DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE PRESERVE AT HIDDEN TRAILS

| STATE OF TEXAS | § § | KNOW ALL MEN BY THESE PRESENTS |
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| COUNTY OF MADISON | § | |

This DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("Declaration") is made on the date hereinafter set forth by DKRS HIDDEN TRAILS, LLC ("Developer").

WITNESSETH:

WHEREAS, Developer is the owner of that certain tract of land located in Madison County, Texas, containing 384.7 acres, more or less, being more fully described on the attached Exhibit "A" and described on the plat attached as Exhibit "B", said Exhibits are incorporated herein for any and all purposes, ("Property");

WHEREAS, it is the desire and purpose of Developer to convey the Property subject to certain protective covenants, conditions, restrictions, easements, liens and charges as set forth below; and

WHEREAS, it is the desire of Developer to create and carry out a uniform plan for the improvement, development and sale of the Property for the benefit of the present and future owners of the Property.

NOW, THEREFORE, it is declared: (i) that all of the Property shall be held, sold, conveyed, and occupied subject to the following covenants, conditions, restrictions, easements, liens, and charges which are for the purpose of protecting the value and desirability of, and which shall run with, the Property and shall be binding on all parties having any rights, title, or interest in or to the Property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each Owner thereof; and (ii) that each contract or deed which may hereafter be executed with regard to the Property, or any portion thereof, shall conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions, restrictions, easements, liens, and charges regardless of whether or not the same are set out or referred to in said contract or deed.

ARTICLE I DEFINITIONS

- "Assessment" means any amount due to The Preserve at Hidden Trails Wildlife and Maintenance Association by an Owner or levied against an Owner by The Preserve at Hidden Trails Wildlife and Maintenance Association under this Declaration as provided for in Article IV, Section 6-8.
- 2. "<u>Association</u>" shall mean The Preserve at Hidden Trails Wildlife and Maintenance Association.
- 3. "Board" means the Board of Directors of the Association.
- 4. "<u>Bylaws</u>" means the Bylaws of The Preserve at Hidden Trails Wildlife and Maintenance Association adopted by the Board.
- 5. "Common Area" shall mean all real property (including the improvements thereto) leased, owned, or maintained by The Preserve at Hidden Trails Wildlife and Maintenance Association within the Subdivision for the common use and enjoyment of the Owners, including but not limited to private roads, signs, street medians, entry gates, landscaping, lighting, entrance signs, walls, bridges, and other similar or appurtenant improvements.
- 6. "Declaration" shall mean this instrument, and as it may be amended from time to time.

- 7. "<u>Developer</u>" shall mean DKRS HIDDEN TRAILS, L.L.C., Texas liability company, and its successors and assigns, and also refers to any third-party to which Developer specifically assigns its development rights under this Declaration. Sale of a Tract or Tracts to a third party shall not imply a transfer of development rights, unless a specific reference is made to such.
- "<u>Dedicatory Instruments</u>" means this Declaration and the certificate of formation, Bylaws, any rules of The Preserve at Hidden Trails Wildlife and Maintenance Association, covenants, all as may be amended.
- 9. "Easements" shall mean the various easements within the Property for utilities, drainage, roadways, and other purposes as created herein and/or shown on the Plat, or of record.
- 10. "Improvement(s)" shall mean or refer to all structures or other improvements to any portion of the Property, whether above or below grade, including but not limited to, residences, buildings, recreation area, utility installations, storage, loading and parking facilities, walkways, driveways, landscaping, sings, site lighting, side grading, any exterior additions, including any changes or alterations thereto.
- 11. "Member" shall mean and refer to all those Owners who are members of the Association.
- 12. "<u>Tract</u>" shall mean Tracts 1 through 71 each shown on the Plat as a lot touching any private road within the Property or a County Road.
- 13. "Owner" shall mean every record owner, whether one or more persons or entities, of fee simple title to any Tract which is party of the Property, including contract sellers, and the Developer, but excluding those claiming an interest in a Tract merely as security for the performance of an obligation.
- 14. "<u>Plat</u>" shall mean the plat of the Property recorded in Madison County, Texas, instrument # $V_0|_{\omega me} \frac{1}{1} \frac{P_{age} \frac{H}{H}}{1}$ and any replat of or amendment to the Plat made in accordance with this Declaration.
- 15. "<u>Property</u>" means the Property described above which is part of the real property described by the Plat, the Tracts therein, and any additional property made subject to this Declaration.

ARTICLE II RESERVATIONS, EXCEPTIONS, AND DEDICATIONS

- 1. Recorded Plat of the Property. The Plat of the Property dedicates for use as set out herein, subject to the limitations as set forth in the Plat and herein, the roads and easements shown therein. The Plat further established certain restrictions and terms applicable to the Property. All dedications, restrictions, and reservations created herein or shown on the Plat, replats or amendments of the Plat of the Property recorded or hereafter recorded shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of Developer, conveying said Property or any part thereof whether specifically referred to therein or not.
- 2. Easements. The Tracts are held, sold, and conveyed subject to the following described reservations and easements, which shall run with the land and be binding upon, inure to benefit of all parties owning right, title, or interest in or to the Property, or any part therefore, their respective heirs, executors, administrators, successors, and assigns:
- a. <u>Utility Easements.</u> Developer hereby reserves and grants for public use the utility easements described or established herein, otherwise shown on the Plat, or that have been or hereafter may be created by separate instrument in the deed records of Madison County, Texas, for the purpose of constructing, maintaining, and repairing a system or systems of electric lighting, electric power, internet, telephone line or lines, gas lines, sewers, water lines, storm drainage (surface or underground), cable television, or any other utility the Developer sees fit to install in, on, across, and/or under the Property or any Tract thereon ("Utility Easement(s)"). Any utility company serving the Property and/or any utility district serving the Property shall have the right to enter upon any Tract, Utility Easement, Private Roadway, or Common Area, and have ingress and egress on, over, and across the same, for the purpose of installation, repair, replacement, maintenance, and inspection of their respective facilities. Notwithstanding anything to the contrary, each Tract shall be subject to the Utility Easements, for the purposes and uses described above, as follows: (i) thirty feet (30') in width along any road frontage

measured from the front; (ii) twenty feet (20') in width along the rear boundary line of the Tract; (iii) twenty feet (20') in width along each side boundary line of the Tract. Notwithstanding the foregoing, Developer has no obligation to provide utilities and all utilities shall be provided by the utility companies in accordance with the policies of such utility companies.

- Private Roadway Easements. Developer hereby reserves a sixty feet (60') Right of Way for those certain roadways being Diamond Point Lane, Preservation Way, Hidden Trails, and Hidden Place as labeled and described on the Plat, or any extension or modification thereto by Developer ("Private Roadway(s)"). The Private Roadways are reserved by the Developer for private use of the Property and their use is granted hereby, for the purposes of ingress, egress, construction, maintenance, repair, and replacement of the roadway and related improvements, together with all and singular the rights and appurtenances thereto in anywise belonging, on, under, in, over, upon, above, and across the Property for the benefit of the Tracts. The Private Roadways shall remain private roads for the benefit of each Tract and shall never be deemed to dedicated to the public. Further, Developer hereby grants an casement upon, across, over, and under all Private Roadways and Common Areas in connection with installing, replacing, repairing, maintaining all utilities, including but not limited to, water, sewer, storm drainage (surface or underground), telephones, electricity, gas cable television, and appurtenances thereto. By virtue of this easement, it shall be expressly permissible for the utility companies and other entities supplying service to install and maintain pipes, wire, conduits, service lines, or other utility facilities or appurtenances thereto, on, above, across, and under the Private Roadways or Common Areas within the utility easements from time to time existing and from service lines within such easements to the point of service or in any structure situated upon the Property. Notwithstanding anything to the contrary, no sewer, electrical lines, water lines, or other utilities or appurtenances thereto, may be installed or relocated on the Private Roadways or Common Areas until approved by the Developer. Any utility company furnishing service to the Property shall have the right to remove (if absolutely necessary) or trim any trees or shrubbery within said easements, or to trim overhanging trees or shrubbery located on the Tracts abutting said easement, if reasonably necessary for the provision of service.
- 3. <u>Title Subject to Easements.</u> It is expressly agreed and understood that the title conveyed by the Developer to any of the Tracts by contract, deed, or other conveyance shall be subject to the above reservations, Utility Easements, Private Roadways, and the associated easements for the benefit of each Tract, and other easements hereafter granted affecting the Tracts. The Owners of the respective Tracts shall not be deemed to own pipes, wires, conduits, or other service lines running through their Tracts which are utilized for or service other Tracts, but each Owner shall have an easement in and to the aforesaid facilities as may be necessary for the use, maintenance and enjoyment of his Tract. The Developer may convey title to said easements to the public or a public utility.
- 4. Improvements within Utility Easements. Utility ground and aerial easements have been dedicated herein in accordance with the Plat and by separate easement documents. No building or septic system shall be located over, under, upon, or across any portion of the Utility Easements. The Owner of each Tract shall have the right to construct, keep and maintain drives (paved and unpaved), fences, and similar improvements on, over, and across any Utility Easement, and shall be entitled to cross such easement at all times for purposes of gaining access to and from such Tracts, provided, however, any drives, fences, or similar improvements placed upon the Utility Easements by the Owner shall be constructed, maintained, and used at the Owner's sole risk and, as such, the Owner of each Tract shall be responsible for: (i) any and all repairs to the drives, fences, and similar improvements which cross or are located upon such Utility Easements; and (ii) repairing any damage to said improvements cause by the utility companies or any public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within the Utility Easements.
- 5. Improvements within the Private Roadways or Common Areas. No Owner shall fence-off, place a gate across, or otherwise obstruct or block any Private Roadway or Common Area. Developer has and will build roads within the Private Roadways with six inches (6") of base material, twenty feet (20") wide, and pack to a 95% compaction of base material. After initial construction of the said roads, Developer shall have no obligation to maintain, reconstruct, or remediate such improvements, or expend any amount related thereto. After initial construction of said improvements, all maintenance, remediation, and/or construction of the same shall be the responsibility of the Association, at its sole cost and expense. No Owner or Owners shall

engage in any maintenance, remediation, and/or construction on the Private Roadways. But should an Owner or Owners engage in such operations in violation of the above provision, neither the Association or any other Owner shall have the obligation to reimburse or bear any cost or expenses arising therefrom.

- 6. Changes, Additions, and Reservations. Developer reserves the right to make changes in and additions to the Utility Easements, Private Roadways, or an easement granted or reserved hereunder, for the purpose of more efficiently and economically installing any Improvements. Further, Developer reserves the right, without the necessity of the joinder of the Association, any Owner, or other person or entity to grant, dedicate, reserve, or otherwise create easements for utility purposes (including but not limited to, water, sewer, gas, electricity, telephone, cable television, and drainage), or ingress and egress purposes, in favor of any person or entity, but only to the extent reasonably necessary to effect said purposes for any Tract or the Property.
- 7. Emergency and Service Vehicles. An easement is hereby granted to all police, fire protection, ambulance, and other emergency vehicles, and to garbage and trash collection vehicles, and other service vehicles to enter upon the Private Roadways and Common Areas in the performance of their duties. Further, an easement is hereby granted to the Association, its officers, agents, employees, management, and contractors, on, over, and across the Property to render any service and conduct any activity in furtherance of its purposes hereunder.

ARTICLE III GENERAL RESTRICTIONS

- 1. Residential Purposes. The Property shall be used exclusively for single family residential purposes. No activity whether for profit or not, shall be conducted on the Property or Tracts which is not related to the occupation of the Property for single family residential purposes, unless said activity meets the following criteria: (a) no exterior sign of the activity is present, (b) no additional traffic is created as a result of the activity, and (c) no toxic substances are stored on the Property. Nothing herein shall prohibit the use of home offices or rentals in compliance with the preceding subsections (a), (b) and (c). This restriction is waived in regard to the customary sales activities required to sell homes or Tracts in the Property.
- Mobile/Manufactured Homes, Temporary Structures. No temporary structure shall be used for residential purposes at any time on the Property. No mobile, and/or manufactured homes, and/or modular homes shall be placed or parked on the Property or any Tract at any time. Only site built homes are allowed.
- 3. Allowed Structures. Each property may have: one primary home; one guest home; one barn or workshop; one detached garage; one pool house; and one storage shed which may be either site-built or pre-constructed and must be behind the intended dwelling site.
- 4. Offensive Activities. No activity which is offensive, noxious, or an annoyance shall be conducted on any of the Property that will adversely affect the peace, quiet, comfort, or serenity of any Owner. This prohibition shall include, but not be limited to, noise pollution such as barking dogs, or any other noisy animal, loud music, music concerts or any other activity that can be construed as out of character in regard to the intent of these Restrictions.
- Subdivision or Partition. No Owner shall subdivide, partition, or otherwise convey a portion or portions of any individual Tract.
- 6. Animals or Livestock. No pigs or peacocks shall be permitted on the Property.
- 7. Rubbish and Debris. No rubbish or debris of any kind shall be placed or permitted to accumulate upon the Property or any Tract and no odors shall be permitted to arise therefrom so as to render the Property, or any portion thereof, unsanitary or unsightly. The burning of brush, trees, or trimmings cleared or cut from a Tract is permissible if performed in conformance with the county rules and regulations; provided, however, no Owner shall burn brush, trees, or trimmings cleared or cut outside the Property. Refuse, garbage, and trash shall be kept at all times in covered containers appropriately screened from view. Neither the Property nor any part thereof shall be used or maintained as a dumping ground for rubbish. No junk, repair or wrecking yard shall be located on the Property or any Tract. No junk cars, abandoned cars or scrap, trash, landscaping trimmings or other debris may be placed on the Property.

- 8. <u>Construction.</u> The exterior of any home or structure must be completed within twelve (12) months from the slab being poured or the foundation being constructed. Any home must be built to the applicable building, windstorm, and/or flood codes.
- 9. Repair of Improvements. All Improvements upon any of the Property shall at all times be kept in good condition and repair, adequately painted as is applicable, and otherwise maintained.
- 10. <u>Damage to Private Roadways or Common Areas.</u> Should an Owner inflict damage, above normal wear and tear, to the Private Roadways, Common Areas, or Improvements therein, upon demand and reasonable proof provided by the Association, such Owner shall pay all reasonable costs of repairs and/or remediation arising from such damage.
- 11. <u>Aerobic Septic Systems.</u> Any septic system installed must be an aerobic system. Installation of aerobic septic tanks shall be in accordance with the minimum recommendations by Madison County and its regulations for on-site sewage facilities and pursuant to all required inspections. The drainage of any sewage into any road, ditch, surface easement, or water body, either directly or indirectly, is prohibited. No means of sewage disposal may be installed, used, or maintained, except that which meets the requirements hereinabove and is approved by all applicable governmental authorities. The Developer is not responsible for, and will not review or approve, the design or location of any septic system.
- 12. Mining and Drilling. No portion of the Property shall be used for the purpose of mining, drilling, boring, exploring, removing, or transporting hydrocarbons or minerals, or substances or materials associated with such operations, including any and all surface minerals.
- 13. <u>Setback Requirements.</u> The building setbacks for each Tract are: (i) thirty feet (30') in width along all road frontage of the Tract; (ii) twenty feet (20') in width along the rear boundary line of the Tract; (iii) twenty feet (20') in width along each side boundary line of the Tract.
- 14. <u>Mailboxes.</u> All mailboxes on the Tracts shall be situated at such location(s) as determined by the Developer or Association.
- 15. <u>Tract Fencing.</u> All fences whether within or at the boundary of any Tract shall be constructed and maintained of a material and to the specifications conforming to that are generally found in Madison County. No chain link shall be allowed. No game fencing shall be allowed unless the owner has and is fencing a minimum of 30 contiguous acres. The Property, or a portion thereof, may from time to time be under a grazing lease, it will be the responsibility of any Owner, at his sole cost and expense, to fence-out from his Tract any livestock present on the Property thereunder.
- 16. Property Boundary Fencing. Each Owner owning a Tract on the boundary of the Property shall, at his sole cost and expense, maintain and repair the existing boundary fence, located on the perimeter of the Property, on his Tract, in a good and workmanlike manner, sufficient to turn livestock ("Property Perimeter Fence"). The Developer and the Association shall have no duty or obligation to repair, maintain, or reconstruct the Property Perimeter Fence.
- 17. <u>Grazing Lease.</u> Owners, whether one or more, may lease a Tract or Tracts for grazing purposes. Provided, however, the Developer and the Association shall have no duty to administer or to ensure that grazing lease(s) covering a Tract, Tracts, or the Property remain in effect and shall have no obligation or liability, implied or otherwise, for any damages or claims arising therefrom.
- 18. Recreational Vehicles, Travel Trailers, Camping. Travel trailers, RV's, and camping are allowed. Travel Trailers and RV's may be temporarily stored on the Property a maximum of fourteen (14) days per month and may be resided in during such period, but shall not be used as a permanent residence, except during home construction. This provision terminates when more than half of the properties have homes constructed. After construction, such travel trailers, and RV's may be stored behind the home or enclosed.
- 19. <u>Signs.</u> No signs for advertising, or billboards, may be placed on the Property except for one professionally made "for sale" sign. The Developer shall have the right to erect, maintain, repairs signs which advertise, promote and market the Property and/or Tracts therein. The Developer or Association shall have the right to install traffic signs, approved by the Board, on the Property.

ARTICLE IV THE PRESERVE AT HIDDEN TRAILS WILDLIFE AND MAINTENANCE ASSOCIATION

- 1. <u>Developer.</u> Developer shall take all steps necessary to create the Association, to which the Developer may assign or delegate on a permanent or temporary basis one or more of the rights, powers, obligations, and duties of the Developer under this Declaration. Upon purchasing a Tract, the Owner becomes a member of the Association. Owners are bound by the provisions of this Declaration and any Dedicatory Instruments.
- 2. <u>Duties of The Preserve at Hidden Trails Wildlife and Maintenance Association.</u> Subject to and in accordance with the covenants, conditions, restrictions, easements, and liens of this Declaration, the Association, acting through the Board shall have and perform each of the following duties:

a. Association Property:

- i. Ownership and Control. To accept, own, and maintain all Private Roadways and Common Areas, together with all improvements of whatever kind and for whatever purpose that may be located therein, including without limitation, all pathways, roads, and drives.
- ii. Repair and Maintenance. To maintain in good repair and condition the Private Roadways and Common Areas, together with Improvements, security devices, and other property owned by or leased to the Association, including without limitation, all pathways, roads, and drive located within the Property.
- iii. <u>Taxes.</u> To pay all real and personal property taxes and other taxes and assessments levied upon or with respect to the Private Roadways or Common Areas to the extent that such taxes and assessments are not levied directly upon the Members. The Association shall have rights granted by law to contest the legality and amount of such taxes and assessments.
- b. <u>Insurance.</u> To obtain and maintain in effect policies of insurance that, in the opinion of the Board, are reasonably necessary or appropriate to carry out the Association's functions.
- c. Wildlife Coop Management. The Preserve at Hidden Trails is in a Wildlife Coop for property taxes. It is the responsibility of the Association to prepare and deliver a Master Wildlife Management Plan to Madison County Appraisal District yearly or as directed by the Appraisal District. The Board will collect all necessary documents from owners required by the Appraisal District and file them in a timely manner within the first quarter of each year and aide property owners in maintaining, developing, and managing an agricultural valuation upon their property based upon the Master Wildlife Management Plan as provided for by the Texas Constitution and Texas law. Wildlife is a sub section of the 1-D-1 agricultural status for taxation of properties. The current Master Wildlife Management Plan uses 3 of the possible 7 ways of maintaining the Wildlife status: Supplemental Food, Census, and Predator Control. The Board may alter this Master Wildlife Management Plan with the approval of the Appraisal District. It is recommended that each property owner participate in the above Wildlife Master Management Plan. Owners are encouraged to: (1) have supplemental food such as deer feeders, bird feeders and supply the Board with receipts for corn/seed; (2) have game cameras to track game, or simply write down the wildlife you see when on your property and send to the Board; (3) participate in predator control, such as killing a hog and sending a picture to the Board.
- d. Rules and Bylaws. To make, establish, and promulgate and in its discretion, to amend and repeal and re-enact the Bylaws and such rules not in conflict with this Declaration, as it deems proper, covering any and all aspects of its functions. In the event of conflict between the terms and provisions of the articles of incorporation, Bylaws, or any rules with this Declaration, the terms and provisions of this Declaration are intended to be, and shall be controlling.
- e. <u>Records.</u> To keep books and records of the Association's affairs and accounts, and to make such books and records, together with current copies of this Declaration, and any amendments thereto, available for inspection by the Members, mortgagees, insurers, or guarantors of any mortgagee upon request during normal business hours.
- f. Other. To carry out and enforce all duties of the Association set forth in this Declaration.

- 3. <u>Voting Rights.</u> The number of votes which may be cast for election of members of the Board and on all other matters requiring a vote of the Members shall be calculated as follows:
 - a. The Association shall have two classes of voting membership:
 - i. <u>Class A Member.</u> Class A Members shall be all Owners of the Tracts, with the exception of the Developer, and shall be entitled to one vote for each Tract owned. When more than one person owns an interest in any Tract, all such persons shall be Members. However, the vote for such Tract shall be exercised as they collectively determine, but in no event shall more than one vote be east with respect to any one Tract.
 - ii. Class B Member. Class B Members shall be those individuals or entities who are herein defined as Developer, and shall be entitled to ten (10) votes for each Tract owned. Once a Tract is owned by an individual or entity who would be classified as a Class A Member, the ten (10) votes attached to that Tract shall be extinguished and the voting rights of said Tract shall be subject to Section 3.a.i above.
 - b. The right of any Owner (other than Developer) to vote may be suspended by the Association, acting through the Board, for any period during which any Assessment against such Owner's Tract remains past due or for any period during which such Owner or such Owner's Tract is in violation of any restriction in Article III.
- 4. <u>Board of Directors.</u> Members of the Board of Directors shall be selected and appointed each year at the annual meeting of The Preserve at Hidden Trails Wildlife and Maintenance Association by the Owners of the Tracts. The Board shall consist of three (3) members, who must be Owners, and shall serve for such term as is provided in the Bylaws. Selection of the Board members shall be at the annual meeting of the Association by written ballot cast inperson, or by mail ballot, email ballot, or proxy pursuant to the Texas Property Code. The annual meeting of the Association shall be held in Madison County, Texas at such place the Board designates. Notwithstanding anything to the contrary, the Developer, at its sole discretion, has the right and authority to appoint the initial members of the Board.
- 5. <u>Indemnity for the Board.</u> The Association shall at all times indemnify and hold the Board and its members harmless from any and all liability associated with any and all claims or damages of every kind arising out of the actions or omission of the Board and/or its members. The members shall be shown as additional insureds on the Association's liability insurance policy.
- 6. Owner's Personal Obligation for Payment of Assessments. The Assessment and Special Assessments, provided for herein, shall be the personal and individual debt of the Owner of the Tract covered by such Assessments. No Owner may exempt himself from liability for such Assessments. Any Assessment or Special Assessment provided for in this Declaration which is not paid when due shall be delinquent on said due date ("Delinquency Date"). If any such assessment is not paid within thirty (30) days after the Delinquency Date, a late charge of Twenty Dollars and No/100 (\$20.00) shall be levied and such assessment shall bear interest from the Delinquency Date. In the event of delinquency in the payment of any such assessment, the Owner of the Tract shall be obligated to pay interest at the highest rate allowed by applicable usury laws then in effect on the amount of said assessment from the due date thereof (or if there is no such interest rate provided by such laws, then 1.5 percent per month) together with all costs and expenses of collection, including reasonable attorneys' fees.
- 7. Determination of Annual Assessments. Each Owner shall pay the Association an annual fee to apply to utility services, insurance, taxes, the maintenance and repair of the Private Roadways, Main Gate, and Common Areas, and other charges for services provided by the Association. The Board shall determine the amount assessed to each Tract based on a per Tract share of the total cost of the aforementioned items. This assessment shall be the personal obligation of the Tract Owner when the assessment falls due, and shall be a continuing lien on the Tract assessed. The initial maximum assessment shall be \$500.00 per-year, per-Tract beginning, and due and payable, on January 21, 2022. Notwithstanding anything herein to the contrary, should an Owner own more than one (1) Tract, said Owner's assessment shall be \$500.00 per-year, regardless of the number of Tracts owned.
- a. Annual Assessment Increase up to 15%. After January 1 of the calendar year immediately following the conveyance of the first Tract in the Property to an Owner other than Developer, and annually thereafter, the maximum annual assessment may be increased each year by the

Board by not more than 15% above the maximum assessment for the previous year, acting without a vote of the Members.

- b. Annual Assessment Increase in excess of 15%. After January 1 of the calendar year immediately following the conveyance of the first Tract in the Property to an Owner other than Developer, and annually thereafter, the maximum annual assessment may be increased above 15% above the maximum assessment for the previous year by a vote of two-thirds (2/3) of the voting membership authorized to vote, in-person or by proxy at a meeting duly called for this purpose.
- 8. Special Assessments. In addition to the Annual Assessments, the Association may levy a special assessment as hereinafter authorized. Special Assessments may only be levied to defray, in whole or in part, the cost of any construction, reconstruction, or replacement of structures, fixtures, appurtenances, and/or personal property generally beneficial to the Owners. Special Assessments must have the assent of sixty-seven percent (67%) of the votes of voting membership authorized to vote, in person or by proxy, at a meeting duly called for this purpose.
- 9. <u>Uniform Rate of Assessment.</u> Both Annual Assessments and Special Assessments must be fixed at a uniform rate for all Tracts and may, at the discretion of the Board, be collected on a monthly, quarterly, or semi-annual basis. Notwithstanding, the limitation on the Annual Assessments owed by Owners possessing more than one (1) Tract in Section 7 above.
- 10. <u>Date of Commencement of Annual Assessments</u>. The right to levy Annual Assessment and Special Assessments provided for herein shall commence January 1, 2022. The Board shall fix the amount of the Annual Assessment at least thirty (30) days in advance of the due date. Written notice of the amount and due date of the Annual Assessment shall be sent to every Owner subject thereto. The due dates of the Annual Assessment and Special Assessments shall be established by the Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by a duly authorized officer of the Association setting forth whether Assessments hereunder have been paid on a specified Tract. A properly executed certificate of the Association as to the status of assessment payments is binding upon the Association as of the date of its issuance.
- 11. <u>Assessment Lien and Foreclosure.</u> Assessments (together with the late charge and interest, and reasonable attorney's fees, costs, and expenses, if it becomes necessary for the Association to enforce collection of any amount in respect of any Tract) shall be a charge on each Tract and shall be secured by a continuing line upon each Tract.
- a. Notice of Lien. Additional notice of the lien created by this Article IV. Section 11 may be effected by recording in the deed records of Madison County, Texas, an affidavit, duly executed, sworn to and acknowledged by an officer of the Association, setting forth the amount owed, the name of the Owner or Owners of the affected Tract (according to the books and records of the Association), and the legal description of such Tract.
- b. Creation of Lien. Each Owner, by his acceptance of a deed to a Tract, hereby expressly grants to the Association a lien for the purpose of securing payment of the Annual Assessments or Special Assessments upon such Tract. The Association, acting by and through the Board, may but shall not be obligated to, prepare and record in the deed records of Hamilton County, Texas a notice of such lien which will constitute further evidence of the lien for said assessments against a Tract. In addition to and in connection therewith, by acceptance of the deed to a Tract, each Owner expressly GRANTS, BARGAINS, SELLS, and CONVEYS to the President, Vice President, or agent of the Association, as Trustee (and to any substitute or successor trustee as hereinafter provided) such Owner's Tract, and all rights appurtenant thereto, in trust, for the purpose of securing the assessments levied hereunder, and other sums due hereunder remaining unpaid from time to time. The trustee herein designated may be changed for any reason and at any time by execution of an instrument in writing, signed by the President or Vice-President of the Association and attested to by the Secretary of the Association and filed in the deed records of Madison County, Texas.
- c. Enforcement of Lien. The Association shall retain the right to enforce the aforesaid lien by all methods available for the enforcement of such liens, both judicially and by non-judicial foreclosure pursuant to the Texas Property Code Section 51.002, as may be amended or revised from time to time hereafter. In the event of the election by the Board to foreclose the lien herein provided for the non-payment of sums secured by such lien, then it shall be the

duty of the Trustee, or his successor, at the request of the Board (which request shall be presumed) to enforce this trust and to sell such Tract, and all rights appurtenant thereto, in accordance with the Texas Property Code Section 51.002 and to make due conveyance to purchaser or purchasers by deed binding upon the Owner or Owners of such Tract, and his heirs, executors, administrators, successors, and assigns. The Trustee shall give notice of such proposed sale as required by Texas Property Code Section 51.002.

- d. Additional Matters Pertaining to Foreclosure. At any foreclosure, judicial or non-judicial, the Association shall be entitled to bid up the amount of the sum secured by its lien, together with costs and attorney's fees, and to apply as cash credit against its bid all sums due to the Association covered by the lien foreclosed. From and after any such foreclosure, the occupants of such Tract shall be required to pay reasonable rent for the use of such Tract and such occupancy shall constitute a tenancy-at-sufferance, and the purchaser at such foreclosure sale shall be entitled to the appointment of a receiver to collect such rents, and further, shall be entitled to sue for recovery of possession of such Tract by forcible detainer without further notice.
- 12. No Offsets. The Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason, including, without limitation: (i) any claim that the Association or the Board is not properly exercising its duties and powers under this Declaration; (ii) any claim by an Owner of non-use of the Private Roadways or Common Areas, or abandonment of his Tract; (iii) any claim by an Owner of inconvenience or discomfort arising from making of repairs or improvements to the Private Roadways or Common Area; or (iv) any claim by an Owner of inconvenience or discomfort arising from any action taken to comply with any law, determination of the Board, or for any other reason.
- 13. Subordination of the Assessment Lien to Mortgages, Etc. The lien of Assessments provided for herein shall be superior to all other liens and charges against a Tract except, however, an Assessment lien shall be subordinate to any first lien mortgages relating to the Tracts, liens relating to construction upon the Tracts, and any tax liens. Sale or transfer of any Tract shall not affect the lien of Assessments; however, the sale or transfer of any Tract pursuant to foreclosure of a first lien mortgage or any proceeding in lieu thereof or the foreclosure of a tax lien, shall extinguish the lien of the Assessments only as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Tract from liability for the Assessments thereafter becoming due or from the lien thereof. A selling Owner of a Tract shall not be relieved of personal liability for any Assessments accruing on such Tract prior to the date of sale or transfer. The Association shall have the power to subordinate the aforesaid Assessment lien to any other lien. Such power shall be entirely discretionary with the Board and such subordination may be signed by an officer of the Association. Upon written request of any Mortgage, the Association shall report to said Mortgagee any unpaid Assessment remaining unpaid for longer than thirty (30) days after the same are due.
- 14. Control of Private Roadways and Common Areas. As provided for herein, the Private Roadways and Common Areas shall consist of those lands as described by the Plat and herein, as may be amended from time to time by the Developer. Developer, its subcontractors, agents, and employees shall have the right to use and access said areas for its purposes. The status of construction or maintenance of Improvements within the Private Roadways and Common Areas by Developer shall in no way postpone the commencement of Assessments or entitle a Member to claim any offset or reduction in the amount of such Assessment. If there is any excess of Assessments collected over actual expenses incurred by the Association, such excess shall be place in reserve for future expenses of the Association as designated by the Board.
- 15. <u>Turnover.</u> At any time after commencement of operations of the Association, at Developer's sole discretion, the Owner's may be required to take over the management of the Association and relieve Developer of all duties associated therewith ("Turnover"). Upon Turnover by the Developer, the Owners will be required to choose their own Board to manage the Association in accordance with this Declaration and to establish any and all Bylaws, procedures, and other management devices by which the Association shall operate.

Notwithstanding anything to the contrary, until such Turnover has taken place, the management of the Association shall be by the Developer and it's staff, and any expenses incurred in such management shall be reimbursed to Developer by the Association. Said reimbursable expenses shall include the cost of Developer's staff for the time spent in the management thereof of this Association. From and after the time of Turnover, the Association shall indemnify and hold Developer, its successor, assigns, officers and agents,

harmless from and against any and all claim or damages of every kind, arising out of the development and operations of the Property or Association.

- 16. Exempt Property. All Private Roadways and Common Areas shall be exempt from Assessments. All Tracts owned by the Developer shall be exempt from Assessments.
- 17. Option to Cure. Developer or the Association has the option, but not the obligation, to perform any action required of any Owner by this Declaration. In the event Developer or the Association elects to do so, all sums incurred by Developer or the Association in performing the required action shall be charge against the Owner and if not paid within thirty (30) says after it is due said sums shall bear interest at the highest legal rate permitted by law to be charged to the Owner and shall be secured by a lien on all Tract(s) owned by said Owner. Developer or the Association may bring an action at law against such Owner of the Tract for payment thereof and/or bring an action to foreclose the lien which secures the same.

ARTICLE V PROPERTY RIGHTS

- 1. <u>Easements of Enjoyment.</u> Every Tract shall have a perpetual right and easement of enjoyment in and to Private Roadways and Common Areas, which shall be appurtenant to and shall pass with title to every Tract, subject to the following provisions:
- a. The right of the Association to charge fees for the repair and maintenance, collect all dues, fines, and/or other fees of any sort a set out in this Declaration and to enforce collection of any such amounts in accordance with the same;
- b. The right of the Association to suspend the voting rights of a Member during any period in which an infraction of the rules and regulations herein has taken place, and to uphold such suspension for up to sixty (60) days after said cure;
- c. The right of the Association to suspend the voting rights of a Member for any period of time during which any Assessment against his Tract remains unpaid;
- d. The right of the Association to enforce any and all rules, regulations, or terms of this Declaration and to make and adopt further rules and regulations regarding the use of the Private Roadways and Common Areas;
- e. The right of the Association to enforce any and all rules, regulations, and/or restrictions which are a part of this Declaration; and
- f. The right of the Association of Developer to abandon, modify, alter, relocate easements for ingress, egress, or regress, to, from, and within the Property and individual Tracts within the Property.
- 2. <u>Title to and Obligations Regarding the Private Roadways or Common Area.</u> Notwithstanding anything herein to the contrary, Developer may retain the legal right and title to any Private Roadways or Common Area until such time as it has completed its use, completed its improvements, completed applicable inspections (if any), or until such time as, in the opinion of the Developer and its sole discretion, the Association is able to maintain the same.
- a. In this regard, unless otherwise provided herein, the Developer hereby covenants for itself, its successor and assigns, that title to the Private Roadways or Common Areas will then be conveyed to the Association at no cost (unless otherwise stated herein), at which time the Association shall then automatically assume responsibility for all obligations of Developer. In addition, at the time of this conveyance, all construction warranties, if any, shall also be automatically transferred to the Association relating to the Improvements within the Private Roadways or Common Areas. The Association shall indemnify and hold Developer harmless from any expenses and/or damages of any kind associated with any and all repair or damage to roads, utilities, and any other Private Roadway or Common Area Improvements, with the Association (and each Owner) agreeing to contract and deal directly with the applicable third party, whether contractor, engineer, utility company, and/or governmental entity, to remedy such repairs and damages.
- b. In connection with any conveyance of the Private Roadways and Common Areas to the Association, the Association shall take responsibility for any other security elements

restricting access to the Property ("Security Elements"). Notwithstanding such conveyance, Developer shall retain full and complete control of the operations of any such Security Elements regulating access to the Property; it being understood that Developer shall have the right to maintain the control of the same until the earlier of the following: (i) the Property is completely built out, with all Tracts having been conveyed by Developer and developed by completion of construction of a residence thereon; or (2) Developer specifically conveys control of the Security Elements over to the Association in writing.

- c. Until title to the Private Roadways or Common Areas have been conveyed to the Association by the Developer, Developer shall be entitled to exercise all rights and privileges relating to such areas granted to the Association hereunder. Notwithstanding anything to the contrary, Developer shall retain an unobstructed easement for ingress and egress in and to the Property and on, over, and across the Private Roadways to access any lands therein it owns or controls.
- 3. Indemnification. The Association shall at all times from and after any turnover of the Private Roadways and Common Areas and/or management, in whole or in part, indemnify and hold Developer, it's officers, partners, agents, successors, and assigns, harmless from any and all liability associated with any and all claims or damages of every kind arising out of the operations of the Property or the Association. Additionally, Developer, it's officer, partners, agents, successors, and assigns, shall not be held liable in any way for its role in enforcing or failing to enforce any of the terms and conditions of this Declaration, or in protecting its rights or carrying out any of its duties or obligations. This indemnification shall include the Association's payment of any and all expenses including the payment of any and all legal expenses, court costs, all costs associated with the protection of the Developer, it officers, partners, agents, successors, and assigns, in any legal proceedings or any of other action of any kind. Developer, its officers and partners, shall be shown as an additional insured on the Association's liability insurance policy, which shall be in a form and amount acceptable to Developer and maintained at the Association's expense.
- 4. Assignment by Developer. Developer shall have full right and authority to sell, assign, or transfer, all or part, of its rights, duties, and obligations under this Declaration in conjunction with a sale of all of its unsold Tracts or acreage within the Property, and upon any such action, Developer shall have no further obligation or liability, implied or otherwise, hereunder.

ARTICLE VI GENERAL PROVISIONS

- No Warranty of Enforceability. Developer makes no warranty or representation as to the
 present or future validity or enforceability of any covenants, conditions, restrictions,
 casements, and/or liens. Any Owner acquiring a Tract in reliance on one or more of such
 covenants, conditions, restrictions, easements, and/or liens shall assume all risks of the validity
 and enforceability thereof and, by acquiring the Tract(s) agrees to hold Developer harmless
 therefrom.
- 2. Term. The terms and provisions, including the covenants and restrictions, of this Declaration shall run with the land and bind the Property and Tracts, and shall inure to the benefit of all Owners in the Property, their respective legal representatives, heirs, successors, and assigns, for an initial term of thirty (30) years from the date this Declaration is recorded, after which time said Declaration shall be automatically extended for successive periods of ten (10) years ("Extended Term"), unless an instrument signed by not less than two-thirds (2/3) of the then Owners (including the Developer of the Tracts) has been recording agreeing to cancel, amend, or change, in whole or in part, this Declaration, prior to the commencement of the Extended Term.
- 3. Amendments. This Declaration may be amended or changed, in whole or in part, at any time by the written agreement of at least ninety percent (90%) of all Owners (including the Developer). Such amendment must be approved by ninety percent (90%) of all Owners within one (1) year of the date the first Owner executes such agreement. The Owner(s) of each Tract shall be entitled to one (1) vote per Tract, and the Developer shall be entitled to three (3) votes per Tract. The date an Owner's signature is acknowledged shall constitute prima facia evidence of the date of execution.

Notwithstanding anything to the contrary, Developer shall have the right at any time, at its sole discretion and without joinder or consent of the Association or any Owner, to amend this Declaration for purposes of correcting any error, ambiguity, or inconsistency appearing

herein or for any reason whatsoever deemed necessary for the benefit of the overall development of the Property as determined by the Developer, in its sole discretion. Said amendment shall be effective upon filing said amendment in the deed records of Madison County, Texas.

- 4. Enforcement. In the event of any violation or attempted violation of any terms or provision hereof, including any restriction or covenants set forth herein, enforcement of the same shall be authorized by any proceedings at law or in equity against any person or persons violating or attempting to violate any of the provisions hereof, including by means of actions to restrain or prevent such violation or attempted violation by injunction, prohibitive or mandatory, and it shall not be a prerequisite to the granting of any such injunction that they be inadequate remedy at law or that there by any showing of irreparable harm or damage if such injunction is not granted. In addition, any person entitled to enforce the provisions hereof may show himself justly entitled by reason of such violations of the terms and provisions hereof. The terms and provisions hereof may be enforced by Developer, the Association, or by the Owner of any Tract. Failure to enforce any covenant or restriction hereof shall not be construed to constitute waiver. The Board may impose sanctions on any Owner for violation(s) or attempted violation(s) of any term or provision of this Declaration in the form of reasonable monetary fines, after providing notice and affording a reasonable period to cure or abate such violations.
- 5. <u>Notices.</u> Any notice permitted or required to be given hereunder shall be in writing and may be delivered personally or by mail.
- 6. Severability. Each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or enforceability or partial invalidity of any provision or portion hereof shall not affect the validity or enforceability of any other provision.
- Binding Effect. All of the terms hereof shall be binding upon and inure to the benefit of the Owners, Developer, and their respective heirs, legal representatives, executors, successors, and assigns.
- 8. <u>Liberal Interpretation</u>. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purposes hereof.

EXECUTED this 13 day of September, 2021.

DKRS HIDDEN TRAILS, L.L.C., a Texas limited liability company

By:

J. David Kilgore, as Managing Member

THE STATE OF TEXAS §

COUNTY OF MADISON §

This instrument was acknowledged before me on the 13 day of 1. David Kilgore in his capacity as Managing Member of DKRS HIDDEN TRAILS, LLC.

MAYRA E RODRIGUEZ
NOTARY PUBLIC
ID# 131644862
State of Texas
Comm. Exp. 07-17-2022

Maya & Rationers

EXHIBIT "A"METES AND BOUNDS DESCRIPTION

Being a tract of land containing 384.7 acres in the Alfred Gee Survey, A-16, Madison County. Texas, being the total of tracts recorded as follows:

100 acre tract as recorded in Vol. 85, Page 18, of the Madison County Deed Records (M.C.D.R.);

50.53 acre tract, as recorded in Vol. 182, Page 538 of the M.C.D.R.;

1 acre tract, as recorded in Vol. 206, Page 329 of the M.C.D.R.;

236.73 acre tract recorded in Vol. 964, Page 308 of the M.C.D.R., consisting of tracts recorded in as follows;

41 acre tract, as recorded in Vol. 137, Page 546 of the M.C.D.R.;

100 acre tract, as recorded in Vol. 54, Page 607 of the M.C.D.R.;

50.53 acre tract, as recorded in Vol. 182, Page 533 of the M.C.D.R.;

45.2 acre tract, as recorded in Vol. 84, Page 65 of the M.C.D.R.. All bearings of this survey are referenced to the Texas State Plane Coordinate System, Central Zone, NAD83(2011) Epoch 2010, and boundary referenced to iron rods found and as referred to in the previously recorded deeds, and as surveyed on the ground on April 27th of 2021. This description is also referred to the plat prepared by ATM Surveying, Project No. 2021-0150, and being more particularly described as follows:

BEGINNING at a 1/2" iron rod found for a north corner of this tract, also being a point in the northeast line of the David and Diane McWhorter called 109.31 acre tract, as recorded in Vol. 1071,Page 446 of the M.C.D.R., also being the west corner of the Elayne Campbell called 283.02 acre tract, as recorded in Vol. 195, Page 223 of the M.C.D.R.;

THENCE along the common line between this tract and said 283.02 acre tract, for the following calls:

South 83°13'22" East, a distance of 511.24 feet to a 1/2" iron rod with maroon plastic cap marked "RPLS 6132 - ATM SURV" set for a point in the northeast line of this tract;

South 81°50'37" East, a distance of 600.11 feet to a 1/2" iron rod with maroon plastic cap marked "RPLS 6132 - ATM SURV" set for a point in the northeast line of this tract;

South $82^{\circ}20'36$ " East, a distance of 1201.09 feet to a 1/2" iron rod with maroon plastic cap marked "RPLS 6132 - ATM SURV" set for a point in the northeast line of this tract;

South 81°57'49" East, a distance of 821.47 feet to a 1/2" iron rod with maroon plastic cap marked "RPLS 6132 - ATM SURV" set for a bend in this tract;

North 9°10'20" East, a distance of 371.86 feet to a 1/2" iron rod with maroon plastic cap marked "RPLS 6132 - ATM SURV" set for a point in the northwest line of this tract;

North 7°21'45" East, a distance of 642.17 feet to a 1/2" iron rod with maroon plastic cap marked "RPLS 6132 - ATM SURV" set for a point in the northwest line of this tract;

North 6°29'47" East, a distance of 934.06 feet to a 1/2" iron rod with maroon plastic cap marked "RPLS 6132 - ATM SURV" set for a north corner of this tract, from which a 3/4" iron pipe found leaning bears S 84°49'34" E, a distance of 416.75 feet for reference;

THENCE South 84°13'18" East, a distance of 2488.54 feet along the common line between this tract and said 283.02 acre tract and then along the Elayne Campbell called 145.693 acre tract, as recorded in Vol. 360, Page 480 of the M.C.D.R. to a 1/2" iron rod found for the east corner of this tract, also being the north corner of Lot 12 of the Five Land Inc. Subdivision, as plat recorded in Vol. 1, Page 6 of the M.C.D.R.;

THENCE along the common line between this tract and said Five Land Inc. Subdivision, for the following calls:

South 6°49'43" West, a distance of 619.09 feet to a 1/2" iron rod found leaning for a point in the southeast line of this tract;

South 6°31'01" West, a distance of 1396.31 feet to a 1/2" iron rod found leaning for a point in the southeast line of this tract;

South 6°36'29" West, a distance of 3843.33 feet to a fence post found for the south corner of this tract, also being the east corner of the Faye B. Andrews called 124.8 acre tract;

THENCE North 83°25'57" West, a distance of 1565.63 feet along the common line between this tract and said Andrews tract to a 2" pipe found for a west corner of this tract, also being the south corner of the Broken B Ranch LP called 84.62 acre tract, as recorded in Vol. 711, Page 31 of the M.C.D.R.:

THENCE along the common line between this tract and said 84.62 acre tract, for the following calls:

North 6°45'07" East, a distance of 2433.00 feet to an 8" crossote post found for a bend in this tract.

North 82°24'23" West, a distance of 935.51 feet to a 1/2" iron rod with maroon plastic cap marked "RPLS 6132 - ATM SURV" set for a point in the southwest line of this tract, also being a point in the southwest right-of-way line Lee Lane (Variable Width R.O.W.);

THENCE across said Lee Lane (Variable Width R.O.W.), for the following calls:

North 82°17'30" West, a distance of 1543.61 feet to a 1/2" iron rod with maroon plastic cap marked "RPLS 6132 - ATM SURV" set for a point in the southwest line of this tract;

North 81°59'15" West, a distance of 1563.62 feet to a 10" cedar post found for a west corner of this tract, also being the south corner of the said McWhorter tract;

THENCE North 4°51'45" East, a distance of 1419.93 feet along the common line between this tract and said McWhorter tract to the **PLACE OF BEGINNING** containing 384.7 acres.

Adam Wallace Texas Registered Professional Land Surveyor No. 6132 - FIRM #101784-00 21-0150-Lee LN-8828-LEGAL —4/27/2021 EXHIBIT "B"

THIS IS ADDED
FOR
SCANNING PURPOSES
ONLY







