL OF OFFICE on this 20th day of December, 2019.


Notary Public, State of Texas



**FIRST AMENDMENT TO THE
CHADWICK FARMS RESIDENTIAL DESIGN GUIDELINES**

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This First Amendment to the Chadwick Farms Residential Design Guidelines is made by Grand Homes 2010, L.P., a Texas limited partnership.

WITNESSETH:

WHEREAS, the Community Charter for Chadwick Farms was filed on December 13, 2005, and is recorded as Instrument No. 2005-1542227 in the Official Public Records of Denton County, Texas (the “*Charter*”); and

WHEREAS, Article V of the Charter establishes architectural controls and review procedures applicable to the property submitted to the Charter. Section 5.3 of the Charter authorized the Founder to adopt design standards and architectural and aesthetic guidelines (the “*Design Guidelines*”).

WHEREAS, the Design Guidelines were filed on December 13, 2005, and are recorded as Instrument No. 2005-154228 in the Official Public Records of Denton County, Texas; and

WHEREAS, Section 5.3 of the Charter gives the founder full and sole authority to amend the Design Guidelines; and

WHEREAS, the Charter identified Kimball Hill Chadwick Farms, L.P. as the original founder. Kimball Hill Chadwick Farms, L.P. merged into Kimball Hill Homes Dallas, L.P. (“*Kimball*”). KHI Post-Consummation Trust became the successor to Kimball pursuant to an order entered in a bankruptcy proceeding in the Northern District of Illinois, Eastern Division. KHI Post-Consummation Trust assigned all of its rights as founder under the Charter to Castle Rock Homes, Inc. (“*Castle Rock*”) pursuant to that certain Assignment and Assumption of Rights and Designation of Successor Founder filed on April 12, 2010, and recorded as Instrument No. 2010-33749 in the Official Public Records of Denton County, Texas; and

WHEREAS, Castle Rock assigned all of its rights as founder under the Charter to Grand Homes 2010, L.P., a Texas limited partnership (“*Founder*”) pursuant to that certain Second Assignment and Assumption of Rights and Designation of Successor Founder filed on December 17, 2019, and recorded as Document No. 2019-160208 in the Official Public Records of Denton County, Texas; and

WHEREAS, Founder maintains the sole authority to amend the Design Guidelines under the Charter and desires to amend the Design Guidelines.

NOW, THEREFORE, Founder hereby amends the Design Guidelines as follows:

(a) The paragraph in the Design Guidelines entitled "ROOFS" is hereby amended to read in its entirety as follows:

ROOFS - MAIN STRUCTURE

All roof materials and colors to be installed on the main residence are subject to Review Committee approval. Roof color should complement colors on the home and should be weatherwood or equivalent. Twenty (20) year minimum fiberglass composition shingles should be used. Reflective roofing materials are prohibited. Skylights shall be of flat glazed glass units. Roof pitch should be a 6:12 minimum slope.

Review Committee approval is required prior to installation of rooftop equipment and accessories. All rooftop mechanical equipment shall match roofing colors and be screened from neighboring properties and community open space. Exposed gutters and downspouts shall be painted to match the fascia and siding material of the structure. Exposed flashing shall be painted to match the roof material. Solar equipment and skylights shall be incorporated into the structure and building mass and be architecturally compatible with the residence.

(b) The paragraph in the Design Guidelines entitled, "AWNINGS AND OVERHANGS," is hereby amended to read, in its entirety, as follows:

AWNINGS AND OVERHANGS

For purposes of this paragraph, the term "*Awnings*" shall mean and refer to a decorative roof-like cover extending over or in front of a window exclusive of any other aspect of a dwelling, and the term "*Overhangs*" shall mean and refer to a continuation of the roof extending beyond the footprint of the dwelling to provide shade or shelter.

The use of Awnings and Overhangs, including roofing material, requires Review Committee approval prior to installation. The materials and colors shall be the same or generally recognized as being complementary to the exterior of the building and will be attached directly to the structure. Only metal or fiberglass composition shingles will be allowed on any Awning elevation fronting or siding to a street, with the total exposed surface area of each awning or overhang not to exceed ninety-nine (99) square feet.

(c) The paragraph in the Design Guidelines entitled "ACCESSORY STRUCTURES." is hereby amended to read in its entirety as follows:

ACCESSORY STRUCTURES

Review Committee approval is required prior to construction of any accessory structure, including but not limited to sheds, gazebos, patio covers, greenhouses and permanently installed playhouses.

Applications for accessory structures will be reviewed with regard to lot size, setbacks, and primary building size. Accessory structures shall be located in the rear yard or in a location not prominently visible from the street and shall adhere to the standards described herein.

Accessory structures shall be architecturally compatible with the home and shall meet the following criteria:

- Accessory structures shall be of the same color, material, and architectural style as the main residence or of color, material, and style that is generally recognized as complementary to that of the main residence.
- Roofing materials for storage sheds, gazebos, outdoor kitchens, patio covers and similar accessory structures, as determined by the Review Committee, shall match 80% of the roofing materials used for the main residence. For purposes of this paragraph, the term "*Patio Cover*" shall mean and refer to an attached or detached structure that provides shade and/or rain coverage for a patio or deck. A patio cover may have an open or solid roof.
- Accessory structures, other than storage sheds, shall not exceed ten feet (10') in height measured from ground level.
- Utilities servicing accessory structures shall be installed underground.
- Accessory structures shall conform to the side and rear yard setbacks, as established by the City.
- Accessory structures shall not unreasonably obstruct any adjacent neighbor's views of public open space.
- Storage sheds shall not exceed eight feet (8') in height measured from ground level. Storage sheds shall not exceed nine feet (9') in width.

Carports (non-fully enclosed automobile shelters) and temporary sheds are prohibited.

IN WITNESS WHEREOF, Grand Homes 2010, L.P. has caused this First Amendment to the Chadwick Farms Design Guidelines and approves its recording in the Official Public Records of Denton County, Texas.

GRAND HOMES 2010, L.P.,
a Texas limited partnership

By: Grand Texas Homes GP, LLC,
a Texas limited liability company
Its: general partner

By: 
Robert Garcia, Vice President

EXHIBIT B

Those tracts and parcels of real property located in Denton County, Texas and more particularly described as follows:

- All property subject to the **Community Charter for Chadwick Farms, recorded as Document No. 2005-154227 in the Official Public Records of Denton County, Texas;**
- All property subject to the **Supplement to Community Charter for Chadwick Farms (Phase 2, Section 3), recorded as Document No. 2006-125821 in the Official Public Records of Denton County, Texas;**
- All property subject to the **Supplement to Community Charter for Chadwick Farms (Phase 2, Section 4), recorded as Document No. 2006-127581 in the Official Public Records of Denton County, Texas;**
- All property described in that certain **Plat of Chadwick Farms, recorded in Cabinet W, Pages 452 - 456 of the Map or Plat Records of Denton County, Texas;**
- All property described in that certain **Plat of Chadwick Farms, recorded in Cabinet X, Pages 330 - 331 of the Map or Plat Records of Denton County, Texas;**
- All property described in that certain **Plat of Chadwick Farms, recorded in Cabinet X, Pages 362 - 365 of the Map or Plat Records of Denton County, Texas;**
- All property described in that certain **Plat of Chadwick Farms, recorded as Document No. 2010--169 in the Map or Plat Records of Denton County, Texas;**

- All property described in that certain **Plat of Chadwick Farms, recorded as Document No. 2014-369 in the Map or Plat Records of Denton County, Texas;** and
- All property described in that certain **Plat of Chadwick Farms, recorded as Document No. 2018--50 in the Map or Plat Records of Denton County, Texas.**

Denton County
Cynthia Mitchell
County Clerk
Denton, Tx 76202

70 2006 00125821

Instrument Number: 2006-125821

As

Recorded On: October 10, 2006

Misc General Fee Doc

Parties: KIMBALL HILL CHADWICK FARMS LP

Billable Pages: 6

To

Number of Pages: 6

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Misc General Fee Doc	36.00
Total Recording:	36.00

***** DO NOT REMOVE THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Record and Return To:

Document Number: 2006-125821
Receipt Number: 329406
Recorded Date/Time: October 10, 2006 04:09:46P
User / Station: C Robinson - Cash Station 2

HYATT AND STUBBLEFIELD PC
1200 PEACHTREE CTR SO TOWER
225 PEACHTREE ST N E
ATLANTA GA 30303



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

C Mitchell

County Clerk
Denton County, Texas

Prepared by / upon recording, please return to:

Wayne S. Hyatt
Hyatt & Stubblefield, P.C.
1200 Peachtree Center, South Tower
225 Peachtree Street, N.E.
Atlanta, GA 30303

Cross-Reference to:

**Community Charter at
Instrument No. 2005-154227**

**Design Guidelines at
Instrument No. 2005-154227**

STATE OF TEXAS

COUNTY OF DENTON

**SUPPLEMENT TO THE COMMUNITY CHARTER AND DESIGN GUIDELINES
FOR
CHADWICK FARMS
(PHASE 2, SECTION 3)**

THIS SUPPLEMENT to the Community Charter and Design Guidelines for Chadwick Farms ("Supplement") is made this 6th day of October, 2006, by Kimball Hill Chadwick Farms, LP, a Texas limited partnership, (the "Founder").

Background Statement

The Founder is the developer of the planned community located in the City of Forth Worth, Denton County, Texas, known as Chadwick Farms. The Founder executed and filed that Community Charter for Chadwick Farms on December 13, 2005, which was recorded as Instrument No. 2005-154227, in the Office of the County Clerk of Denton County, Texas (such Community Charter, as it may be amended or supplemented from time to time, is referred to in this Supplement as the "Charter"). The Founder also executed and filed those Design Guidelines for Chadwick Farms, which were recorded on December 13, 2005 as Instrument No. 2005-154228 ("Design Guidelines") and by their terms apply to all property submitted to the Charter.

Pursuant to Section 16.1 and Section 16.3 of the Charter, the Founder reserved the right to expand the Chadwick Farms community by recording one or more Supplements submitting to the terms of the Charter all or any portion of the additional property described on Exhibit "B" of the Charter (the "Expansion Property"). Section 16.3 of the Charter authorizes the Founder to impose additional covenants and easements on property described in any Supplement. Any such Supplement requires the consent of the owner of the property being submitted, if not the Founder.

The property described on Exhibit "A" to this Supplement (the "Additional Property") is a portion of the Expansion Property. The Founder, as the owner of the Additional Property, desires to submit the Additional Property to the terms of the Charter and the Design Guidelines.

NOW, THEREFORE, the Founder hereby submits the real property described on Exhibit "A" of this Supplement to the provisions of the Charter, this Supplement, and the Design Guidelines, which shall hereafter encumber the title to such property and shall be binding upon all persons having any right, title,

or any interest in such property, their respective heirs, legal representatives, successors, successors-in-title, and assigns. The provisions of this Supplement shall also be binding upon Chadwick Farms Community Association, Inc., a Texas nonprofit corporation (the "**Association**"), in accordance with the terms of the Charter.

ARTICLE I
Definitions

The definitions set forth in Article 1 of the Charter are incorporated by reference in this Supplement.

ARTICLE II
Design Guidelines

The Design Guidelines make reference to various categories of lots which have special restrictions and requirements for improvements, in addition to those that apply to all Units in Chadwick Farms. Exhibit B to the Design Guidelines identifies, by category, the specific lots to which such additional requirements apply. Exhibit B to the Design Guidelines is hereby supplemented to include in each category the additional lots designated as being in such category on Exhibit B to this Supplement.

ARTICLE III
Amendment

3.1 **By the Founder.**

Until termination of the Founder Control Period, the Founder may unilaterally amend this Supplement for any purpose. Thereafter, until termination of the Development and Sale Period, the Founder may unilaterally amend this Supplement to reflect any revisions or amendments to any plats referenced on Exhibit "A," and, provided the amendment has no material adverse effect upon any right of any Owner without such Owner's consent in writing, for any other purpose.

Notwithstanding this reserved right, a revision or amendment to a plat shall not require an amendment to this Supplement so long as no property is added or excluded from the plat by the revision or amendment thereto. The Founder reserves the right to record revised, amended, or additional plats that only affect internal boundaries between lots, combine lots, or subdivide lots shown on the original plat and, so long as they do not alter the overall property submitted to the Charter by this Supplement, such revised, amended or additional plats shall not necessitate an amendment to this Supplement.

3.2 **By Owners.**

Except as otherwise specifically provided above, this Supplement may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners of at least 67% of the Units within the Additional Property and the written consent of the Association, acting through its board of directors. In addition, so long as the Founder owns any Unit within the Additional Property, the consent of the Founder shall be required.

3.3. Validity and Effective Date.

No amendment may remove, revoke, or modify any right or privilege of the Founder or without the written consent of the Founder (or the assignee of such right or privilege).

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

Any amendment shall become effective upon recording, unless a later effective date is specified in the amendment. No action to challenge the validity of an amendment may be brought more than two years after its recordation. In no event shall a change of conditions or circumstances operate to amend any provisions of this Supplement.

In witness of the foregoing, the Founder has executed this Supplement on the 6th day of October, 2006.

FOUNDER: KIMBALL HILL CHADWICK FARMS, L.P., a Texas limited partnership

BY: Kimball Hill Homes Dallas, L.P., a Texas limited partnership, its general partner

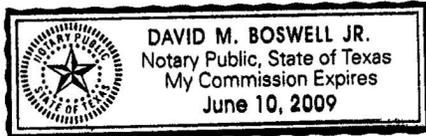
By: 
Name: Michael L. Anders, Assistant Treasurer

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, the undersigned authority, on this day personally appeared Michael L. Anders, personally known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the Assistant Treasurer of Kimball Hill Homes Dallas, L.P., a Texas limited partnership, general partner of KIMBALL HILL CHADWICK FARMS, L.P., a Texas limited partnership, and acknowledged to me that he executed the same for the purpose and consideration therein expressed and as the act of said limited partnership.

GIVEN under my hand and seal of office this 6th day of October, 2006.

[Notarial Seal]




Notary Public in and for the State of Texas

My commission expires: 6/10/2009

EXHIBIT "A"

Additional Property

ALL THOSE TRACTS OR PARCELS OF LAND being 21.355 acres situated in the F. Huston Survey, Abstract No. 597, in the City of Fort Worth, Denton County, Texas, being more particularly described on that certain Final Plat of Chadwick Farms Addition (Section 3), recorded in the Plat Records of Denton County, Texas, on the 22nd day of September, 2006, in Cabinet X, at Pages 330-331;

Such final plat having the metes and bounds set forth therein.

EXHIBIT "B"

Lots with Special Requirements

Reserved Lots

There are no Reserve Lots in Phase 2, Section 3.

Trail System Lots

There are no Trail System Lots in Phase 2, Section 3.

Lots Adjacent to Cleveland-Gibbs Road or Litsey Road

The following are the Phase 2, Section 3 lots adjacent to Cleveland-Gibbs Road or Litsey Road, which have additional masonry requirements:

Block 14, Lots 15, 16, 17, 19, 20, 21, 22, 23, 24, 25 and 26

Corner lots adjacent to Cleveland-Gibbs Road

The following are the Phase 2, Section 3 lots adjacent to Cleveland-Gibbs Road, which have additional masonry requirements:

Block 14, Lot 26

Model View Lots

There are no Model View Lots in Phase 2, Section 3.

Community Identity Fencing (Cleveland-Gibbs Road) Lots

The following Phase 2, Section 3 lots adjacent to Cleveland-Gibbs Road require the fencing along the back of the lot (and/or side, if so specified) to be community identity fencing (Cleveland-Gibbs Road):

Block 14, Lots 15, 16, 17, 19, 20, 21, 22, 23, 24, 25 and 26 (also the southwest side of the lot)

Community Identity Fencing (Litsey Road) Lots

There are no Community Identity Fencing (Litsey Road) Lots in Phase 2, Section 3.

Designated Common Area Lots

The following are the Phase 2, Section 3 designated common area lots and require wrought-iron fencing along the back (and/or side, if so specified):

Block 13, Lots 47, 48, 49, 50 (also the southwest side of the lot)

Denton County
Cynthia Mitchell
County Clerk
Denton, Tx 76202



70 2006 00127581

Instrument Number: 2006-127581

As

Recorded On: October 16, 2006

Misc General Fee Doc

Parties: KIMBALL HILL HOMES

Billable Pages: 6

To

Number of Pages: 6

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Misc General Fee Doc	36.00
Total Recording:	36.00

***** DO NOT REMOVE THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2006-127581
Receipt Number: 330497
Recorded Date/Time: October 16, 2006 09:39:29A
User / Station: J Morris - Cash Station 1

Record and Return To:

WAYNE S HYATT
HYATT AND STUBBLEFIELD 225 PEACHTTEEST NE
1200 PEACHTREE CENTER SOUTH TOWER
ATLANTA GA 30303



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

C Mitchell

County Clerk
Denton County, Texas

Prepared by / upon recording, please return to:

Wayne S. Hyatt
Hyatt & Stubblefield, P.C.
1200 Peachtree Center, South Tower
225 Peachtree Street, N.E.
Atlanta, GA 30303

Cross-Reference to:

**Community Charter at
Instrument No. 2005-154227**

**Design Guidelines at
Instrument No. 2005-154227**

STATE OF TEXAS

COUNTY OF DENTON

**SUPPLEMENT TO THE COMMUNITY CHARTER AND DESIGN GUIDELINES
FOR
CHADWICK FARMS
(PHASE 2, SECTION 4)**

THIS SUPPLEMENT to the Community Charter and Design Guidelines for Chadwick Farms ("Supplement") is made this 12th day of October, 2006, by Kimball Hill Chadwick Farms, LP, a Texas limited partnership, (the "Founder").

Background Statement

The Founder is the developer of the planned community located in the City of Forth Worth, Denton County, Texas, known as Chadwick Farms. The Founder executed and filed that Community Charter for Chadwick Farms on December 13, 2005, which was recorded as Instrument No. 2005-154227, in the Office of the County Clerk of Denton County, Texas (such Community Charter, as it may be amended or supplemented from time to time, is referred to in this Supplement as the "Charter"). The Founder also executed and filed those Design Guidelines for Chadwick Farms, which were recorded on December 13, 2005 as Instrument No. 2005-154228 ("Design Guidelines") and by their terms apply to all property submitted to the Charter.

Pursuant to Section 16.1 and Section 16.3 of the Charter, the Founder reserved the right to expand the Chadwick Farms community by recording one or more Supplements submitting to the terms of the Charter all or any portion of the additional property described on Exhibit "B" of the Charter (the "Expansion Property"). Section 16.3 of the Charter authorizes the Founder to impose additional covenants and easements on property described in any Supplement. Any such Supplement requires the consent of the owner of the property being submitted, if not the Founder.

The property described on Exhibit "A" to this Supplement (the "Additional Property") is a portion of the Expansion Property. The Founder, as the owner of the Additional Property, desires to submit the Additional Property to the terms of the Charter and the Design Guidelines.

NOW, THEREFORE, the Founder hereby submits the real property described on Exhibit "A" of this Supplement to the provisions of the Charter, this Supplement, and the Design Guidelines, which shall hereafter encumber the title to such property and shall be binding upon all persons having any right, title,

or any interest in such property, their respective heirs, legal representatives, successors, successors-in-title, and assigns. The provisions of this Supplement shall also be binding upon Chadwick Farms Community Association, Inc., a Texas nonprofit corporation (the "**Association**"), in accordance with the terms of the Charter.

ARTICLE I

Definitions

The definitions set forth in Article 1 of the Charter are incorporated by reference in this Supplement.

ARTICLE II

Design Guidelines

The Design Guidelines make reference to various categories of lots which have special restrictions and requirements for improvements, in addition to those that apply to all Units in Chadwick Farms. Exhibit B to the Design Guidelines identifies, by category, the specific lots to which such additional requirements apply. Exhibit B to the Design Guidelines is hereby supplemented to include in each category the additional lots designated as being in such category on Exhibit B to this Supplement.

ARTICLE III

Amendment

3.1 By the Founder.

Until termination of the Founder Control Period, the Founder may unilaterally amend this Supplement for any purpose. Thereafter, until termination of the Development and Sale Period, the Founder may unilaterally amend this Supplement to reflect any revisions or amendments to any plats referenced on Exhibit "A," and, provided the amendment has no material adverse effect upon any right of any Owner without such Owner's consent in writing, for any other purpose.

Notwithstanding this reserved right, a revision or amendment to a plat shall not require an amendment to this Supplement so long as no property is added or excluded from the plat by the revision or amendment thereto. The Founder reserves the right to record revised, amended, or additional plats that only affect internal boundaries between lots, combine lots, or subdivide lots shown on the original plat and, so long as they do not alter the overall property submitted to the Charter by this Supplement, such revised, amended or additional plats shall not necessitate an amendment to this Supplement.

3.2 By Owners.

Except as otherwise specifically provided above, this Supplement may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners of at least 67% of the Units within the Additional Property and the written consent of the Association, acting through its board of directors. In addition, so long as the Founder owns any Unit within the Additional Property, the consent of the Founder shall be required.

3.3. Validity and Effective Date.

No amendment may remove, revoke, or modify any right or privilege of the Founder or without the written consent of the Founder (or the assignee of such right or privilege).

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

Any amendment shall become effective upon recording, unless a later effective date is specified in the amendment. No action to challenge the validity of an amendment may be brought more than two years after its recordation. In no event shall a change of conditions or circumstances operate to amend any provisions of this Supplement.

In witness of the foregoing, the Founder has executed this Supplement on the 12th day of October, 2006.

FOUNDER: KIMBALL HILL CHADWICK FARMS, L.P., a Texas limited partnership

BY: Kimball Hill Homes Dallas, L.P., a Texas limited partnership, its general partner

By: [Signature]
Name: Michael L. Anders, Assistant Treasurer

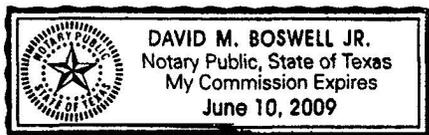
STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, the undersigned authority, on this day personally appeared Michael L. Anders, personally known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the Assistant Treasurer of Kimball Hill Homes Dallas, L.P., a Texas limited partnership, general partner of KIMBALL HILL CHADWICK FARMS, L.P., a Texas limited partnership, and acknowledged to me that he executed the same for the purpose and consideration therein expressed and as the act of said limited partnership.

GIVEN under my hand and seal of office this 12th day of October, 2006.

[Signature]
Notary Public in and for the State of Texas

[Notarial Seal]



My commission expires: 6/10/2009

EXHIBIT "A"

Additional Property

ALL THOSE TRACTS OR PARCELS OF LAND being 53.043 acres situated in the F. Huston Survey, Abstract No. 597, and in the L. Medlin Survey, Abstract No. 830, in the City of Fort Worth, Denton County, Texas, being more particularly described on that certain Final Plat of Chadwick Farms Addition (Section 4), recorded in the Plat Records of Denton County, Texas, on the 10th day of October, 2006, in Cabinet X, at Pages 362-365;

Such final plat having the metes and bounds set forth therein.

EXHIBIT "B"

Lots with Special Requirements

Reserved Lots

There are no Reserve Lots in Phase 2, Section 4.

Model View Lots

There are no Model View Lots in Phase 2, Section 4.

Trail System-Floodplain Lots

The following are the Phase 2, Section 4 designated Trail System - Floodplain Lots and require wrought-iron fencing along the back (and/or side, if so specified):

Block 1, Lots 127 (only along the northern most rear lot line), 128, 129, 130, 132 (also the west side of the lot), 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, and 144 (also the east side of the lot).

Block 17, Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11.

Block 23, Lots 3, 4, 5, 6, 7, 8, 9, and 10 (also the north side of the lot).

Designated Common Area Lots

The following are the Phase 2, Section 4 designated common area lots and require wrought-iron fencing along the back (and/or side, if so specified):

Block 1, Lots 89 (only the west side of the lot), 91 (only the east side of the lot), 105 (only the north side of the lot), 107 (only the south side of the lot), 130 (only the east side of the lot), and 132 (only the west side of the lot).

Block 4, Lots 1 (also the south side of the lot), 3 (also the north side of the lot), 4, 5, 6, 7, 8, 9, 10, 11, 12, 14 (only the west side of the lot), 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and 28.

Block 5, Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33 and 34.

Block 17, Lot 1 (the west side of the lot).

Block 23, Lots 1, 2 and 3.

**POLICIES, RULES
and
GUIDELINES**

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



70 2013 00118711

Instrument Number: 2013-118711

As

Recorded On: September 24, 2013

Misc General Fee Doc

Parties: CHADWICK FARMS COMMUNITY ASSOC INC

Billable Pages: 8

To

Number of Pages: 8

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Misc General Fee Doc	44.00
Total Recording:	44.00

***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

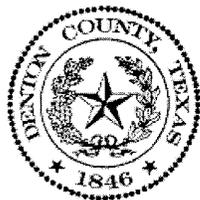
File Information:

Document Number: 2013-118711
Receipt Number: 1092715
Recorded Date/Time: September 24, 2013 12:02:43P

Record and Return To:

PREMIER COMMUNITIES
3102 OAK LAWN AVE SUITE 202
DALLAS TX 75219

User / Station: P Sallee - Cash Station 2



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

C Mitchell

County Clerk
Denton County, Texas

Chadwick Farms Community Association, Inc.

Records Production and Copying Policy

WHEREAS, the Board of Directors (the “Board”) of Chadwick Farms Community Association, Inc. (the “Association”) wishes to establish a Records Production and Copying Policy which shall govern the costs the Association will charge for the compilation, production, and reproduction of information requested under Section 209.005 of the Texas Property Code; and

WHEREAS, the Board wishes to adopt this policy in compliance with Section 209.005 of the Texas Property Code; and

WHEREAS, the Board intends to file this policy in the real property records of each county in which the subdivision is located, in compliance with Sections 209.005 and 202.006 of the Texas Property Code; and

NOW, THEREFORE, IT IS RESOLVED that the following Records Production and Copying Policy is established by the Board:

- A. An owner is responsible for costs related to the compilation, production, and reproduction of the books and records of the Association. Costs shall be the same as all costs under 1 T.A.C. Section 70.3, the pertinent part of which is reproduced in italics below, and are subject to increase in the event 1 T.A.C. Section 70.3 is amended:

1. Copy charge.

(A) Standard paper copy. The charge for standard paper copies reproduced by means of an office machine copier or a computer printer is \$.10 per page or part of a page. Each side that has recorded information is considered a page.

(B) Nonstandard copy. The charges in this subsection are to cover the materials onto which information is copied and do not reflect any additional charges, including labor, that may be associated with a particular request. The charges for nonstandard copies are:

- *Diskette--\$1.00;*
- *Magnetic tape--actual cost;*
- *Data cartridge--actual cost;*
- *Tape cartridge--actual cost;*
- *Rewritable CD (CD-RW)--\$1.00;*
- *Non-rewritable CD (CD-R)--\$1.00;*
- *Digital video disc (DVD)--\$3.00;*

Records Production and Copying Policy

- *JAZ drive--actual cost;*
- *Other electronic media--actual cost;*
- *VHS video cassette--\$2.50;*
- *Audio cassette--\$1.00;*
- *Oversize paper copy (e.g.: 11 inches by 17 inches greenbar, bluebar, not including maps and photographs using specialty paper--See also §70.9 of this title)--\$.50;*
- *Specialty paper (e.g.: Mylar, blueprint, blueline, map, photographic--actual cost.*

2. *Labor charge for programming. If a particular request requires the services of a programmer in order to execute an existing program or to create a new program so that requested information may be accessed and copied, the governmental body may charge for the programmer's time.*

(A) The hourly charge for a programmer is \$28.50 an hour. Only programming services shall be charged at this hourly rate.

(B) Governmental bodies that do not have in-house programming capabilities shall comply with requests in accordance with §552.231 of the Texas Government Code.

(C) If the charge for providing a copy of public information includes costs of labor, a governmental body shall comply with the requirements of §552.261(b) of the Texas Government Code.

3. *Labor charge for locating, compiling, manipulating data, and reproducing public information.*

(A) The charge for labor costs incurred in processing a request for public information is \$15 an hour. The labor charge includes the actual time to locate, compile, manipulate data, and reproduce the requested information.

(B) A labor charge shall not be billed in connection with complying with requests that are for 50 or fewer pages of paper records, unless the documents to be copied are located in:

(i) Two or more separate buildings that are not physically connected with each other; or

(ii) A remote storage facility.

(C) A labor charge shall not be recovered for any time spent by an attorney, legal assistant, or any other person who reviews the requested information:

(i) To determine whether the governmental body will raise any exceptions to disclosure of the requested information under the Texas Government Code, Subchapter C, Chapter 552; or

(ii) To research or prepare a request for a ruling by the attorney general's office pursuant to §552.301 of the Texas Government Code.

(D) When confidential information pursuant to a mandatory exception of the Act is mixed with public information in the same page, a labor charge may be recovered for time spent to redact, blackout, or otherwise obscure confidential information in order to release the public information. A labor charge shall not be made for redacting confidential information for requests of 50 or fewer pages, unless the request also qualifies for a labor charge pursuant to Texas Government Code, §552.261(a)(1) or (2).

(E) If the charge for providing a copy of public information includes costs of labor, a governmental body shall comply with the requirements of Texas Government Code, Chapter 552, §552.261(b).

(F) For purposes of paragraph (2)(A) of this subsection, two buildings connected by a covered or open sidewalk, an elevated or underground passageway, or a similar facility, are not considered to be separate buildings.

4. Overhead charge.

(A) Whenever any labor charge is applicable to a request, a governmental body may include in the charges direct and indirect costs, in addition to the specific labor charge. This overhead charge would cover such costs as depreciation of capital assets, rent, maintenance and repair, utilities, and administrative overhead. If a governmental body chooses to recover such costs, a charge shall be made in accordance with the methodology described in paragraph(3) of this subsection. Although an exact calculation of costs will vary, the use of a standard charge will avoid complication in calculating such costs and will provide uniformity for charges made statewide.

(B) An overhead charge shall not be made for requests for copies of 50 or fewer pages of standard paper records unless the request also qualifies for a labor charge pursuant to Texas Government Code, §552.261(a)(1) or (2).

(C) The overhead charge shall be computed at 20% of the charge made to cover any labor costs associated with a particular request. Example: if one hour of labor is used for a particular request, the formula would be as follows: Labor charge for locating, compiling, and reproducing, $\$15.00 \times .20 = \3.00 ; or Programming labor charge, $\$28.50 \times .20 = \5.70 . If a request requires one hour of labor charge for locating, compiling, and reproducing information ($\$15.00$ per hour); and one hour of programming labor charge ($\$28.50$ per hour), the combined overhead would be: $\$15.00 + \$28.50 = \$43.50 \times .20 = \8.70 .

5. *Microfiche and microfilm charge.*

(A) If a governmental body already has information that exists on microfiche or microfilm and has copies available for sale or distribution, the charge for a copy must not exceed the cost of its reproduction. If no copies of the requested microfiche or microfilm are available and the information on the microfiche or microfilm can be released in its entirety, the governmental body should make a copy of the microfiche or microfilm. The charge for a copy shall not exceed the cost of its reproduction. The Texas State Library and Archives Commission has the capacity to reproduce microfiche and microfilm for governmental bodies. Governmental bodies that do not have in-house capability to reproduce microfiche or microfilm are encouraged to contact the Texas State Library before having the reproduction made commercially.

(B) If only a master copy of information in microfilm is maintained, the charge is \$.10 per page for standard size paper copies, plus any applicable labor and overhead charge for more than 50 copies.

6. *Remote document retrieval charge.*

(A) Due to limited on-site capacity of storage documents, it is frequently necessary to store information that is not in current use in remote storage locations. Every effort should be made by governmental bodies to store current records on-site. State agencies are encouraged to store inactive or non-current records with the Texas State Library and Archives Commission. To the extent that the retrieval of documents results in a charge to comply

with a request, it is permissible to recover costs of such services for requests that qualify for labor charges under current law.

(B) If a governmental body has a contract with a commercial records storage company, whereby the private company charges a fee to locate, retrieve, deliver, and return to storage the needed record(s), no additional labor charge shall be factored in for time spent locating documents at the storage location by the private company's personnel. If after delivery to the governmental body, the boxes must still be searched for records that are responsive to the request, a labor charge is allowed according to subsection (d)(1) of this section.

7. Computer resource charge.

(A) The computer resource charge is a utilization charge for computers based on the amortized cost of acquisition, lease, operation, and maintenance of computer resources, which might include, but is not limited to, some or all of the following: central processing units (CPUs), servers, disk drives, local area networks (LANs), printers, tape drives, other peripheral devices, communications devices, software, and system utilities.

(B) These computer resource charges are not intended to substitute for cost recovery methodologies or charges made for purposes other than responding to public information requests.

(C) The charges in this subsection are averages based on a survey of governmental bodies with a broad range of computer capabilities. Each governmental body using this cost recovery charge shall determine which category(ies) of computer system(s) used to fulfill the public information request most closely fits its existing system(s), and set its charge accordingly. Type of System--Rate: mainframe--\$10 per CPU minute; Midsize--\$1.50 per CPU minute; Client/Server--\$2.20 per clock hour; PC or LAN--\$1.00 per clock hour.

(D) The charge made to recover the computer utilization cost is the actual time the computer takes to execute a particular program times the applicable rate. The CPU charge is not meant to apply to programming or printing time; rather it is solely to recover costs associated with the actual time required by the computer to execute a program. This time, called CPU time, can be read directly from the CPU clock, and most frequently will be a matter of seconds. If programming is required to comply with a particular

request, the appropriate charge that may be recovered for programming time is set forth in subsection (d) of this section. No charge should be made for computer print-out time. Example: If a mainframe computer is used, and the processing time is 20 seconds, the charges would be as follows: $\$10 / 3 = \3.33 ; or $\$10 / 60 \times 20 = \3.33 .

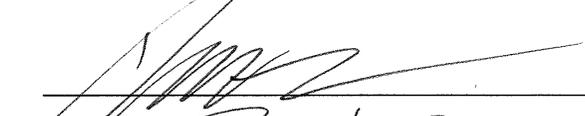
(E) A governmental body that does not have in-house computer capabilities shall comply with requests in accordance with the §552.231 of the Texas Government Code.

- 8. Miscellaneous supplies. The actual cost of miscellaneous supplies, such as labels, boxes, and other supplies used to produce the requested information, may be added to the total charge for public information.*
- 9. Postal and shipping charges. Governmental bodies may add any related postal or shipping expenses which are necessary to transmit the reproduced information to the requesting party.*
- 10. Sales tax. Pursuant to Office of the Comptroller of Public Accounts' rules sales tax shall not be added on charges for public information (34 TAC, Part 1, Chapter 3, Subchapter O, §3.341 and §3.342).*
- 11. Miscellaneous charges: A governmental body that accepts payment by credit card for copies of public information and that is charged a "transaction fee" by the credit card company may recover that fee.*

- B. Any requesting owner must provide advance payment of the costs of compilation, production, and reproduction for the requested information, as estimated by the Association. If the estimated costs are lesser or greater than the actual costs, the Association shall submit a final invoice to the owner on or before the 30th business day after the date the information is delivered. If the final invoice includes additional amounts due from the owner, the additional amounts, if not reimbursed to the Association before the 30th business day after the date the invoice is sent to the owner, may be added to the owner's account as an assessment. If the estimated costs exceed the final invoice amount, the owner is entitled to a refund, and the refund shall be issued to the owner not later than the 30th business day after the date the invoice is sent to the owner.

This policy shall supersede and render null and void any previously adopted policy to the extent that the terms of such policy are contradictory.

This is to certify that the foregoing Records Production and Copying Policy was adopted by the Board of Directors, in accordance with Section 209.005 of the Texas Property Code.

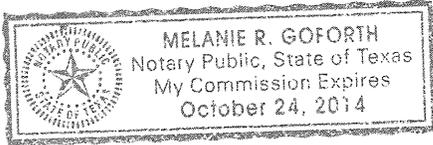

Name: Robert Garcia
Title: Director
Date: 5-10-13

STATE OF TEXAS

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§
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COUNTY OF Dallas

This instrument was acknowledged before me on the 10th day of May 20 13, by Robert Garcia Director of Chadwick Farms Community Association, Inc. a Texas non-profit corporation, on behalf of said corporation.



Melanie R. Goforth
Notary Public, State of Texas

AFTER RECORDING RETURN TO:

Premier Communities
3102 Oak Lawn Avenue, Suite 202
Dallas, TX 75219

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



70 2013 00118712

Instrument Number: 2013-118712

As

Recorded On: September 24, 2013

Misc General Fee Doc

Parties: CHADWICK FARMS COMMUNITY ASSOC INC

To

Billable Pages: 3

Number of Pages: 3

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Misc General Fee Doc	24.00
Total Recording:	24.00

***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2013-118712
Receipt Number: 1092715
Recorded Date/Time: September 24, 2013 12:02:43P

Record and Return To:

PREMIER COMMUNITIES
3102 OAK LAWN AVE SUITE 202
DALLAS TX 75219

User / Station: P Sallee - Cash Station 2



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

C. Mitchell

County Clerk
Denton County, Texas

Chadwick Farms Community Association, Inc.

Alternative Payment Schedule Guidelines for Certain Assessments

WHEREAS, the Board of Directors (the “Board”) of Chadwick Farms Community Association, Inc., (the “Association”) wishes to adopt reasonable guidelines to establish an alternative payment schedule by which an owner may make partial payments to the Association for delinquent regular or special assessments or any other amount owed to the Association; and

WHEREAS, the Board wishes to adopt these reasonable guidelines in compliance with Section 209.0062 of the Texas Property Code; and

WHEREAS, the Board intends to file these guidelines in the real property records of each county in which the subdivision is located, in compliance with Section 209.0062 of the Texas Property Code; and

NOW, THEREFORE, IT IS RESOLVED that the following guidelines are established by the Board:

1. Upon the request of a delinquent owner, the Association shall enter into an alternative payment schedule with such owner, subject to the following guidelines:
 - a. An Alternative Payment Schedule is only available to owners who have delinquent regular assessments, special assessments or any other amount owed to the association.
 - b. An Alternative Payment Schedule will not be made available, except in the sole discretion of the Board, to owners who have failed to honor the terms of a previous Alternative Payment Schedule during the two years following the owner’s default of such Alternative Payment Schedule.
 - c. During the course of an Alternative Payment Schedule, additional monetary penalties, other than reasonable costs associated with administering the Alternative Payment Schedule and interest, shall not be charged against an owner.
 - d. The minimum term for an Alternative Payment Schedule is three months from the date of the owner’s request for an Alternative Payment Schedule. The maximum term for an Alternative Payment Schedule is eighteen months from the date of the owner’s request for an Alternative Payment Schedule.
 - e. All other terms of an Alternative Payment Schedule are at the discretion of the Board of Directors.

This is to certify that the foregoing Alternative Payment Schedule Guidelines for Certain

Assessments was adopted by the Board of Directors, in accordance with Section 209.0062 of the Texas Property Code.

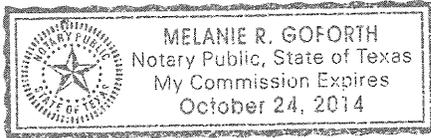
[Signature]
Name: Robert Garcia
Title: Director
Date: 5-10-13

STATE OF TEXAS

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COUNTY OF Dallas

This instrument was acknowledged before me on the 10th day of May 20 13, by Robert Garcia, Director of Chadwick Farms Community Association, Inc., a Texas non-profit corporation, on behalf of said corporation.



Melanie R. Goforth
Notary Public, State of Texas

AFTER RECORDING RETURN TO:

*Premier Communities
3102 Oak Lawn Avenue, Suite 202
Dallas, Texas 75219*

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



Instrument Number: 2013-118716

As

Recorded On: September 24, 2013

Misc General Fee Doc

Parties: CHADWICK FARMS COMMUNITY ASSOC INC

Billable Pages: 3

To

Number of Pages: 3

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Misc General Fee Doc	24.00
Total Recording:	24.00

***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2013-118716
Receipt Number: 1092715
Recorded Date/Time: September 24, 2013 12:02:43P

Record and Return To:

PREMIER COMMUNITIES
3102 OAK LAWN AVE SUITE 202
DALLAS TX 75219

User / Station: P Sallee - Cash Station 2



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

C Mitchell

County Clerk
Denton County, Texas

Chadwick Farms Community Association, Inc.

Document Retention Policy

WHEREAS, the Board of Directors (the "Board") of Chadwick Farms Community Association, Inc. (the "Association") wishes to adopt a Document Retention Policy in order to be compliant with Section 209.005(m) of the Texas Property Code; and

WHEREAS, the Board intends to file this policy in the real property records of each county in which the subdivision is located, in compliance with Sections 209.005 and 202.006 of the Texas Property Code; and

NOW, THEREFORE, IT IS RESOLVED that the following Document Retention Policy is established by the Board:

1. Certificates of formation, bylaws, restrictive covenants, and all amendments to the certificates of formation, bylaws, and covenants shall be retained permanently.
2. Financial books and records shall be retained for seven years.
3. Account records of current owners shall be retained for five years.
4. Contracts with a term of one year or more shall be retained for four years after the expiration of the contract term.
5. Minutes of meetings of the owners and the board shall be retained for seven years.
6. Tax returns and audit records shall be retained for seven years.

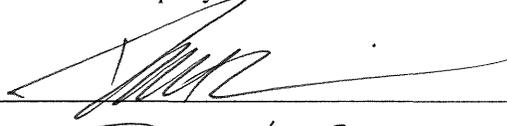
This policy shall supersede and render null and void any previously adopted policy to the extent that the terms of such policy are contradictory.

[signature page to follow]

This is to certify that the foregoing Document Retention Policy was adopted by the Board of

Document Retention Policy

Directors, in accordance with Section 209.005 of the Texas Property Code.

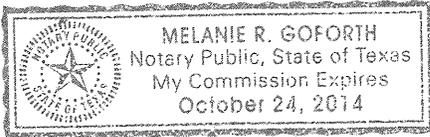

Name: Robert Garcia
Title: Director
Date: 5-10-13

STATE OF TEXAS

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COUNTY OF Dallas

This instrument was acknowledged before me on the 10th day of May 2013, by Robert Garcia, Director of Chadwick Farms Community, Association, etc. a Texas non-profit corporation, on behalf of said corporation.



Melanie R. Goforth
Notary Public, State of Texas

AFTER RECORDING RETURN TO:

Premier Communities
3102 Oak Lawn Avenue, Suite 202
Dallas, TX 75219

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



70 2013 00118709

Instrument Number: 2013-118709

As

Recorded On: September 24, 2013

Misc General Fee Doc

Parties: CHADWICK FARMS COMMUNITY ASSOC INC

Billable Pages: 3

To

Number of Pages: 3

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Misc General Fee Doc	24.00
Total Recording:	24.00

***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2013-118709
Receipt Number: 1092715
Recorded Date/Time: September 24, 2013 12:02:43P

Record and Return To:

PREMIER COMMUNITIES
3102 OAK LAWN AVE SUITE 202
DALLAS TX 75219

User / Station: P Sallee - Cash Station 2



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

C Mitchell

County Clerk
Denton County, Texas

Chadwick Farms Community Association, Inc.

Policy for Priority of Payments

WHEREAS, the Board of Directors (the “Board”) of Chadwick Farms Community Association, Inc. (the “Association”) wishes to establish a Policy for Priority of Payments which shall govern the method in which payments received by the Association from owners are applied; and

WHEREAS, the Board wishes to adopt this policy in compliance with Section 209.0063 of the Texas Property Code; and

WHEREAS, the Board intends to file this policy in the real property records of each county in which the subdivision is located, in compliance with Sections 209.0063 and 202.006 of the Texas Property Code; and

NOW, THEREFORE, IT IS RESOLVED that the following Policy for Priority of Payments is established by the Board:

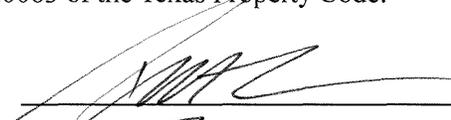
- A. Except as provided by Section (B), a payment received by the Association from an owner shall be applied to the owner’s debt in the following order of priority:
 1. any delinquent assessment;
 2. any current assessment;
 3. any attorney’s fees or third party collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure;
 4. any attorney’s fees incurred by the association that are not subject to Subsection (3) above;
 5. any fines assessed by the Association;
 6. any other amount owed to the Association.
- B. If, at the time the Association receives a payment from an owner and the owner is in default under an Alternative Payment Schedule entered into with the Association, the Association is not required to apply the payment in the order of priority outlined in Section (A), in accordance with Section 209.0063 of the Texas Property Code. Instead, in the event that an owner is in default under an Alternative Payment Schedule at the time the Association receives a payment from the property owner, then the payment received by the Association from an owner shall be applied to the owner’s debt in the following order of priority:

Priority of Payments Policy

1. any attorney's fees or third party collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure;
2. any attorney's fees incurred by the association that are not subject to the immediately previous Subsection (1);
3. any delinquent assessment;
4. any current assessment;
5. any other amount owed to the Association.
6. any fines assessed by the Association.

This policy shall supersede and render null and void any previously adopted priority of payment/payment plan policy to the extent that the terms of such policy are contradictory.

This is to certify that the foregoing Policy for Priority of Payments was adopted by the Board of Directors, in accordance with Section 209.0063 of the Texas Property Code.



Name: Robert Garcia

Title: Director

Date: 5-10-13

STATE OF TEXAS

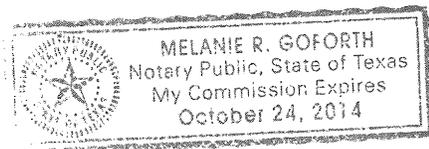
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COUNTY OF Dallas

This instrument was acknowledged before me on the 10th day of May, 2013, by Robert Garcia Director of Chadwick Farms Community Association, LLC a Texas non-profit corporation, on behalf of said corporation.


Notary Public, State of Texas

AFTER RECORDING RETURN TO:
Premier Communities
3102 Oak Lawn Avenue, Suite 202
Dallas, Texas 75219



Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



70 2013 00143741

Instrument Number: 2013-143741

As

Recorded On: December 05, 2013

Misc General Fee Doc

Parties: CHADWICK FARMS COMMUNITY ASSOCIATION

Billable Pages: 5

To

Number of Pages: 5

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Misc General Fee Doc	42.00
Total Recording:	42.00

***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2013-143741
Receipt Number: 1114178
Recorded Date/Time: December 05, 2013 11:52:12A

User / Station: S Parr - Cash Station 3

Record and Return To:

CHADWICK FARMS
3102 OAK LAWN AVE
STE 202
DALLAS TX 75219



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

C. Mitchell

County Clerk
Denton County, Texas

Chadwick Farms Community Association, Inc.
GUIDELINES FOR DISPLAY OF FLAGS

STATE OF TEXAS
COUNTY OF DENTON

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KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS the Chadwick Farms Community Association, Inc. ("Association") is charged with administering and enforcing those certain covenants, conditions and restrictions contained in the recorded Declarations for the various sections of the community (referred to collectively as "Declarations"); and

WHEREAS chapter 202 of the Texas Property Code was amended effective June 17, 2011, to add Section 202.011 ("Section 202.011") thereto regarding the display of flags; and

WHEREAS, the Board of Directors ("Board") of the Association has determined that in connection with maintaining the aesthetics and architectural harmony of the community, and to provide clear and definitive guidance regarding the display of flags therein, it is appropriate for the Association to adopt guidelines regarding the display of flags.

NOW, THEREFORE, the Board has duly adopted the following *Guidelines for Display of Flags* within the community.

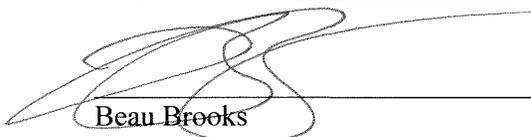
1. These Guidelines apply to the display of ("Permitted Flags"):
 - 1.1. the flag of the United States; and
 - 1.2. the flag of the State of Texas; and
 - 1.3. the official flag of any branch of the United States armed forces.
2. These Guidelines do not apply to any flags other than the Permitted Flags listed in section 1 above including, but not limited to:
 - 2.1. flags for schools, sports teams, businesses or foreign countries; or
 - 2.2. flags with marketing, seasonal, historical, commemorative, nautical, political or religious themes; or
 - 2.3. historical versions of the flags permitted in section 1 above.
3. Permitted Flags may be displayed subject to these guidelines. Advance approval of the Architectural Control Committee ("ACC") is required for any free-standing flagpole associated with the display of Permitted Flags.
4. Permitted Flags must be displayed in a respectful manner in accordance with the current relevant federal, state or military code.
5. Permitted Flags must be displayed from a pole attached to a structure or to a free-standing pole. Permitted Flags may not be draped over or directly attached to structures. For example, a Permitted Flag may not be laid across a fence or stapled to a garage door.
6. Permitted Flags may be up to three foot (3') by five foot (5') in size.

7. Only one Permitted Flag may be displayed on a flagpole attached to a structure. Up to two Permitted Flags may be displayed on an approved free-standing flagpole that is at least fourteen feet (14') tall and up to twenty feet (20') tall.
8. Flagpoles must be constructed of permanent, long-lasting materials with an appropriate finish that is harmonious with the dwelling.
9. A flagpole attached to a structure may be up to six feet (6') long and must be securely attached with a bracket with an angle of 30 to 45 degrees down from vertical. The flagpole must be attached in such a manner as to not damage the structure. One attached flagpole is allowed on any portion of a structure facing a street and one attached flagpole is allowed on the rear or backyard portion of a structure. Brackets which accommodate multiple flagpoles are not allowed.
10. Free-standing flagpoles may be up to twenty feet (20') tall, including any ornamental caps. Free-standing flagpoles must be permanently installed in the ground according to manufacturer's instructions. One free-standing flagpole is allowed in the portion of the property between the main residential structure and any street and one free-standing flagpole is allowed in the rear or backyard portion of a property.
11. Free-standing flagpoles may not be installed in any location described below:
 - 11.1. in any location other than the Owner's property; or
 - 11.2. within a ground utility easement or encroaching into an aerial easement; or
 - 11.3. beyond the side or rear setback lines (for example, on a lot with a 10' side setback line, a flagpole may not be installed closer than 10' from the side property line); or
 - 11.4. beyond half the distance of the front setback line (for example, on a lot with a 30' front setback line, a flagpole may not be installed closer than 15' from the front property line); or
 - 11.5. closer to a dwelling on an adjacent lot than the height of the flagpole (for example, a 20' flagpole cannot be installed closer than 20' from an adjacent house).
12. Lighting may be installed to illuminate Permitted Flags if they are going to be displayed at night and if existing ambient lighting does not provide proper illumination. Flag lighting must:
 - 12.1. be ground mounted in the vicinity of the flag; and
 - 12.2. utilize a fixture that screens the bulb and directs light in the intended direction with minimal spillover; and
 - 12.3. points towards the flag and faces the main structure on the property or to the center of the property if there is no structure; and
 - 12.4. provides illumination not to exceed the equivalent of a 60 watt incandescent bulb.
13. Flagpoles must not generate unreasonable noise levels which would disturb the quiet enjoyment of other residents. Each flagpole owner should take steps to reduce noise levels by using vinyl or plastic snap hooks, installing snap hook covers or securing a loose halyard (rope) around the flagpole with a flagpole clasp.

14. Flagpoles are allowed solely for the purpose of displaying Permitted Flags. If a flagpole is no longer used on a daily basis, it must be removed.
15. All flags and flagpoles must be maintained in good condition. Deteriorated flags must be removed and promptly replaced. Deteriorated or structurally unsafe flagpoles must be promptly repaired, replaced or removed.

The guidelines are effective upon recordation in the Public Records of Denton County, and supersede any guidelines for display of flags which may have previously been in effect. Except as affected by Section 202.007(d) and/or by these guidelines, all other provisions contained in the Declarations or any other dedicatory instruments of the Association shall remain in full force and effect.

Approved and adopted by the Board on this ____ day of _____ 2013.



Beau Brooks

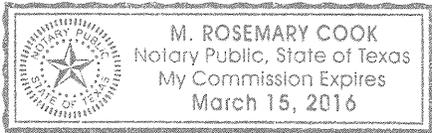
President

Chadwick Farms Community Association, Inc.

STATE OF TEXAS §
 §
COUNTY OF DENTON §

Before me, the undersigned authority, on this day personally appeared Beau Brooks, President of Chadwick Farms Community Association, Inc., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that he/she had executed the same as the act of said corporation for the purpose and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this 6th day of November, 2013.



[Notarial Seal]

M. Rosemary Cook
Notary Public, State of Texas

M. Rosemary Cook
Printed Name

My commission expires: 3/15/16

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



70 2013 001 43742

Instrument Number: 2013-143742

As

Recorded On: December 05, 2013

Misc General Fee Doc

Parties: CHADWICK FARMS COMMUNITY ASSOCIATION

Billable Pages: 3

To

Number of Pages: 3

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Misc General Fee Doc	34.00
Total Recording:	34.00

***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2013-143742
Receipt Number: 1114178
Recorded Date/Time: December 05, 2013 11:52:12A
User / Station: S Parr - Cash Station 3

Record and Return To:

CHADWICK FARMS
3102 OAK LAWN AVE
STE 202
DALLAS TX 75219



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

C Mitchell

County Clerk
Denton County, Texas

Chadwick Farms Community Association, Inc.
GUIDELINES FOR DISPLAY OF CERTAIN RELIGIOUS ITEMS

STATE OF TEXAS
COUNTY OF DENTON

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KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS the Chadwick Farms Community Association, Inc. (“Association”) is charged with administering and enforcing those certain covenants, conditions and restrictions contained in the recorded Declarations for the various sections of the community (referred to collectively as “Declarations”); and

WHEREAS chapter 202 of the Texas Property Code was amended effective June 17, 2011, to add Section 202.018 (“Section 202.018”) thereto dealing with the regulation of display of certain religious items; and

WHEREAS, the Board of Directors (“Board”) of the Association has determined that in connection with maintaining the aesthetics and architectural harmony of the community, and to provide clear and definitive guidance regarding the display of certain religious items therein, it is appropriate for the Association to adopt guidelines regarding the display of certain religious items within the community.

NOW, THEREFORE, the Board has duly adopted the following *Guidelines for Display of Certain Religious Items* within the community.

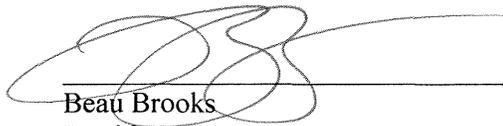
1. A property owner or resident may display or attach one or more religious items to the entry to their dwelling. Such items include any thing related to any faith that is motivated by the resident’s sincere religious belief or tradition.
2. Individually or in combination with each other, the items at any entry may not exceed 25 square inches total in size.
3. The items may only be displayed on or attached to the entry door or frame and may not extend beyond the outside edge of the door frame.
4. To the extent allowed by the Texas state constitution and the United States constitution, any such displayed or affixed religious items may not:
 - a. threaten public health or safety; or
 - b. violate any law; or
 - c. contain language, graphics or any display that is patently offensive to a passerby.
5. Approval from the Architectural Control Committee (“ACC”) is not required for displaying religious items in compliance with these guidelines.
6. As provided by Section 202.018, the Association may remove any items displayed in violation of these guidelines.

The guidelines are effective upon recordation in the Public Records of Denton County, and supersede any guidelines for certain religious items which may have previously been in effect. Except as affected by Section 202.018 and/or by these guidelines, all other provisions contained in the Declarations or any other dedicatory instruments of the Association shall remain in full force and effect.

Chadwick Farms Community Association, Inc.
Guidelines for Display of Certain Religious Items

Page 2 of 2

Approved and adopted by the Board on this _____ day of _____ 2013.

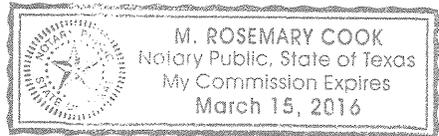


Beau Brooks
President
Chadwick Farms Community Association, Inc.

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

Before me, the undersigned authority, on this day personally appeared Beau Brooks, President of Chadwick Farms Community Association, Inc., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that he/she had executed the same as the act of said corporation for the purpose and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this 6th day of November, 2013.



[Notarial Seal]

M. Rosemary Cook
Notary Public, State of Texas

M. Rosemary Cook
Printed Name

My commission expires: 3/15/16

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



70 2013 001 43743

Instrument Number: 2013-143743

As

Recorded On: December 05, 2013

Misc General Fee Doc

Parties: CHADWICK FARMS COMMUNITY ASSOCIATION

Billable Pages: 4

To

Number of Pages: 4

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Misc General Fee Doc	38.00
Total Recording:	38.00

***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2013-143743
Receipt Number: 1114178
Recorded Date/Time: December 05, 2013 11:52:12A
User / Station: S Parr - Cash Station 3

Record and Return To:

CHADWICK FARMS
3102 OAK LAWN AVE
STE 202
DALLAS TX 75219



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

C Mitchell

County Clerk
Denton County, Texas

Chadwick Farms Community Association, Inc.
GUIDELINES FOR SOLAR ENERGY DEVICES

STATE OF TEXAS

§

KNOW ALL PERSONS BY THESE PRESENTS:

COUNTY OF DENTON

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WHEREAS the Chadwick Farms Community Association, Inc. (“Association”) is charged with administering and enforcing those certain covenants, conditions and restrictions contained in the recorded Declarations for the various sections of the community (referred to collectively as “Declarations”); and

WHEREAS chapter 202 of the Texas Property Code was amended effective June 17, 2011, to add Section 202.010 (“Section 202.010”) thereto dealing with the regulation of solar energy devices; and

WHEREAS, the Board of Directors (“Board”) of the Association has determined that in connection with maintaining the aesthetics and architectural harmony of the community, and to provide clear and definitive guidance regarding solar energy devices therein, it is appropriate for the Association to adopt guidelines regarding solar energy devices within the community.

NOW, THEREFORE, the Board has duly adopted the following *Guidelines for Solar Energy Devices* within the community.

1. These guidelines apply to solar energy devices (“Devices”) as defined in Section 171.107(a) of the Texas Tax Code. A solar energy device means a system or series of mechanisms designed primarily to provide heating or cooling or to produce electrical or mechanical power by collecting and transferring solar-generated energy. The term includes a mechanical or chemical device that has the ability to store solar-generated energy for use in heating or cooling or in the production of power.
2. Such Devices may be installed with advance approval of the Architectural Control Committee (“ACC”) subject to these guidelines.
3. Any such Device must be installed on land or structures owned by the property owner. No portion of the Device may encroach on adjacent properties or common areas.
4. Such Devices may only be installed in the following locations:
 - a. on the roof of the main residential dwelling; or
 - b. on the roof of any other approved structure; or
 - c. within a fenced yard or patio.
5. For Devices mounted on a roof, the Device must:
 - a. have no portion of the Device higher than the roof section to which it is attached; and
 - b. have no portion of the Device extend beyond the perimeter boundary of the roof section to which it is attached; and
 - c. conform to the slope of the roof; and

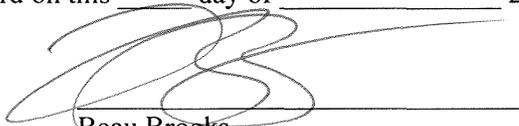
Chadwick Farms Community Association, Inc.
Guidelines for Solar Energy Devices

Page 2 of 3

- d. be aligned so that the top edge of the Device is parallel to the roof ridge line for the roof section to which it is attached; and
 - e. have a frame, brackets, and visible piping or wiring that is a color that matches the roof shingles or a silver, bronze or black tone commonly available in the marketplace; and
 - f. be located in a position on the roof which is least visible from any street or common area which does not reduce estimated annual energy production more than ten percent (10%), as determined by a publically available modeling tool provided by the National Renewable Energy Laboratory (www.nrel.gov) or equivalent entity over alternative roof locations.
6. For Devices located in a fenced yard or patio, no portion of the Device may extend above the fence. If the fence is not a solid fence which blocks view of the Device, the ACC may require the Device be placed in a location behind a structure or otherwise require visual screening. The ACC may consider installation of Devices on properties without a fenced yard if there is adequate screening from public view from any street or common area.
 7. All Devices must be installed in compliance with manufacturer's instruction and in a manner which does not void material warranties. Licensed craftsmen must be used where required by law. Permits must be obtained where required by law.
 8. Installed Devices may not:
 - a. threaten public health or safety; or
 - b. violate any law; or
 - c. substantially interfere with the use and enjoyment of land by causing unreasonable discomfort or annoyance to any adjoining property owner of ordinary sensibilities.
 9. All Devices must be maintained in good repair. Unused or inoperable Devices must be removed if they can be seen from any street or common area.

The guidelines are effective upon recordation in the Public Records of Denton County, and supersede any guidelines for solar energy devices which may have previously been in effect. Except as affected by Section 202.010 and/or by these guidelines, all other provisions contained in the Declarations or any other dedicatory instruments of the Association shall remain in full force and effect.

Approved and adopted by the Board on this _____ day of _____ 2013.

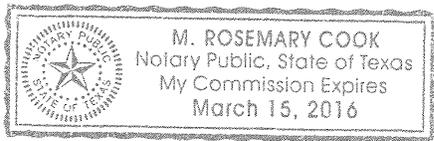


Beau Brooks
President
Chadwick Farms Community Association, Inc.

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

Before me, the undersigned authority, on this day personally appeared Beau Brooks, President of Chadwick Farms Community Association, Inc., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that he/she had executed the same as the act of said corporation for the purpose and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this 6th day of November, 2013.



[Notarial Seal]

M. Rosemary Cook
Notary Public, State of Texas

M. Rosemary Cook
Printed Name

My commission expires: 3/15/16

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



70 2013 001 43744

Instrument Number: 2013-143744

As

Recorded On: December 05, 2013

Misc General Fee Doc

Parties: CHADWICK FARMS COMMUNITY ASSOCIATION

Billable Pages: 4

To

Number of Pages: 4

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Misc General Fee Doc	38.00
Total Recording:	38.00

***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2013-143744

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Recorded Date/Time: December 05, 2013 11:52:12A

User / Station: S Parr - Cash Station 3

Record and Return To:

CHADWICK FARMS
3102 OAK LAWN AVE
STE 202
DALLAS TX 75219



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

C Mitchell

County Clerk
Denton County, Texas

Chadwick Farms Community Association, Inc.
GUIDELINES FOR RAINWATER RECOVERY SYSTEMS

STATE OF TEXAS
COUNTY OF DENTON

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KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS the Chadwick Farms Community Association, Inc. (“Association”) is charged with administering and enforcing those certain covenants, conditions and restrictions contained in the recorded Declarations for the various sections of the community (referred to collectively as “Declarations”); and

WHEREAS chapter 202 of the Texas Property Code was amended effective September 1, 2011, to amend Section 202.007(d) (“Section 202.007”) thereto dealing with rain barrels and rainwater harvesting systems (referred to collectively as “Rainwater Recovery Systems”); and

WHEREAS, the Board of Directors (“Board”) of the Association has determined that in connection with maintaining the aesthetics and architectural harmony of the community, and to provide clear and definitive guidance regarding the installation and maintenance of Rainwater Recovery Systems therein, it is appropriate for the Association to adopt guidelines regarding Rainwater Recovery Systems.

NOW, THEREFORE, the Board has duly adopted the following *Guidelines for Rainwater Recovery Systems* within the community.

1. Rainwater Recovery Systems may be installed with advance approval of the Architectural Control Committee (“ACC”) subject to these guidelines.
2. All such Systems must be installed on land owned by the property owner. No portion of the System may encroach on adjacent properties or common areas.
3. Other than gutters and downspouts conventionally attached to a dwelling or appurtenant structure, all components of the Systems, such as tanks, barrels, filters, pumps, motors, pressure tanks, pipes and hoses, must be substantially screened from public view from any street or common area. Screening may be accomplished by:
 - a. placement behind a solid fence, a structure or vegetation; or
 - b. by burying the tanks or barrels; or
 - c. by placing equipment in an outbuilding otherwise approved by the ACC.
4. A rain barrel may be placed in a location visible from public view from any street or common area only if the configuration of the guttering system on the structure precludes screening as described above with the following restrictions:
 - a. the barrel must not exceed 55 gallons; and
 - b. the barrel must be installed in close proximity to the structure on a level base with the guttering downspout leading directly to the barrel inlet at a substantially vertical angle; and
 - c. the barrel must be fully painted in a single color to blend with the adjacent home or vegetation; and
 - d. any hose attached to the barrel discharge must be neatly coiled and stored behind or beside the rain barrel in the least visible position when not in use.

Chadwick Farms Community Association, Inc.
Guidelines for Rainwater Recovery Systems
Page 2 of 3

- 2) Overflow lines from the Systems must not be directed onto or adversely affect adjacent properties or common areas.
- 3) Inlets, ports, vents and other openings must be sealed or protected with mesh to prevent children, animals and debris from entering the barrels, tanks or other storage devices. Open top storage containers are not allowed, however, where space allows and where appropriate, ponds may be used for water storage.
- 4) Harvested water must be used and not allowed to become stagnant or a threat to health.
- 5) All Systems must be maintained in good repair. Unused Systems should be drained and disconnected from the gutters. Any unused Systems in public view must be removed if they can be seen from any street or common area.

The guidelines are effective upon recordation in the Public Records of Denton County, and supersede any guidelines for rainwater recovery systems which may have previously been in effect. Except as affected by Section 202.007 and/or by these guidelines, all other provisions contained in the Declarations or any other dedicatory instruments of the Association shall remain in full force and effect.

Approved and adopted by the Board on this _____ day of _____ 2013.

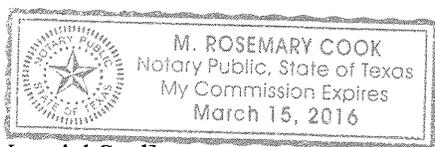


Beau Brooks
President
Chadwick Farms Community Association, Inc.

STATE OF TEXAS §
 §
COUNTY OF DENTON §

Before me, the undersigned authority, on this day personally appeared Beau Brooks, President of Chadwick Farms Community Association, Inc., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that he/she had executed the same as the act of said corporation for the purpose and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this 6th day of November, 2013.



[Notarial Seal]

M. Rosemary Cook
Notary Public, State of Texas

M. Rosemary Cook
Printed Name

My commission expires: 3/15/16

Denton County
Juli Luke
County Clerk

Instrument Number: 82507

ERecordings-RP

MISCELLANEOUS

Recorded On: July 11, 2019 12:29 PM

Number of Pages: 26

" Examined and Charged as Follows: "

Total Recording: \$126.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 82507
Receipt Number: 20190711000329
Recorded Date/Time: July 11, 2019 12:29 PM
User: Chris P
Station: Station 42

Record and Return To:

Simplifile



STATE OF TEXAS
COUNTY OF DENTON

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke
County Clerk
Denton County, TX

AFTER RECORDING, PLEASE RETURN TO:

**Judd A. Austin, Jr.
Henry Oddo Austin & Fletcher, P.C.
1700 Pacific Avenue
Suite 2700
Dallas, Texas 75201**

**CERTIFICATE AND MEMORANDUM OF
RECORDING OF DEDICATORY INSTRUMENTS FOR
CHADWICK FARMS COMMUNITY ASSOCIATION, INC.**

STATE OF TEXAS §
 §
COUNTY OF DENTON §

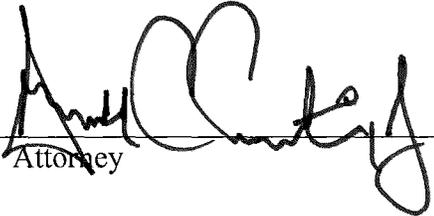
The undersigned, as attorney for the Chadwick Farms Community Association, Inc., for the purpose of complying with Section 202.006 of the Texas Property Code and to provide public notice of the following dedicatory instruments affecting the owners of property described on Exhibit B attached hereto (the “*Property*”), hereby states that the dedicatory instruments attached hereto are true and correct copies of the following:

- ***Policy Resolution of the Board of Directors of Chadwick Farms Community Association, Inc.: Common Area Use Agreement (Exhibit A-1);***
- ***Enforcement Policy for Chadwick Farms Community Association, Inc. (Exhibit A-2); and***
- ***Collection Policy for Chadwick Farms Community Association, Inc. (Exhibit A-3).***

All persons or entities holding an interest in and to any portion of property described on Exhibit B attached hereto are subject to the foregoing dedicatory instruments until amended by the Board of Directors.

IN WITNESS WHEREOF, the Chadwick Farms Community Association, Inc. has caused this Certificate and Memorandum of Recording of Dedicatory Instruments to be recorded in the Official Public Records of Denton County, Texas.

**CHADWICK FARMS
COMMUNITY ASSOCIATION, INC.**

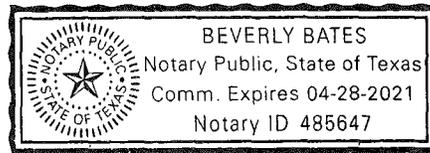
By: 
Its: Attorney

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Judd A. Austin, Jr., attorney for the Chadwick Farms Community Association, Inc., known to me to be the person whose name is subscribed on the foregoing instrument and acknowledged to me that he executed the same for the purposes therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND AFFIRMED SEAL OF OFFICE on this 10th day of July, 2019.


Notary Public, State of Texas



STATE OF TEXAS
COUNTY OF DENTON

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**POLICY RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CHADWICK FARMS COMMUNITY ASSOCIATION, INC.:
COMMON AREA USE AGREEMENT**

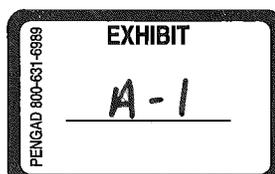
WHEREAS, the Board of Directors of the Chadwick Farms Community Association, Inc. (the "Board") is the entity responsible for the operation of the Chadwick Farms Community Association, Inc. (the "Association") in accordance with and pursuant to that certain Community Charter for Chadwick Farms, recorded as Instrument No. 2005-154227 in the Official Public Records of Denton County, as amended (collectively, the "Chadwick Farms Declaration"), and the By-Laws of the Association (the "Bylaws"); and

WHEREAS, both the Chadwick Farms Declaration and the Bylaws impose a duty on the the Association to protect, defend, maintain and repair the Common Areas; and

WHEREAS, certain Members of the Association have requested access to their property by removing a fence which constitutes a portion of the Common Areas for which the Association has maintenance and repair obligations; and

WHEREAS, the Board is concerned that the fence removal may damage the fence and, furthermore, is concerned that fences may not be reinstalled or replaced properly;

WHEREAS, the Board desires to expose the Association to additional expense to conduct repair or refurbishment of the Common Areas when such expenses were caused by a Member and/ his/her contractors; and



WHEREAS, the Board has determined to protect the Common Area by requiring Members who wish to use the Common Area to access their property for purposes of installing or constructing improvements therein to sign an agreement for the benefit of the Association and require the payment of a deposit which can be drawn upon by the Association to cover any damages to the Common Area; and

WHEREAS, a meeting of the Board was held on the 25th day of April, 2019 (the "Meeting"); and

WHEREAS, a quorum of the Directors was present at the Meeting; and

WHEREAS, a motion was made, and duly seconded, to adopt an agreement which must be entered into between the Association and any Member where Common Areas are to be used by the Member to access private property.

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS that the Board has resolved to adopt, and does hereby adopt, the Chadwick Farms Community Association, Inc. - Common Area Use Agreement attached hereto as Exhibit "1".

IT IS FURTHER RESOLVED, that any Member of the Association, Owner or occupant of a Unit who desires to use the Common Area for lawful access to private property is required to enter into such Agreement and must tender the deposit required therein to the Association.

IT IS FURTHER RESOLVED, that this Policy Resolution be filed of record with the Office of the Denton County Clerk and shall become effective upon notification to the Owners of property subject to the Declaration of the adoption thereof by: (i) posting same on the

Association's website, and (ii) forwarding a copy of this Policy Resolution to those Members who have registered an electronic mail address with the Association.

**CHADWICK FARMS
COMMUNITY ASSOCIATION, INC.**

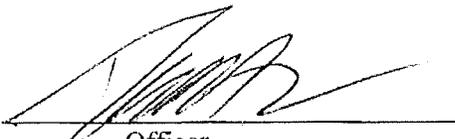
By: 
Officer

Exhibit "1"

CHADWICK FARMS COMMUNITY ASSOCIATION, INC.
COMMON AREA USE AGREEMENT

This Common Area Use Agreement (the "*Agreement*") is made this _____ day of _____, _____, by and between _____ ("*User*") and the Chadwick Farms Community Association, Inc. ("*Association*"). In consideration of the mutual covenants contained herein and for other consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the Association and User hereby agree as follows:

1. Use of Common Area. Association hereby grants to User the right of ingress and egress over and upon the Association's Common Area, including removal of the Common Area fence, provided, however, that such right is limited to that portion of the Common Area upon which ingress and egress is absolutely necessary in order to access User's property located at _____, Fort Worth, Texas (the area upon which access is granted shall hereinafter be referred to as the "*HOA Property*").

2. Function. User warrants, covenants and represents that the use of the HOA Property shall be solely for the purpose of ingress and egress to User's property in connection with the construction or installation of any improvement or modification that have previously been approved by the Design Review Committee.

3. Deposit. In connection with submitting this application for Association approval of this Agreement, User hereby makes payment to the Association, as a security deposit ("*Deposit*"), of the sum of Two Thousand and No/100 Dollars (\$2,000.00). User understands and agrees that the Association shall not consider entering into this Agreement unless and until User submits payment in full of the Deposit to the Association.

4. Forfeiture of Deposit and Other Charges. User agrees that the Association shall be entitled to retain the Deposit in the event of any breach of this Agreement or any violation of the Association's rules and regulations by User or User's contractors. User hereby assumes all responsibility for any acts or omissions committed by or on behalf of said contractors, including its employees, agents, subcontractors, representatives or independent contractors. If User fails to adequately perform its responsibilities, as determined by Association, for cleanup and proper replacement of the Common Area fence, as set forth in this Agreement, or damage is caused to the HOA Property or the Common Area fence, the Association shall be entitled to apply the Deposit to the cost of repairing any damage to the HOA Property and repairing or properly reinstalling the Common Area fence, the cost of replacing any missing or destroyed items, and the cost of any required cleanup. In addition to the cost of cleanup, repair or replacement, the Association shall be

entitled to charge a reasonable administrative fee for arranging and supervising such cleaning, repair or replacement.

User agrees that in the event of any damage to the Association's Common Area fence, User shall use the Association's designated fence company to make the repairs. The User shall be responsible for the expense of said repairs, whether User elects to apply the Deposit to the cost of repairing any damage or User pays the Association directly. User agrees to restore all landscaped areas back to their original pre-damage state. For example, and for illustration purposes only, in the event sod is damaged, the area must be graded and re-sodded, or in the event there is any surface, French drains, or drainage swales are damaged, they must be restored back to their original pre-damage state.

In the event the Deposit is inadequate to cover such costs, User shall reimburse the Association for any excess costs immediately upon receipt of notice of the amount due. All such costs in excess of the Deposit, including other amounts due the Association from User under this Agreement, shall be considered and collected as Specific Assessment under the Community Charter for Chadwick Farms against User and User's property, the payment of which shall be secured by the lien created in such Charter. Any portion of the Deposit which is not retained or applied by the Association as provided herein shall be refunded to the User within 15 days after User notifies the Association in writing that construction has been completed and the HOA property restored to its original condition prior to the commencement of construction or installation of any improvement or modification on User's property.

5. Release and Indemnification. User assumes all responsibilities, risks, liabilities and hazards incidental to the use of the HOA Property. **REGARDLESS OF ANY ACTS OR OMISSIONS BY THE ASSOCIATION OR ITS AGENTS, WHETHER NEGLIGENT, INTENTIONAL OR OTHERWISE, USER RELEASES AND FOREVER DISCHARGES THE ASSOCIATION, ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND MEMBERS, PAST, PRESENT AND FUTURE, AND AGREES TO DEFEND, INDEMNIFY AND HOLD THE SAME HARMLESS, FROM AND AGAINST ANY AND ALL LOSSES, EXPENSES, LIENS, CLAIMS, DEMANDS, CAUSES OF ACTION OF EVERY KIND AND CHARACTER (INCLUDING THOSE ASSERTED BY THE PERMITEES, AGENTS, LICENSEES, CONTRACTORS AND INVITEES OF USER) FOR DEATH, PERSONAL INJURY, PROPERTY DAMAGE OR ANY OTHER LIABILITY FOR DAMAGES, FINES OR PENALTIES, INCLUDING COSTS, ATTORNEYS' FEES AND SETTLEMENTS, RESULTING FROM ANY ACT PERFORMED BY, OR OMISSION ON THE PART OF USER, ITS EMPLOYEES, INVITEES, PERMITEES, AGENTS OR LICENSEES, ARISING OUT OF OR IN CONNECTION WITH USER'S USE OF THE HOA PROPERTY.**

6. Attorneys' Fees. In the event the Association is required to incur attorneys' fees to enforce this Agreement or collect any amounts due from User under this Agreement, User shall reimburse the Association for its reasonable and necessary attorney's fees.

7. **General.** This Agreement shall be construed under the laws of the State of Texas and venue for any proceeding to enforce the terms of this Agreement shall be Denton County, Texas. Time is of the essence with respect to every provision of this Agreement.

8. **Application and Acceptance.** This Agreement shall constitute an application by User to use the HOA Property, and upon acceptance by the Association, shall become a binding agreement. In the event that the Association declines to accept the User's application, User shall be notified and the Deposit submitted by the User shall be refunded in full.

ASSOCIATION:

CHADWICK FARMS COMMUNITY
ASSOCIATION, INC.

By: _____

DATE: _____

USER:

NAME: _____

ADDRESS: _____

PHONE: _____

DATE: _____

**ENFORCEMENT POLICY FOR
CHADWICK FARMS COMMUNITY ASSOCIATION, INC.**

WHEREAS, the Board of Directors of the Chadwick Farms Community Association, Inc. (the "Board") is the entity responsible for the operation of Chadwick Farms Community Association, Inc. (the "Association"), pursuant to and in accordance with that certain Community Charter for Chadwick, recorded in the Official Public Records of Denton County, Texas, including any amendments or supplements thereto (collectively, the "Charter") and the Bylaws of Chadwick Farms Community Association, Inc. (the "Bylaws"); and

WHEREAS, the Charter affects certain parcels or tracts of real property in the City of Fort Worth, Denton County, State of Texas (the "Properties"); and

WHEREAS, pursuant to express authority set forth in the Article 8 of the Charter, the Association, acting by and through the Board, has the authority to enforce the provisions of the Charter, the power to promulgate and enforce the provisions of the Charter, including establishing and imposing reasonable monetary fines or penalties for the violation of the Charter, the Bylaws, rules and regulations, or design/architectural guidelines (collectively, the "Governing Documents"); and

WHEREAS, the Board has authority pursuant to the Charter and the Bylaws to determine, in its reasonable discretion, the manner in which violations of the Governing Documents are to be remedied; and

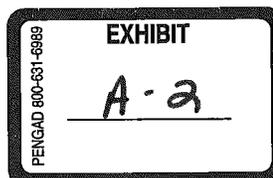
WHEREAS, the Board has and does hereby find the need to establish rules, regulations and procedures for the enforcement of the restrictions contained in the Charter and for the elimination of violations which may be found to exist within the Properties.

NOW THEREFORE, IT IS RESOLVED that the following rules, regulations and procedures relative to the operation of the Association are hereby established for the enforcement of violations of the Governing Documents and for the elimination of such violations found to exist in, on or about the Properties (hereinafter referred to as the "Enforcement Policy").

I. Establishment of a Curable Violation.

a. Failure to Obtain Prior Approval. Any additions, improvements and/or repairs of any kind or nature erected, placed or altered on any Unit which (i) requires the prior approval of the improvement by the Design Review Committee (the "DRC" as defined in the Charter) and (ii) has not been first approved by the DRC is deemed a "Violation" under this Enforcement Policy for all purposes.

b. Failure to Abide by the Governing Documents. Any construction, alteration or modification to any improvement on a Lot which does not in all respects



conform to that which has been so approved or any activity or condition allowed to continue or exist on any Lot that is in direct violation of the Governing Documents is also deemed a "Violation" under this Enforcement Policy for all purposes.

c. **Fine Schedule.** Exemplar violations are outlined in Exhibit I titled "Commonly Observed Violations". This is not an exhaustive list of violations.

2. Notification for Curable Violations.

a. **Initial Notice.** Upon verification of the existence of a Violation by Association, and subject to the approval of the Board, the Association will send to the Lot Owner a written notice of the existence of the Violation ("Initial Notice"). The Initial Notice will inform the Owner of the following:

- (i) The nature, description, and location of the Violation; and
- (ii) What needs to be done to cure the Violation, and provide notice that the Violation must be cured within fourteen (14) days of the date of the Initial Notice to avoid further enforcement measures; and
- (iii) A statement that if the Violation has already been corrected or plans and specifications for the subject improvement have been submitted to the DRC, to disregard the notice.

The Association may, but is under no obligation, send one (1) or more Initial Notice(s).

b. **Notice of Curable Violation.** If the Owner has (i) failed to submit plans and specifications for the offending improvement to the DRC, or the DRC has denied the approval of plans and specifications initially submitted, and/or (ii) the Violation is continuing, then no earlier than fourteen (14) days from the date of the Initial Notice, the Association shall send to the Owner written notice (the "Notice of Violation") informing the Owner of the following:

- (i) The nature, description, and location of the Violation and notification that if the Violation is corrected or eliminated within fourteen (14) days from the date of the Notice of Violation, no further action will be taken;
- (ii) Notification that if the Violation is not corrected or eliminated within fourteen (14) days from the date of the Notice of Violation, any attorneys' fees incurred by the Association in eliminating or abating the Violation, and any violation fines imposed as determined by the Board, shall be charged to the Owner's account;

- (iii) Notification of the proposed sanction to be imposed and amount due the Association, if any, and a brief description of what needs to be done to cure the Violation;
- (iv) If necessary, work on any improvement not designed to cure the Violation must cease immediately and may not resume without the prior written approval of the DRC;
- (v) Failure to remedy the Violation or cease work on any unauthorized improvement will result in the Association electing to pursue any one or more of the remedies available to the Association under the Governing Documents or this Enforcement Policy; and
- (vi) His/her right to assert and protect his/her rights as a member of the Armed Forces of the United States. The protected individual or family member shall send written notice of the active duty military service to the sender of the Notice of Violation immediately.

The Notice of Violation shall be sent to the Owner by certified mail, return receipt requested, and first class U.S. mail, and shall advise the Owner that he or she has the right to make a written request for a hearing on or before the thirtieth (30th) day after the date the date the Notice of Violation of Violation was sent to the Owner. The hearing, if one is requested in a timely manner, will be held before the Covenants Committee, if appointed, or the Board. In the event the hearing shall be held before the Covenants Committee, the Owner shall be advised of the Owner's right to appeal the Covenant Committee's decision to the Board.

c. Failure to Remedy and Notice of Fine. Failure to either (i) submit complete plans and specifications showing that the Violation will be remedied, (ii) cease all non-remedial work immediately upon receipt of the Notice of Violation, and/or (iii) remedy the current Violation existing upon the Lot within ten (10) days of the date of the Notice of Violation, shall constitute a continuing Violation and result in one or more of the following: (a) the imposition of violation fines as determined by the Board against the Owner, (b) the suspension of the right to enter upon and/or use any recreational facilities within the Common Area(s), and/or (c) the pursuit of any other remedy available at law or in equity, under the Governing Documents or this Enforcement Policy including, but without limitation, the recording in the County Clerk's office, of a Notice that the Unit in question is in violation of restrictive covenants or an action for injunctive relief and civil damages. The Association may send, but is under no obligation, a notice to the Owner in the form of a formal written notice of fine (the "Notice of Fine") informing the recipient of the continuing Violation and the remedy chosen as a result thereof. The date of the Notice of Fine shall be the "Notice of Fine Date."

d. **Fine Structure.** Any single fine imposed for a curable violation pursuant to the provisions of this Enforcement Policy may not exceed \$500.00 as determined by the Board. An Initial Fine of not less than \$50.00 may be imposed for failure to remedy or cure the violation. Per diem fines may be allowed as provided in Exhibit 1 attached hereto. In the event the Owner fails to respond or comply by remedying or curing the violation within fourteen (14) days after the Initial Fine, additional fines may be imposed as follows:

- Initial Fine: \$50.00
- Second Fine (levied 14 days after Notice of Fine Date): \$100.00
- Third Fine (levied no earlier than 30 days after Notice of Fine Date): \$200.00
- Fourth and Subsequent Fines (levied no earlier than 60 days after Notice of Fine Date): \$400.00

- Modification, improvement, and/or addition made to Property: \$100.00 without prior approval from the DRC
- Second Fine (levied 14 days after Notice of Fine Date): \$200.00
- Third Fine (levied no earlier than 30 days after Notice of Fine Date): \$400.00
- Fourth and Subsequent Fines (levied no earlier than 60 days after Notice of Fine Date): \$500.00

The Third, Fourth, and Subsequent Fines may be imposed no earlier than every 30 days that the Violation continues to exist after the Notice of Fine date. There shall be no limit to the aggregate amount of fines that may be imposed for the same Violation. The Owner may be notified by the Association in writing of the amount of fines accrued to Owner's account. All fines imposed pursuant to this Enforcement Policy shall be Specific Assessments under the Charter.

3. Establishment of an Incurable Violation.

a. **Definition of an Incurable Violation.** A violation is considered incurable if the violation has occurred but is not a continuous action or a condition capable of being remedied by affirmative action. Under this Incurable Violation Enforcement Policy, the non-repetition of a one-time violation is not considered an adequate remedy, and a violation which is not on-going will nonetheless be subject to the imposition of fines as provided herein. A violation is also considered incurable if the conduct or activity could materially affect the physical health or safety of an ordinary resident. The Board of Directors, in its sole and reasonable discretion, shall determine whether a violation is incurable.

b. **Fine Criteria for Incurable Violations.** The initial fine that may be imposed for an incurable violation shall not exceed \$500.00. An Owner previously fined for an incurable violation, upon committing a second similar incurable violation, may be fined \$750.00. Subsequent similar incurable violations committed by the same Owner

may result in the imposition of fines each in the amount of \$1,000.00. Violation fines and costs incurred in collecting such fines constitute Specific Assessments, as defined in the Charter, which are secured by a lien against the Lot. An illustrative list of Incurable Violations is set forth in Exhibit 1 attached hereto. Those acts listed in Exhibit 2 as Incurable Violations are examples and do not constitute a complete or exhaustive listing of these types of violations. The Board, in its sole and reasonable discretion, shall determine whether a fine will be imposed for an incurable violation.

c. Notification for Incurable Violations.

(i). Notice of Violation. If the Owner has committed an incurable violation, Management shall send to the Owner written notice (the "Notice of Incurable Violation") informing the Owner of the following:

- (1) Of the nature, description, and location of the Incurable Violation;
- (2) Of the proposed sanction to be imposed and amount due the Association, if any; and
- (3) Of his or her right to assert and protect his or her rights as a member of the Armed Forces of the United States. The protected individual or family member shall send written notice of the active duty military service to the sender of the Notice of Violation immediately.

The Notice of Incurable Violation shall be sent to the Owner by certified mail and first class U.S. mail, and shall advise the Owner that he or she has the right to make a written request for a hearing on or before the thirtieth (30th) day after the date the Association mails the Notice of Violation. The hearing, if one is requested in a timely manner, will be held before the Board.

d. Right to a Hearing Before the Board of Directors. If the Association receives a written request for a hearing on or before the thirtieth (30th) day after the date the Owner received the Notice of Violation, the Covenants Committee (if appointed) or the Board shall hold a hearing not later than the thirtieth (30th) day after the date the Association received the written request for a hearing. The Association 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 only be granted by agreement of the parties. The Owner's presence is not required to hold a hearing under this paragraph. The Association or Owner may make an audio recording of the hearing.

Prior to the hearing, proof of proper notice of the hearing shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by an Officer, Director or agent who delivered such notice. The notice requirement shall be satisfied if the Owner appears at the meeting. The minutes of the meeting shall contain a statement of the results of the hearing and the sanction, if any, imposed.

4. **Corrective Action.** Notwithstanding the provisions contained in Paragraph 2 hereof, where a Violation of the Charter or duly promulgated rules and regulations or design/architectural guidelines is determined to exist pursuant to any provision of this Enforcement Policy, the Association may undertake to cause the Violation to be corrected, removed or otherwise abated by qualified contractors if the Association, in its reasonable judgment, determines that such Violation may be readily corrected, removed or abated without undue expense and without breach of the peace. Where the Board is authorized to initiate any action by qualified contractors, the following shall apply:

a. The Association must first provide the Owner with an Initial Notice as provided above. Should the Violation not have been remedied by the Owner within ten (10) days from the date of the Initial Notice, then the Association must give the Owner, and any third party directly affected by the proposed action, prior written notice of the undertaking of the action ("Notice of Corrective Action"). The Notice of Corrective Action shall include an opportunity for the Owner to cure the Violation or request a hearing before the Board prior to the undertaking of any corrective action. Should the Owner fail to provide the Association with a written request for hearing within fourteen (14) days from the date of the Notice of Corrective Action, that party shall have waived its right to a hearing.

b. Any cost incurred in correcting or eliminating a Violation shall be charged to the Owner's account.

c. The Association, the Board, and its agents and contractors shall not be liable to the Owner or any third party for any damages or costs alleged to arise by virtue of action taken under this Paragraph 4 where the Association, the Board, its agents and contractors have acted reasonably and in conformity with this Enforcement Policy.

5. **Referral to Legal Counsel.** Where a Violation is determined to exist by the Board pursuant to any of the provisions of this Enforcement Policy and where the Board deems it to be in the best interests of the Association, the Board may, at any time and without prior notice to the Owner under the Enforcement Policy, refer the Violation to legal counsel for purposes of seeking to correct or otherwise abate the Violation, including an action for injunctive relief and/or civil damages against the Owner, or any other legal or equitable remedy that may be available to the Association.

6. Notices.

a. Any notice required by this Enforcement Policy to be given, sent, delivered or received in writing will be deemed to have been given, sent, delivered or received, as the case may be, upon the earlier to occur of the following:

- (i) When the notice is delivered by facsimile, the notice is deemed delivered and received when the sender receives a facsimile acknowledgment acknowledging delivery of the notice.
- (ii) When the notice is placed into the care and custody of the United States Postal Service, the notice is deemed delivered and received as of the third day after the notice is deposited into a receptacle of the United States Postal Service with postage prepaid and addressed to the most recent address of the recipient according to the records of the Association. Any Notice of Violation or Notice of Corrective Action shall be sent certified mail, return receipt requested, and First Class U.S. Mail.

b. Where the Lot is occupied by a tenant, where the interests of an Owner have been handled by a representative or agent of such Owner, or where Owner has otherwise acted so as to put the Association on notice that its interests in a Lot have been and are being handled by a representative or agent, any notice or communication from the Association pursuant to this Enforcement Policy will be deemed full and effective for all purposes if given to such tenant, representative or agent.

7. Cure of Violation During Enforcement. An Owner may correct or eliminate a Violation at any time during the pendency of any procedure prescribed by this Enforcement Policy. Upon verification by the Board that the Violation has been corrected or eliminated, and any fines imposed by the Board has been paid, the Violation will be deemed to no longer exist and the Notice of Violation shall be voided except as hereinafter provided. The Owner shall be advised by the Association of the consequences of the future violation of the same provision of the Governing Documents as set forth in the following paragraph. The Owner will remain liable for all fines levied under this Enforcement Policy, which fines, if not paid upon written demand thereof by the Association, will be referred to the Association's legal counsel for collection. The Board, however, in its sole and absolute discretion, reserves the right to suspend or waive some or all of the fines imposed. The suspension or waiver of fines shall not constitute a waiver of the right to sanction violations of the same or other provisions and rules by any person.

8. Repeated Violation of the Same Provision of the Governing Documents. Whenever an Owner, who has previously cured or eliminated a violation after receipt of an Initial Notice, commits a separate violation of a similar provision of the Governing Documents within six (6) months from the date of the Initial Notice, the Association shall reinstate the Violation,

including the fines previously imposed related to such Violation that were waived by the Board, and pursue the procedures set forth herein as if the Violation had never been cured or eliminated. For purposes of illustration only, in the event the Owner cured the Violation after having received an Initial Notice, the second Violation of the same provision within six (6) months shall prompt the Association to send a Notice of Violation. Similarly, in the event the Owner cured the Violation after having received a Notice of Violation, the second Violation within six (6) months shall prompt the Association to send a Notice of Fine as provided hereunder. In the event an Owner cured the Violation after having received a Notice of Fine, the second Violation within six (6) months shall prompt the Association to commence the levying of violation fines without further notice to the Owner. In the event of a repeated violation, the Board shall be authorized to double the fine amount.

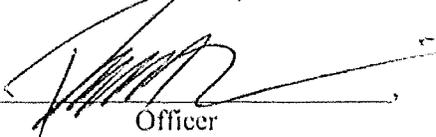
9. **Binding Effect.** The terms and conditions of this Enforcement Policy, as may be amended from time to time by the Board, shall bind all Owners including their heirs, successors, transferees or assigns, and all Lots as defined in the Charter, and the Properties shall hereafter be held, occupied, transferred, and conveyed subject to the terms and conditions of this Enforcement Policy, as amended by the Board.

This Enforcement Policy is hereby adopted by resolution of the Board and replaces and supersedes, in all respects, all prior policies and resolutions with respect to the enforcement of violations by the Association, and shall remain in force and effect until revoked, modified or amended by the Board.

10. **Definitions.** The definitions contained in the Governing Documents are hereby incorporated herein by reference.

IN WITNESS WHEREOF, the Board has caused this Enforcement Policy to be effective and executed by its duly authorized representative as of the 25th day of April, 2019.

**CHADWICK FARMS COMMUNITY
ASSOCIATION, INC.**



Officer

EXHIBIT 1

Commonly Observed Violations

Payment of fine amount does *not* imply or constitute a waiver of enforcement or the granting of a variance for the violation. All violations must be corrected and brought into compliance with the Association's Governing Documents. The Owner shall be responsible for any fines and enforcement costs assessed on the Property. If applicable, it is the Owner's responsibility to pursue reimbursement of the fines from the occupant(s) and/or tenant(s). The violation fines will be levied each time the violation is observed. The violation fines are subject to change without further notice and at the discretion of the Board.

- | | |
|---|---------|
| • Holiday decorations displayed 30 days after that particular holiday
(each time the violation is observed) | \$50.00 |
| • Trash cans, trash bags and recycling left in public view on
days other than designated city trash pick-up days
(each time the violation is observed) | \$50.00 |
| • Landscaping violations
(dead plants/trees, weeds, uncut grass over six inches,
trees/shrubbery needs to be cut back from roof and/or building)
(each time the violation is observed) | \$50.00 |
| • Debris or refuse on Lot
(each time the violation is observed) | \$50.00 |
| • Signs in Yards or on Lot (other than leasing or for sale signs)
(each time the violation is observed) | \$50.00 |
| • Landscape violations outside of private fence
(failure to replace dead bushes/trees)
(each time the violation is observed) | \$50.00 |
| • Exterior painting/staining needed (front and/or back door, etc.)
(each time the violation is observed) | \$50.00 |
| • Failure to remove pet waste
(each time the violation is observed) | \$50.00 |
| • Littering in common areas
(each time the violation is observed) | \$50.00 |

- Vehicle violations, include, but are not limited to, any vehicle without a current (or missing) license plates or inspection sticker, wrecked, dismantled in any way or discarded is considered inoperable. \$50.00
(each time the violation is observed or as the Board deems necessary)
- Parking in Violation of Rules attached to Charter \$50.00
(initial fine is \$50.00 plus \$10 per day until violation cured)
- Other violations in compliance with the City of Fort Worth, Code Compliance and City Ordinances, and any other violations as voted for by the Board as deemed necessary in good faith of the Governing Documents. \$50.00
(each time the violation is observed or as the Board deems necessary)
- Home repairs needed (damaged garage door, replacing broken light fixtures, front and/or back door etc.) \$50.00
(each time the violation is observed)
- Property used for storage (boats, vehicles, trailers, oversized work trucks and any other oversized vehicle, etc.) \$50.00
(each time the violation is observed and/or \$10 per day)
- Livestock or poultry kept on property \$100.00
(each time the violation is observed)
- Violations of the leasing related rules \$100.00
(each time the violation is noted)
- Modification, and/or addition made to Property without prior approval from the Design Review Committee \$100.00
(each time the violation is observed)
- Deviation from approval granted by Design Review Committee \$100.00
(each time the violation is observed)
- Repair work on vehicles visible from street, storing RVs, parking commercial vehicles on the street or Lot \$50.00
(each time the violation is observed and/or \$10 per day)

EXHIBIT 2

Incurable Violations

Payment of a violation fine does not imply or constitute a waiver of future enforcement or permission to commit the same or similar violation in the future.

Violation fines and costs incurred by the Association constitute Specific Assessments, as defined in the Charter, which are secured by a lien against the Unit. The Owner shall be responsible for any fines and enforcement costs assessed by the Association. If applicable, it is the Owner's responsibility to pursue reimbursement of the fines and enforcement costs from the occupant(s) and/or tenant(s) whose conduct resulted in the imposition of violation fines. Violation fines may be levied each time an incurable violation is verified. The violation fines are subject to change without further notice and at the discretion of the Board.

Incurable Violations

Examples of Incurable Violations, include, but are not limited to, the following:

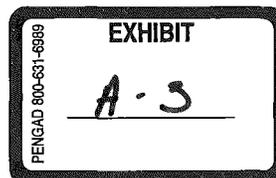
- Damage to common areas/properties, including damage to common area amenities, landscaping, signage, gates or anything associated with Association designated common areas.
- An act constituting a threat to health or safety.
- Shooting fireworks.
- A noise violation that is not ongoing such as a party or other event which disturbs the right of neighboring or nearby owners to peacefully enjoy their property.
- Conducting an event prohibited by a dedicatory instrument.
- A threat to public health or safety if the violation could materially affect the physical health or safety of an ordinary resident.

**COLLECTION POLICY
FOR
CHADWICK FARMS COMMUNITY ASSOCIATION, INC.**

WHEREAS, the Chadwick Farms Community Association, Inc.'s Board of Directors ("*Board*") hereby adopts this Collection Policy to establish equitable policies and procedures for the collection of assessments and other charges levied pursuant to the Certificate of Formation, Bylaws, and the Community Charter for Chadwick Farms (collectively referred to as the "*Governing Documents*"). Terms used in this Collection Policy, but not defined, shall have the meaning subscribed to such term in the Community Charter.

SECTION 1. DELINQUENCIES, LATE CHARGES AND INTEREST

- 1-A. Due Date. An Owner will timely and fully pay Base Assessments and/or Limited Common Area Assessment (as defined in the Community Charter). Base Assessments and Limited Common Area Assessments, if any, are assessed or billed annually and are due on the first day of January, or in such other manner as the Board may designate in its sole and absolute discretion.
- 1-B. Delinquent. Any Base Assessment or Limited Common Area Assessment not fully paid when due is delinquent. When the account of an Owner becomes delinquent, it remains delinquent until paid in full – including collection costs, interest and late fees.
- 1-C. Late Fees & Interest. If Chadwick Farms Community Association, Inc. ("*Association*") does not receive full payment of the Base Assessment or Limited Common Area Assessment within thirty (30) days after the due date established by the Board, the Association may levy a late charges of \$25.00 per month and/or interest at the interest rate established by the Board (current interest rate is 10% per annum), or alternatively, the highest rate allowed by Texas law then in effect on the amount of the Base Assessment or Limited Common Area Assessment from the due date thereof until paid in full.
- 1-D. Liability for Collection Costs. The defaulting Owner is liable to the Association for the charges and costs reasonably related to the collection of the sum due, including, without limitation, title reports, credit reports, certified mail, long distance calls, court costs, filing fees, third party collection fees, and other reasonable costs and attorney's fees incurred by the Association in collecting the delinquency.
- 1-E. Insufficient Funds. The Association may levy a charge of \$30.00 for any check returned to the Association marked "not sufficient funds" or any other reason.
- 1-F. Waiver. Properly levied collection costs, late fees, and interest may only be waived by a majority of the Board.



SECTION 2. INSTALLMENTS AND ACCELERATION

If any Base Assessment or Limited Common Area Assessment is payable in installments (excluding alternative payment schedules described in 3-B), and if an Owner defaults in the payment of any installment, the Association may declare the entire unpaid balance in default and accelerate the due date on all remaining installments. A Base Assessment or Limited Common Area Assessment payable in installments may be accelerated only after the Association gives the Owner at least fifteen (15) days prior notice of the default and the Association's intent to accelerate the unpaid balance if the default is not timely cured. Following acceleration of the indebtedness, the Association has no duty to reinstate the installment program upon partial payment by the Owner.

SECTION 3. PAYMENTS

3-A. Application of Payments. After the Association notifies the Owner of a delinquency and the Owner's liability for late fees or interest, and collection costs, any payment received by the Association shall be applied in the following order, starting with the oldest charge in each category, until that category is fully paid, regardless of the amount of payment, notations on checks, and the date the obligations arose:

- (1) Any delinquent Special Assessment;
- (2) Any delinquent Base Assessment;
- (3) Any delinquent Limited Common Area Assessment;
- (4) Any delinquent Specific Assessment;
- (5) Any current Special Assessment;
- (6) Any current Base Assessment;
- (7) Any current Limited Common Area Assessment;
- (8) Any current Specific Assessment;
- (9) To the extent allowed by Section 209.008 of the Texas Property Code, as amended, any attorney's fees or third party collection costs incurred by the Association associated solely with assessments or any other charged that could provide the basis of foreclosure, including late charges and interest;
- (10) To the extent allowed by Section 209.008 of the Texas Property Code, as amended, any attorney's fees incurred by the Association that are not subject to Section 4.13(a)(iv);
- (11) Any fines assessed by the Association;
- (12) Any other amount owed to the Association.

3-B. Alternative Payment Schedule. Except as hereinafter provided, upon request of an Owner the Association shall allow such Owner to pay any unpaid balance on an account under an alternative payment schedule. The minimum payment schedule term is three (3) months and the maximum payment schedule term is twelve (12) months with equal payments due on the fifteenth (15th) day of each of month. In order to request an alternative payment schedule, the delinquent Owner must send written request to the Association or contacting the Association's Managing Agent. The Association will use

best efforts to respond within ten (10) business days of the date such request is received., The Association's response shall advise such Owner of (i) the amount of each monthly payment to be made under the Alternative Payment Schedule, which amount may include reasonable costs associated with administering the Alternative Payment Schedule and interest on the delinquent amounts accruing at the interest rate established in the Community Charter (but shall not include any other monetary penalties), and (ii) the dates on which the monthly installments requested under the Alternative Payment Schedule are due.

An Owner is not entitled to an Alternative Payment Schedule if the Owner has defaulted on a previous Alternative Payment Schedule in the last two (2) years from the date such Owner defaulted under its obligation with request to such Alternative Payment Schedule.

If, at the time the Association receives a payment from an Owner such Owner is in default under an Alternative Payment Schedule, then the Association may apply such payment in any order determined the Association; provided, however, that, in applying such payment, any fine or penalty assessed by the Association may not be given priority over any other amount owed to the Association. If an Owner fails to make a monthly payment in the full amount required by the Alternative Payment Schedule, the full amount of the delinquent assessment shall be considered immediately due and payable without the necessity of any further action on the part of the Owner or the Association.

- 3-C. Form of Payment. The Association may require that payment of delinquent Assessments be made only in the form of direct online payment, check, cashier's check, or certified funds.
- 3-D. Partial or Conditioned Payment. The Association may refuse to accept partial payments (*i.e.*, less than the full amount due and payable) and payments to which the payor attaches conditions or directions contrary to the Board's policy for applying payments. The Association's endorsement and deposit of a payment does not constitute acceptance. Instead, acceptance by the Association occurs when the Association posts the payment to the Owner's account. If the Association does not accept the payment at that time, it will promptly return or refund the payment to the payer. A payment that is not returned or refunded to the payer within thirty (30) days after being deposited by the Association may be deemed accepted as payment, but not as to words of limitation or instruction accompanying the payment. The acceptance by the Association of partial payment of delinquent Assessments does not waive the Association's right to pursue or continue pursuing its remedies for payment in full of all outstanding obligations.
- 3-E. Notice of Payment. If the Association receives full payment of a delinquency after recording a notice of assessment lien, the Association will cause a release of notice of assessment lien to be publicly recorded, a copy of which will be sent to the Owner. The Association may require the Owner to prepay the cost of preparing and recording the release.

SECTION 4. MISCELLANEOUS

4-A. Delegation of Collection Procedures. From time to time, the Association may delegate some or all of the collection procedures, as the Board in its sole discretion deems appropriate, to the Association's Managing Agent or Community Manager, an attorney, or a debt collector.

4-B. Delinquency Notices. If the Association has not received full payment of any assessment by the due date, the Association may send written notice of nonpayment to the defaulting Owner, by hand delivery, first class mail, and/or certified mail, stating the amount delinquent. The Association's delinquency-related correspondence may state that if full payment is not timely received, the Association may pursue any or all of the Association's remedies, at the sole cost and expense of the defaulting Owner.

In addition to or in lieu of the written notice of nonpayment referenced above, the Association must send to the Owner, by certified mail, return receipt requested, written notice in compliance with Texas Property Code Section 209.0064.

4-C. Independent Judgment. Notwithstanding the contents of this details Collection Policy, the officers, directors, Managing Agent or Community Manager, and attorney of the Association may exercise their independent, collective, and respective judgment in applying this Collection Policy.

4-D. Amendment of Policy. This Collection Policy may be amended from time to time by the Board.

IT IS FURTHER RESOLVED that this Collection Policy replaces and supersedes in all respects all conflicting provisions and terms as set forth in prior policies and resolutions with respect to the collection of assessments by the Association, and shall remain in force and effect until revoked, modified or amended by the Board.

IN WITNESS WHEREOF, the Board has caused this Collection Policy to be executed by its duly authorized representative effective as of the 25th day of April, 2019.

**CHADWICK FARMS COMMUNITY
ASSOCIATION, INC.**



Officer

EXHIBIT B

Those tracts and parcels of real property located in Denton County, Texas and more particularly described as follows:

- All property subject to the **Community Charter for Chadwick Farms, recorded as Document No. 2005-154227 in the Official Public Records of Denton County, Texas;**
- All property subject to the **Supplement to Community Charter for Chadwick Farms (Phase 2, Section 3), recorded as Document No. 2006-125821 in the Official Public Records of Denton County, Texas;**
- All property subject to the **Supplement to Community Charter for Chadwick Farms (Phase 2, Section 4), recorded as Document No. 2006-127581 in the Official Public Records of Denton County, Texas;**
- All property described in that certain **Plat of Chadwick Farms, recorded in Cabinet W, Pages 452 - 456 of the Map or Plat Records of Denton County, Texas;**
- All property described in that certain **Plat of Chadwick Farms, recorded in Cabinet X, Pages 330 - 331 of the Map or Plat Records of Denton County, Texas;**
- All property described in that certain **Plat of Chadwick Farms, recorded in Cabinet X, Pages 362 - 365 of the Map or Plat Records of Denton County, Texas;**
- All property described in that certain **Plat of Chadwick Farms, recorded as Document No. 2010--169 in the Map or Plat Records of Denton County, Texas;**

- All property described in that certain **Plat of Chadwick Farms, recorded as Document No. 2014-369 in the Map or Plat Records of Denton County, Texas; and**
- All property described in that certain **Plat of Chadwick Farms, recorded as Document No. 2018--50 in the Map or Plat Records of Denton County, Texas.**

Denton County
Juli Luke
County Clerk

Instrument Number: 76818

ERecordings-RP

MISCELLANEOUS

Recorded On: June 05, 2020 12:08 PM

Number of Pages: 11

" Examined and Charged as Follows: "

Total Recording: \$66.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 76818
Receipt Number: 20200605000286
Recorded Date/Time: June 05, 2020 12:08 PM
User: Kraig T
Station: Station 25

Record and Return To:

Simplifile



STATE OF TEXAS
COUNTY OF DENTON

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke
County Clerk
Denton County, TX

AFTER RECORDING, PLEASE RETURN TO:

**Judd A. Austin, Jr.
Henry Oddo Austin & Fletcher, P.C.
1700 Pacific Avenue
Suite 2700
Dallas, Texas 75201**

**SECOND SUPPLEMENTAL
CERTIFICATE AND MEMORANDUM OF
RECORDING OF DEDICATORY INSTRUMENTS FOR
CHADWICK FARMS COMMUNITY ASSOCIATION, INC.**

STATE OF TEXAS §
 §
COUNTY OF DENTON §

The undersigned, as attorney for the Chadwick Farms Community Association, Inc., for the purpose of complying with Section 202.006 of the Texas Property Code and to provide public notice of the following dedicatory instrument affecting the owners of property described on Exhibit B attached hereto (the “*Property*”), hereby states that the dedicatory instrument attached hereto is a true and correct copy of the following:

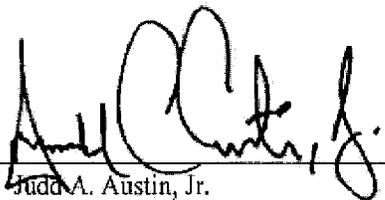
- ***Policy Resolution of the Board of Directors of Chadwick Farms Community Association, Inc. Establishing Rules Governing Use of Pool and Playground Equipment During COVID-19 Pandemic (Exhibit A).***

All persons or entities holding an interest in and to any portion of property described on Exhibit B attached hereto are subject to the foregoing dedicatory instrument until amended or revoked.

IN WITNESS WHEREOF, the Chadwick Farms Community Association, Inc. has caused this Second Supplemental Certificate and Memorandum of Recording of Dedicatory

Instruments to be recorded in the Official Public Records of Denton County, Texas, and serves to supplement that certain Certificate and Memorandum of Recording of Dedicatory Instruments for filed on July 11, 2019, and recorded as Instrument No. 2019-82507 in the Official Public Records of Denton County, Texas; and that certain First Supplemental Certificate and Memorandum of Recording of Dedicatory Instruments for filed on December 20, 2019, and recorded as Instrument No. 2019-162369 in the Official Public Records of Denton County, Texas.

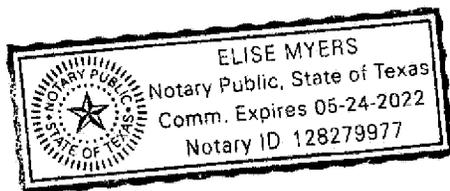
**CHADWICK FARMS
COMMUNITY ASSOCIATION, INC.**

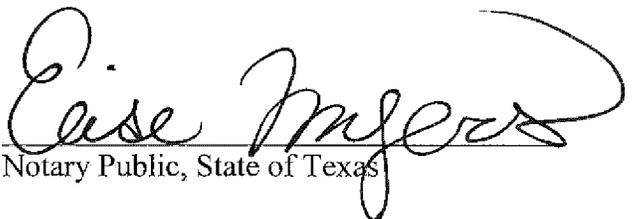
By  _____
Judd A. Austin, Jr.

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Judd A. Austin, Jr., attorney for the Chadwick Farms Community Association, Inc., known to me to be the person whose name is subscribed on the foregoing instrument and acknowledged to me that he executed the same for the purposes therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND AFFIRMED SEAL OF OFFICE on this 5th day of June, 2020.





Notary Public, State of Texas

EXHIBIT A

STATE OF TEXAS

§
§
§

COUNTY OF DENTON

**POLICY RESOLUTION OF THE
BOARD OF DIRECTORS OF CHADWICK FARMS COMMUNITY
ASSOCIATION, INC. ESTABLISHING RULES
GOVERNING USE OF POOL AND PLAYGROUND EQUIPMENT
DURING COVID-19 PANDEMIC**

WHEREAS, the Board of Directors of the Chadwick Farms Community Association, Inc. (the "Board") is the entity responsible for the operation of the Chadwick Farms Community Association, Inc. (the "Association") in accordance with and pursuant to that certain Community Charter for Chadwick, recorded in the Official Public Records of Denton County, Texas, including any amendments or supplements thereto (collectively, the "Charter") and the Bylaws of Chadwick Farms Community Association, Inc. (the "Bylaws"); and; and

WHEREAS, pursuant to the Charter and Bylaws the Board is authorized to adopt rules pertaining to the use of the Common Area including the pool; and

WHEREAS, the Board has determined the need to promulgate rules applicable to the use of the pool and the playground equipment in light of municipal and other governmental regulations established during the COVID-19 pandemic and to promote the safety of residents; and

WHEREAS, a meeting of the Board was held on the 21st day of May, 2020 (the "Meeting"); and

WHEREAS, a quorum of the Directors was present at the meeting; and

WHEREAS, a motion was made, and duly seconded, to adopt the Rules Governing Use of Common Area Pool and Playground Equipment, and COVID-19 Precautionary Measures, attached hereto as Exhibit "1", in accordance with the authority provided the Board under the Charter and the Bylaws.

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS that the Board has resolved to adopt, and does hereby adopt, the Rules Governing Use of Common Area Pool and Playground Equipment, and COVID-19 Precautionary Measures attached hereto as Exhibit "1".

IT IS FURTHER RESOLVED, that such Rules shall be filed of record with the Office of the Denton County Clerk and shall become effective upon notification to the Owners of property subject to the Declaration of the adoption thereof by: (i) posting same on the Association's website, and (ii) forwarding a copy of the Rules to those Owners who have registered an electronic mail address with the Association.

**CHADWICK FARMS
COMMUNITY ASSOCIATION, INC.**

By: 
President Director

Date: May 22, 2020

Exhibit "1"

**RULES GOVERNING USE OF THE POOL AND PLAYGROUND EQUIPMENT
& COVID-19 PRECAUTIONARY MEASURES**

In order to respond to governmental mandates and to further the health and welfare of residents given concerns due to COVID-19 spread and infection, the following Rules are implemented and shall apply to all users of the Pool and the Playground Equipment which are part of the Common Areas until modified by the Board of Directors:

- Residents will not be allowed access to the pool or the playground equipment until a release in favor of the Chadwick Farms is signed by individuals over the age of 18 and the parents or guardians of minor children. No guests are allowed at this time.
- Maximum occupancy requirements will be observed as established by the Governor. Residents may be requested to make reservations for use of the pool and such use may be limited in time.
- Each resident is responsible for cleaning surfaces of tables, chairs, playground equipment or other surfaces which will be used. Each user of the pool or the playground equipment is responsible for sanitizing and disinfecting the area before and after use. Chadwick Farms does not guarantee that any surface is free from the COVID-19 virus or that any resident will not be exposed to such virus. Chadwick Farms will schedule cleaning of facilities on a periodic basis as time and resources permit. **USE OF THE POOL AND THE PLAYGROUND EQUIPMENT IS AT YOUR OWN RISK.**
- All persons using the pool or the playground equipment are solely responsible for and must take all precautions recommended by the CDC and local health agencies to avoid infection and prevent others from being infected including, but not limited to, washing hands frequently, limiting family gatherings to five (5) family members, and wearing masks whenever possible.
- Any resident over the age of 65 or who has a compromised immune system shall be solely responsible for obtaining clearance from their physician before entering the pool area or the playground area.
- Stay home and do not enter the pool facility or the playground area if -
 - you have a cough, fever or shortness of breath
 - you or anyone in your household has been sick in the past 2 weeks or exposed to someone who has been sick in the past 2 weeks

- you are at high risk for COVID-19.

- **For your safety, social- distancing practices shall be observed. Your failure to do so is AT YOUR OWN RISK. Maintain physical distance of at least 6 feet between you and others who are not a part of your household.**

****Owner Acknowledgement Signature:** _____

Chadwick Farms - COVID-19: Pool and Playground

RELEASE, WAIVER OF LIABILITY, INDEMNITY AND ASSUMPTION OF RISK

Due to COVID-19 Concerns and Various Directives from Municipal and State Authorities, Use of the Pool and Related Facilities Will Only be Allowed After You Sign this Release. Please send your signed

I understand COVID-19 is an easily transmittable and contagious virus and there are no known measures to insulate myself from infection. I also understand that any insurance maintained by the owner and operator of the pool area or the playground equipment will likely not provide coverage for bodily injury, including permanent disability, paralysis and death, resulting from infection by the COVID-19 virus. By entering and using the pool area or the playground equipment I am knowingly and voluntarily subjecting myself to possible exposure to the COVID-19 virus and the consequences thereof. I will undertake all reasonable measures to protect myself and others who use the pool area or the playground equipment from exposure or infection. I fully understand that the use of the pool area or the playground equipment may involve risks of serious bodily injury, including permanent disability, paralysis and death, caused by contraction of the COVID-19 virus due to: (i) my own actions, or inactions, (ii) the actions or inactions of third-parties using the pool area or the playground equipment; or (iii) actions or inactions of Chadwick Farms Community Association, Inc. (collectively, the "Risks"). I fully understand, accept and assume all such Risks and all responsibility for losses, costs, and damages I incur as a result of such Risks.

In consideration of being allowed to use the pool area or the playground equipment, I hereby release, forever discharge, and covenant not to sue the Chadwick Farms Community Association, Inc., its respective directors, officers, agents, employees and contractors (collectively, the "Releasees") from all liability, claims, demands, losses, or damages suffered by me on my account of, or alleged to be caused, in whole or in part, by the negligence or gross negligence of the Releasees or otherwise, resulting in my exposure to or infection by the COVID-19 virus. I further warrant, covenant and agree that the release, waiver and assumption of the risk contained herein shall be binding on anyone who makes a claim against any of the Releasees on my behalf or resulting from injuries which I may incur or suffer. I further agree to **INDEMNIFY AND HOLD THE RELEASEES HARMLESS** from any claim asserted by or on behalf of my family members or any of my guests based on facts or circumstances encompassed by the Risks.

In further consideration of being allowed to use the pool and related facilities, I hereby affirm that (i) I do not have a cough, fever, shortness of breath, and (ii) neither I nor anyone in my household has been sick in the past 2 weeks or exposed to someone who has been sick in the past 2 weeks.

I agree to practice preventative actions issued by the CDC to prevent the spread of COVID-19 including, but not limited to, maintaining physical distance of at least 6 feet between persons.

I have read this **RELEASE, WAIVER OF LIABILITY, INDEMNITY AND ASSUMPTION OF RISK**, understand that I have given up substantial rights by signing it and have signed it freely and without any inducement or assurance of any nature and intend it be a complete and unconditional release of all liability to the greatest extent allowed by law and agree that if any portion of this agreement is held to be invalid the balance, notwithstanding, shall continue in full force and effect. Any violation of the Association's Rules is subject to immediate removal and suspension of privileges.

First Name: _____ Last Name: _____ Age: _____

Address: _____

Email: _____ Phone # (____) _____

****Please fill out the 2nd page for all people that will be using the pool and/or playground in your household. ****

Owner Name: _____

Owner Signature: _____

Owner Name: _____

Owner Signature: _____

Other members: Immediate family living in the home

Name: _____

Age: _____

Signature: _____

EXHIBIT B

Those tracts and parcels of real property located in Denton County, Texas and more particularly described as follows:

- All property subject to the **Community Charter for Chadwick Farms, recorded as Document No. 2005-154227 in the Official Public Records of Denton County, Texas;**
- All property described in the **Supplement to Community Charter for Chadwick Farms (Phase 2, Section 3), recorded as Document No. 2006-125821 in the Official Public Records of Denton County, Texas;**
- All property described in the **Supplement to Community Charter for Chadwick Farms (Phase 2, Section 4), recorded as Document No. 2006-127581 in the Official Public Records of Denton County, Texas;**
- All property described in that certain **Plat of Chadwick Farms, recorded in Cabinet W, Pages 452 - 456 of the Map or Plat Records of Denton County, Texas;**
- All property described in that certain **Plat of Chadwick Farms, recorded in Cabinet X, Pages 330 - 331 of the Map or Plat Records of Denton County, Texas;**
- All property described in that certain **Plat of Chadwick Farms, recorded in Cabinet X, Pages 362 - 365 of the Map or Plat Records of Denton County, Texas;**
- All property described in that certain **Plat of Chadwick Farms, recorded as Document No. 2010--169 in the Map or Plat Records of Denton County, Texas;**

- All property described in that certain **Plat of Chadwick Farms, recorded as Document No. 2014-369 in the Map or Plat Records of Denton County, Texas;** and
- All property described in that certain **Plat of Chadwick Farms, recorded as Document No. 2018--50 in the Map or Plat Records of Denton County, Texas.**

**OTHER
PERTINENT
INFORMATION**

SPECIAL WARRANTY DEED

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

KIMBALL HILL CHADWICK FARMS LIMITED PARTNERSHIP, a Texas limited partnership ("Grantor") for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration to it in hand paid by CHADWICK FARMS COMMUNITY ASSOCIATION, INC., a Texas non-profit corporation ("Grantee"), the sufficiency and receipt of which are hereby acknowledged, has GRANTED, SOLD AND CONVEYED, and by these presents does GRANT, SELL AND CONVEY unto Grantee all those certain tracts or parcels of land, together with all improvements thereon, lying and being situated in the State of Texas and County of Denton (the "Property"), more particularly described on the attached **Exhibit "A"**.

This conveyance is made and accepted expressly subject to all applicable zoning laws, regulations, and ordinances of municipal and/or governmental authorities and is further made subject to all restrictions, covenants, conditions, agreements, assessments, maintenance charges, leases, easements, and previously conveyed or reserved mineral and royalty interests, if any, relating to the hereinabove described property, but only to the extent they are still in effect and shown of record in the hereinabove mentioned County and State.

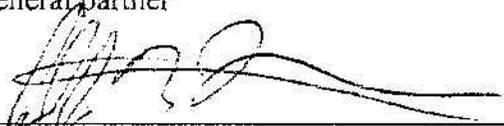
TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging unto Grantee, its successors and assigns, forever, and Grantor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND all and singular the Property unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof, by through or under Grantor, but not otherwise.

THE CONVEYANCE OF THE PROPERTY IS MADE ON AN "AS IS", "WHERE IS" AND "WITH ALL FAULTS" BASIS, AND GRANTEE ACKNOWLEDGES BY ACCEPTANCE HEREOF THAT, GRANTOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF CONDITION, TITLE (OTHER THAN THE SPECIAL WARRANTY OF TITLE CONTAINED IN THIS DEED), HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE PROPERTY OR ANY PORTION THEREOF.

Executed to be effective as of the 19th day of December, 2006.

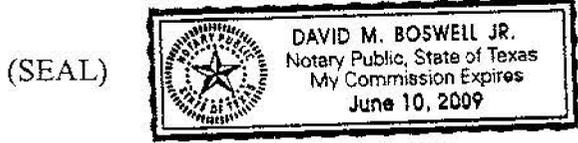
KIMBALL HILL CHADWICK FARMS
LIMITED PARTNERSHIP,
a Texas limited partnership

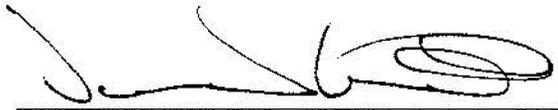
By: Kimball Hill Homes Dallas, L.P.,
Its general partner

By: 
Jeffery B. Kullman, President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 19th day of December, 2006, by Jeffery B. Kullman, President of Kimball Hill Homes Dallas, L.P., a Texas limited partnership, in its capacity as General Partner of Kimball Hill Chadwick Farms Limited Partnership, a Texas limited partnership, on behalf of said limited partnership.





Notary Public, State of Texas

GRANTEE'S ADDRESS:

Chadwick Farms Community Association, Inc.
% SBB Management Company, Inc.
1858 Keller Parkway, Suite C
Keller, Texas 76248
Attn: Tiffany Trevorrow, Account Manger

AFTER RECORDING RETURN TO:

Kimball Hill Chadwick Farms, LP
% Kimball Hill Homes Dallas, LP
3010 LBJ Freeway, Suite 1100
Dallas, Texas 75234
Attn: Mike Boswell, Project Manger

Exhibit "A"

Tract 1:

BEING 2,450 square feet of land, more or less, designated as private open space Lot 1X, in Block 15 of the Chadwick Farms Addition, Section 2, Denton County, according to the plat thereof recorded in Cabinet W, Pages 452 and 453, Plat Records of Denton County, Texas.

Tract 2:

BEING 2,657 square feet of land, more or less, designated as private open space Lot 8X, in Block 16 of the Chadwick Farms Addition, Section 2, Denton County, according to the plat thereof recorded in Cabinet W, Pages 452 and 453, Plat Records of Denton County, Texas.

Tract 3:

BEING 2,397 square feet of land, more or less, designated as private open space and drainage easement Lot 9X, in Block 16 of the Chadwick Farms Addition, Section 2, Denton County, according to the plat thereof recorded in Cabinet W, Pages 452 and 453, Plat Records of Denton County, Texas.

Tract 4:

BEING 84,186 square feet of land, more or less, designated as amenity center Lot 25X, in Block 17 of the Chadwick Farms Addition, Section 2, Denton County, according to the plat thereof recorded in Cabinet W, Pages 452 and 453, Plat Records of Denton County, Texas.

Tract 5:

BEING 1,050 square feet of land, more or less, designated as private open space Lot 1X, in Block 1 of the Chadwick Farms Addition, Section 1, Denton County, according to the plat thereof recorded in Cabinet W, Pages 454-456, Plat Records of Denton County, Texas.

Tract 6:

BEING 9,811 square feet of land, more or less, designated as private open space Lot 145X, in Block 1 of the Chadwick Farms Addition, Section 1, Denton County, according to the plat thereof recorded in Cabinet W, Pages 454-456, Plat Records of Denton County, Texas.

Tract 7:

BEING 3,310 square feet of land, more or less, designated as private open space Lot 46X, in Block 2 of the Chadwick Farms Addition, Section 1, Denton County, according to the plat thereof recorded in Cabinet W, Pages 454-456, Plat Records of Denton County, Texas.

Tract 8:

BEING 969 square feet of land, more or less, designated as private open space Lot 1X, in Block 6 of the Chadwick Farms Addition, Section 1, Denton County, according to the plat thereof recorded in Cabinet W, Pages 454-456, Plat Records of Denton County, Texas.

Tract 9:

BEING 2,588 square feet of land, more or less, designated as private open space Lot 15X, in Block 6 of the Chadwick Farms Addition, Section 1, Denton County, according to the plat thereof recorded in Cabinet W, Pages 454-456, Plat Records of Denton County, Texas.

Tract 10:

BEING 2,854 square feet of land, more or less, designated as private open space Lot 25X, in Block 7 of the Chadwick Farms Addition, Section 1, Denton County, according to the plat thereof recorded in Cabinet W, Pages 454-456, Plat Records of Denton County, Texas.

Tract 11:

BEING 3,971 square feet of land, more or less, designated as private open space Lot 26X, in Block 7 of the Chadwick Farms Addition, Section 1, Denton County, according to the plat thereof recorded in Cabinet W, Pages 454-456, Plat Records of Denton County, Texas.

Tract 12:

BEING 6,490 square feet of land, more or less, designated as private open space Lot 1X, in Block 9 of the Chadwick Farms Addition, Section 1, Denton County, according to the plat thereof recorded in Cabinet W, Pages 454-456, Plat Records of Denton County, Texas.

Tract 13:

BEING 4,544 square feet of land, more or less, designated as private open space Lot 9X, in Block 9 of the Chadwick Farms Addition, Section 1, Denton County, according to the plat thereof recorded in Cabinet W, Pages 454-456, Plat Records of Denton County, Texas.

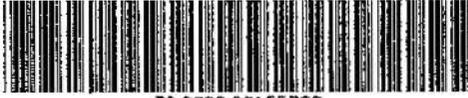
Tract 14:

BEING 1,476 square feet of land, more or less, designated as private open space Lot 27X, in Block 14 of the Chadwick Farms Addition, Section 1, Denton County, according to the plat thereof recorded in Cabinet W, Pages 454-456, Plat Records of Denton County, Texas.

Tract 15:

BEING 2,285 square feet of land, more or less, designated as private open space Lot 18X, in Block 15 of the Chadwick Farms Addition, Section 1, Denton County, according to the plat thereof recorded in Cabinet W, Pages 454-456, Plat Records of Denton County, Texas.

Denton County
Cynthia Mitchell
County Clerk
Denton, Tx 76202



70 2006 00155760

Instrument Number: 2006-155760

Recorded On: December 27, 2006

As
Warranty Deed

Parties: KIMBALL HILL CHADWICK FARMS LP

To

Billable Pages: 7

Number of Pages: 7

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Warranty Deed	40.00
Total Recording:	40.00

***** DO NOT REMOVE THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2006-155760
Receipt Number: 347290
Recorded Date/Time: December 27, 2006 08:37:41A
User / Station: A Mcelroy - Cash Station 1

Record and Return To:

CHADWICK FARMS COMMUNITY ASSOC INC
C/O SBB MANAGEMENT CO INC
1858 KELLER PKWY STE C
KELLER TX 76248



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

C Mitchell

County Clerk
Denton County, Texas

Denton County
Juli Luke
County Clerk

Instrument Number: 160208

ERecordings-RP

ASSIGNMENT

Recorded On: December 17, 2019 02:42 PM

Number of Pages: 4

" Examined and Charged as Follows: "

Total Recording: \$38.00

******* THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 160208
Receipt Number: 20191217000501
Recorded Date/Time: December 17, 2019 02:42 PM
User: Chris C
Station: Station 35

Record and Return To:

Corporation Service Company



STATE OF TEXAS
COUNTY OF DENTON

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke
County Clerk
Denton County, TX

1. In accordance with Sections 2.1 and 17.10 of the Charter, Assignor does hereby ASSIGN and TRANSFER unto Assignee all of Assignor's right, title and interest as the "Founder" under the Charter and other Governing Documents (as defined in the Charter) and does hereby designate and appoint Assignee as the "Founder" under the Charter and all other Governing documents.

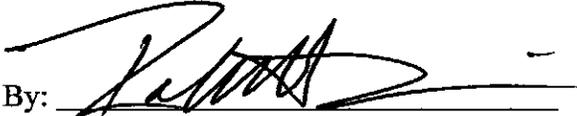
2. By its signature below, Assignee hereby accepts and assumes the terms and conditions contained herein and agrees to assume all rights and obligations as the "Founder" commencing on the date hereof. It is acknowledged and agreed that this Assignment is made without representation or warranty of any kind, expressed or implied, by Assignor.

3. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee and their respective successors and assigns. This Assignment shall be governed by and construed and enforced in accordance with the laws of the State of Texas.

Executed to be effective as of the Effective Date set forth above.

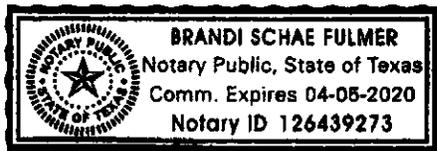
ASSIGNOR:

CASTLE ROCK HOMES, INC.,
a Texas corporation

By: 
Robert Garcia, Vice President

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on this 16th day of December, 2019, by Robert Garcia, Vice President of Castle Rock Homes, Inc., a Texas corporation, on behalf of said corporation.

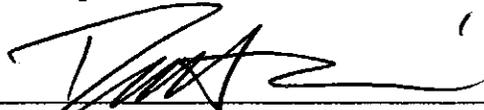



Notary Public in and for
the State of Texas

ASSIGNEE:

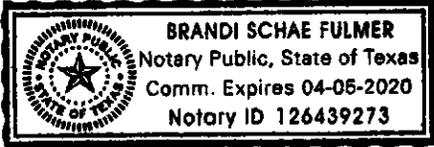
GRAND HOMES 2010, L.P.,
a Texas limited partnership

By: Grand Texas Homes GP, LLC,
a Texas limited liability company
its general partner

By: 
Robert Garcia, Vice President

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on this 16th day of December, 2019, by Robert Garcia, Vice President of Grand Texas Homes GP, LLC, the general partner of Grand Homes 2010, LP, a Texas limited partnership, on behalf of said limited partnership.




Notary Public in and for
the State of Texas