DECLARATION

OF

COVENANTS, CONDITIONS, RESTRICTIONS and EASEMENTS

ON AND FOR

LEGACY RANCH, LOTS 47-70, And TRACT E LUBBOCK COUNTY TEXAS

NOTICE: *THIS DOCUMENT CONTAINS PROVISIONS WAIVING AND RELEASING DECLARANT AND THE ASSOCIATION FROM LIABILITY FOR NEGLIGENCE IN SPECIFIED CIRCUMSTANCES.*

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This DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS is made and effective as of the 30th day of October, 2017, by MC LEGACY RANCH LAND MANAGEMENT, LLC, a Texas limited liability company, (sometimes referred to herein as the Declarant):

PREAMBLE

Declarant is the owner and developer of certain residential Lots within a tract of land now commonly known and described as Legacy Ranch, an Addition to Lubbock County, Texas (the lots subject to this Declaration being more particularly described on Exhibit "A" attached hereto). Declarant proposes to establish and implement plans for residential living, recreation, aesthetic and quality-of-life considerations. The purposes of this Declaration are to protect the Declarant and the Owners against inappropriate development and use of Lots within the Properties; to assure compatibility of design of improvements within the Subdivision; to secure and preserve sufficient setbacks and space between buildings so as to create an aesthetically pleasing environment; to provide for landscaping and the maintenance thereof; and, in general to encourage construction of attractive, quality, permanent improvements that will promote the general welfare of the Declarant and the Owners. Declarant desires to impose these restrictions on the Legacy Ranch property now and yet retain reasonable flexibility to respond to changing or unforeseen circumstances so as to guide, control and maintain the quality and distinction of the Legacy Ranch project.

The Legacy Ranch Homeowners Association, Inc. (the "Association") has been or will be chartered as a non-profit Texas corporation to assist in the ownership, management, use and care of the various common areas within Legacy Ranch Subdivision and to assist in the administration and enforcement of the covenants, conditions, restrictions, easements, charges and liens set forth within this Declaration.

DECLARATION

The Declarant hereby declares that the residential lots described on Exhibit "A" attached hereto, and such phases or additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be owned, held, mortgaged, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions and easements (sometimes collectively referred to hereinafter as "the Covenants") hereinafter set forth.

ARTICLE I.
CONCEPTS AND DEFINITIONS

The following words, when used in this Declaration or in any amended or supplementary Declaration (unless the context shall otherwise clearly indicate or prohibit), shall have the following respective concepts and meanings:

"Amended Declaration" shall mean and refer to each and every instrument recorded in the Official Public Records of Lubbock County, Texas which amends, supplements, modifies, clarifies or restates some or all of the terms and provisions of this Declaration.

"Annual Assessment" shall have the meaning specified in Article V below.

"Architectural Review Committee" (sometimes referred to herein as the "ARC") shall mean and refer to that particular committee which is described and explained within Article IV below.

"Articles" shall mean and refer to the Articles of Incorporation (and amendments thereto and restatements thereof) of the Association on file in the Office of the Secretary of State of the State of Texas, Austin, Texas.

"Assessable Property" shall mean and refer to each and every lot, parcel and tract within the entire Properties which: (i) the Declarant has subjected to and imposed upon a set of restrictive covenants calling for, inter alia, the payment of an Annual Assessment to the Association; (ii) or may have been or will be given a separately identifiable tax or parcel number by the Lubbock Central Appraisal District ("CAD") or a similar governmental agency. The Declarant proposes to cause each residential Lot within the Properties to constitute an Assessable Property. However, the Declarant reserves the right and discretion to include or exclude any non-residential Lot from the concept of "Assessable Property" and/or to prescribe a different assessment and/or valuation scheme(s) for any non-residential Lot which is subjected to covenants which require the payment of assessments to the Association.

"Association" shall mean and refer to the Legacy Ranch Homeowners Association, Inc., a non-profit Texas corporation which has the power, duty and responsibility of maintaining and administering certain portions of the Properties and all of the Common Properties, administering and enforcing the Covenants and otherwise maintaining and enhancing the quality of life within Legacy Ranch Subdivision.

"Board" shall mean and refer to the Board of Directors of the Association.

"Bylaws" shall mean and refer to the Bylaws of the Association, as adopted and amended from time to time in accordance with the provisions of the Texas Non-Profit Corporation Act and this Declaration.

"Central Appraisal District" ("CAD") shall mean and refer to the governmental and/or quasi-governmental agency(ies) (including without limitation the Lubbock Central Appraisal District) established in accordance with Texas Property Tax Code Section 6.01 et seq. (and its successor and assigns as such law may be amended from time to time) or other similar statute which has, as one of its purposes and functions, the establishment of an assessed valuation and/or fair market value for various lots, parcels and tracts of land in Lubbock County, Texas.

"Covenants" shall mean and refer to all covenants, conditions, restrictions, and easements set forth within this Declaration.

"Declarant" shall mean and refer to MC Legacy Ranch Land Management, LLC, and any

or a successor(s) and assign(s) of MC Legacy Ranch Land Management, LLC, with respect to the voluntary disposition of all (or substantially all) of the assets and/or membership interest of MC Legacy Ranch Land Management, LLC and/or the voluntary disposition of all (or substantially all) of the right, title and interest of MC Legacy Ranch Land Management, LLC in and to the Properties. However, no person or entity merely purchasing one or more Lots from MC Legacy Ranch Land Management, LLC in the ordinary course of business shall be considered a "Declarant".

"Declaration" shall mean and refer to this particular instrument entitled "Declaration of Covenants, Conditions, Restrictions and Easements on and for Legacy Ranch," together with any and all amendments or supplements hereto.

"Deed" shall mean and refer to any deed, assignment, testamentary bequest, muniment of title or other instrument, or intestate inheritance and succession, conveying or transferring fee simple title or a leasehold interest or another legally recognized estate in a Lot.

"Design Guidelines" shall mean and refer to those particular standards, restrictions, guidelines, recommendations and specifications applicable to most of the aspects of construction, placement, location, alteration, maintenance and design of any improvements to or within the Properties, and all amendments, bulletins, modifications, supplements and interpretations thereof.

"Development Period" shall mean a period commencing on the date of the recording of this Declaration in the Official Public Records of Lubbock County, Texas and continuing thereafter until the earlier of the following dates: (i) the expiration of 10 years; or (ii) the date on which Declarant no longer owns any Lots within the Subdivision.

"Drill Site, or Drill Sites" shall mean and refer to Tract E, Legacy Ranch, an Addition to Lubbock County, Texas, and any other Drill Site or Drill Sites added at a later date in accordance with Article II, Section 2 of this Declaration.

"Drill Site Agreement" shall mean and refer to the Drill Site Agreement by and between MC Legacy Ranch Land Management, LLC, its successors and assigns, as Surface Owner, and Merit Energy Company, Merit Management Partners I, L.P. and Merit Energy Partners III, L.P., and their successors and assigns, as Mineral Leasehold Owners, dated to be effective October 27, 2006, recorded as Document No. 2006051540 and amended in Document No. 2009002095 of the Official Public Records of Lubbock County, Texas.

"Dwelling Unit" shall mean and refer to any building or portion of a building situated upon the Properties which is designed and intended for use and occupancy as a residence by a single person, a couple, a family or a permitted family size group of persons.

"Easement Area" shall mean and refer to those areas which may be covered by an easement specified in Article VI below.

"Fiscal Year" shall mean each twelve (12) month period commencing on January 1 and

ending on the following December 31, unless the Board shall otherwise select an alternative twelve-month period.

"Homebuilder" shall mean and refer to each entity and/or individual which is regularly engaged in the ordinary business of constructing residential dwellings on subdivision lots for sale to third-party homeowners as their intended primary residence.

"Improvement" or "Improvements" shall mean any physical change to raw land or to an existing structure which alters the physical appearance, characteristics or properties of the land or structure, including but not limited to adding or removing square footage area space to or from a structure, painting or repainting a structure, or in any way altering the size, shape or physical appearance of any land or structure.

"Lot" shall mean and refer to each separately identifiable portion of the Subdivision which is platted, filed and recorded in the office of the County Clerk of Lubbock County, Texas and which is assessed by any one or more of the Taxing Authorities and which is not a Drill Site.

"Member" shall mean and refer to each Resident who is in good standing with the Association and who has complied with all directives and requirements of the Association. Each and every Owner shall and must take such affirmative steps as are necessary to become and remain a Member of, and in good standing in, the Association. Each and every Resident (who is not otherwise an Owner) may, but is not required to, be a Member of the Association.

"Owner" shall mean and refer to the holder(s) of record title to the fee simple interest of any Lot whether or not such holder(s) actually reside(s) on any part of the Lot.

"Payment and Performance Lien" shall mean and refer to the lien described within Sections 9 and 10 of Article IX hereinbelow.

"Properties" shall mean and refer to the land described within Exhibit "A" attached hereto and shall include any property added to this Declaration pursuant to Article II hereof.

"Resident" shall mean and refer to:

(a) each Owner of the fee simple title to any Lot within the Properties;

(b) each person residing on any part of the Properties who is a bona-fide lessee pursuant to a written lease agreement with an Owner; and

(c) each individual lawfully domiciled in a Dwelling Unit other than an Owner or bona-fide lessee.

"Structure" shall mean and refer to: (i) any thing or device, other than trees, shrubbery (less than two feet high if in the form of a hedge) and landscaping (the placement of which upon any Lot shall not adversely affect the appearance of such Lot) including but not limited to any building,

garage, porch, shed, greenhouse or bathhouse, cabana, covered or uncovered patio, swimming pool, play apparatus, fence, curbing, paving, wall or hedge more than two feet in height, signboard or other temporary or permanent living quarters or any temporary or permanent Improvement to any Lot; (ii) any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across any Lot; and (iii) any enclosure or receptacle for the concealment, collection and/or disposition of refuse; (iv) any change in the grade of any Lot of more than three (3) inches from that existing at the time of initial approval by the Architectural Review Committee.

"Subdivision" shall mean and refer to those Lots and Tracts described on Exhibit "A," within Legacy Ranch, a subdivision in Lubbock County, Texas as shown on the map and plat thereof filed of record in the Map/Plat and/or Dedication Records of Lubbock County, Texas, as well as any and all revisions, modifications, corrections or clarifications thereto. The "Subdivision" will also include any additional land which is added or annexed hereto by Declarant in accordance with Article II, Section 2 of this Declaration.

"Taxing Authorities" shall mean and refer to Lubbock County, the Shallowater School District, the City of Shallowater, Texas and the State of Texas and any and all other governmental entities or agencies which have, or may in the future have, the power and authority to impose and collect ad valorem taxes on the Properties or any Lot within the Subdivision, in accordance with the Texas Constitution and applicable statutes and codes.

"Trustee" shall mean and refer to that certain individual(s) or entity(ies) designated or appointed from time to time and at any time by the Association to perform the duties and responsibilities described within Section 9 of Article IX below, and its successors and assigns.

ARTICLE II.
PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Existing Property. The residential Lots which are, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration within the Legacy Ranch addition are more particularly described on Exhibit "A" attached hereto and incorporated herein by reference for all purposes.

Section 2. Additions to Existing Property. Additional land(s) may become subject to this Declaration, or the general scheme envisioned by this Declaration, as follows: The Declarant may (without the joinder and consent of any person or entity) add or annex additional real property to the scheme of this Declaration within the next ten (10) years by filing of record an appropriate enabling declaration, generally similar to this Declaration, which may extend the scheme of the Covenants to such property. Provided further; however, such other declaration(s) may contain such complementary additions and modifications of these Covenants as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the concept and purpose of this Declaration.

Section 3. Board Approval. In the event any person or entity other than the Declarant

desires to add or annex additional Assessable Property and/or Common Property to the scheme of this Declaration, such annexation proposal must have the express approval of the Board.

Any additions made pursuant to this Section 2, when made, shall automatically extend the jurisdiction, functions, duties and membership of the Association to the properties added and correspondingly subject the properties added to the covenants of the enabling declaration. Upon any merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law or by lawful articles or agreement of merger, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law or by lawful articles or agreement of merger, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Covenants established by this Declaration, together with the covenants and restrictions established upon any other properties, as one scheme.

ARTICLE III.
INSURANCE; REPAIR; RESTORATION

Section 1. Owner's Insurance; Security. The Declarant will not carry any insurance pertaining to, nor does it assume any liability or responsibility for, the real or personal property of the Owners or Residents (and their respective family members and guests). THE DECLARANT IS NOT INSURING THE REAL OR PERSONAL PROPERTY OF THE OWNERS OR RESIDENTS AND NO SECURITY SERVICES ARE BEING PROVIDED.

Each Owner and Resident expressly understands, covenants, and agrees with the Declarant that:

(a) The Declarant does not have any responsibility or liability of any kind or character whatsoever regarding or pertaining to the real and personal property of each Owner and Resident;

(b) Each Owner and Resident shall, from time to time and at various times, consult with reputable insurance industry representatives of each Owner's and Resident's own selection to select, purchase, obtain and maintain appropriate insurance providing the amount, type and kind of insurance deemed satisfactory to each Owner or Resident covering his or her real and personal property and insuring against bodily injury, death or property damage, and general liabilities; however, each Owner or Resident must purchase, obtain and maintain not less than an insurance policy (such as a homeowner's insurance policy) which covers all improvements on the Lot for their full insurable value as determined when the policy is issued and renewed, and which contains public liability and property damage insurance applicable to the property being insured;

(c) **EACH OWNER AND RESIDENT SHALL TAKE SUCH ACTION AS EACH OWNER AND RESIDENT DEEMS NECESSARY TO PROTECT AND SAFEGUARD PERSONS AND PROPERTY.**

ARTICLE IV.
ARCHITECTURAL REVIEW

Section 1. Architectural Review Committee. During the Development Period, the Architectural Review Committee ("ARC") shall be composed of at least three (3) individuals selected and appointed by the Declarant, each generally familiar with residential and community development design matters and knowledgeable about the Declarant's concern for a consistent approach to and construction of improvements within the Subdivision. The Declarant, or an authorized manager, member, representative or agent of Declarant is entitled to be a member of the ARC during the Development Period. In the event of the death, incapacity or resignation of any member of the ARC, the Declarant (during the Development Period) shall have full authority to designate and appoint a successor. From and after conclusion of the Development Period, the ARC members shall be appointed, and replaced in the event of death, incapacity or resignation, by the then-serving members of the ARC, acting by majority vote. If at any time there should be no then-serving members of the ARC, the then-current owners of the Lots within the Subdivision, acting by majority vote, shall appoint three members to the ARC and the members so appointed thereafter shall exercise all rights, powers and authority granted to the ARC herein. If, as provided herein, the Owners of the Lots are entitled to appoint members to the ARC, the Owners of each Lot within the Subdivision will be entitled to one vote per Lot. Where more than one Owner holds record fee interest in a Lot, such Owners may divide and cast portions of the one vote as they decide, but in no event shall any one Lot yield more than one vote. No member of the ARC shall be entitled to any compensation for his or her services on the ARC; except however, an architect or other professional may charge a fee for services rendered in said person's professional capacity.

Section 2. ARC Jurisdiction. No building, Structure, fence, wall, Dwelling Unit, or Improvement of any kind or nature shall be erected, placed or altered on any Lot within the Subdivision until all plans and specifications (the "Plans") have been submitted to and approved in writing by the ARC, or a majority of its members, as to:

(i) quality of workmanship and materials, adequacy of site dimensions, adequacy of structural design, and proper facing of main elevation with respect to nearby streets, all in accordance with this Declaration and/or the Design Guidelines and/or bulletins;

(ii) minimum finished floor elevation and proposed footprint of the dwelling;

(iii) conformity and harmony of the external design, color, type and appearance of exterior surfaces and landscaping;

(iv) drainage solutions;

(v) the observance of and compliance with applicable setback lines and easement areas; and

(vi) the other standards set forth within this Declaration (and any amendments

hereto) or as may be set forth within the Design Guidelines, bulletins promulgated by the ARC, or matters in which the ARC has been vested with the authority to render a final interpretation and decision.

The Plans to be submitted to the ARC will include:

(i) a site plan showing the location, description of materials and architectural treatment of all walks, driveways, fences, walls, the Dwelling Unit and any other Structures and Improvements;

(ii) floor plan showing the exact window and door locations, exterior wall treatment and materials, and the total square feet of air-conditioned living area;

(iii) exterior elevations of all sides of any Structure must be included, the type of roofing materials must be indicated, and the type, use and color of exterior wall materials must be clearly indicated throughout;

(iv) front, rear, and side elevations must show all ornamental and decorative details;

(v) specifications of materials may be attached separately to the plans or written on the plans themselves (plans will not be approved without specifications - specifications must include type, grade of all exterior materials, and color of all exposed materials); and

(vi) landscaping plan.

In addition to the Plans, the Owner must also submit One Hundred and No/100 Dollars ($100.00) made payable to the Legacy Ranch ARC (the "Plan Review Fee"). The Plan Review Fee will be utilized by the ARC to pay all administrative costs and fees incurred by the ARC in reviewing the Plans.

The ARC is authorized and empowered to consider and review any and all aspects of construction, location and landscaping, which may, in the reasonable opinion of the ARC, adversely affect the living enjoyment of one or more Owner(s) or Residents or the general value of the Properties. Also, the ARC is permitted to consider technological advances and changes in design and materials and such comparable or alternative techniques, methods or materials may or may not be permitted, in accordance with the reasonable opinion of the ARC.

The ARC may require as a condition precedent to any approval of the Plans, that the applicant obtain and produce an appropriate building permit from the City of Lubbock, Texas or the City of Shallowater, Texas. The ARC is also authorized to coordinate with the City and County of Lubbock, and the City of Shallowater, Texas, in connection with the applicant's observance and compliance of the construction standards set forth in this Declaration, the Design Guidelines, and any bulletins or lot information sheets promulgated thereunder. However, the mere fact that the City of Lubbock or the City of Shallowater issues a building permit with respect to a proposed

structure does not automatically mean that the ARC is obliged to unconditionally approve the Plans. Similarly, the ARC's approval of any Plans does not mean that all applicable building requirements of the City or County of Lubbock or the City of Shallowater have been satisfied.

Section 3. Design Guidelines. The ARC may, from time to time, publish and promulgate additional or revised Design Guidelines, and such design guidelines shall be explanatory and illustrative of the general intent of the proposed development of the Properties and are intended as a guide to assist the ARC in reviewing plans and specifications.

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PRIOR TO ACQUIRING ANY INTEREST IN A LOT, EACH PROSPECTIVE PURCHASER, TRANSFEREE, MORTGAGEE AND OWNER OF ANY LOT IN THE SUBDIVISION IS STRONGLY ENCOURAGED TO CONTACT THE DECLARANT OR THE ARC TO OBTAIN AND REVIEW THE MOST RECENT DESIGN GUIDELINES WHICH WILL CONTROL THE DEVELOPMENT, CONSTRUCTION AND USE OF THE LOT.

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Section 4. Plan Submission and Approval. Within thirty (30) days following its receipt of the Plans and the Plan Review Fee, the ARC shall advise the submitting Owner whether or not the Plans are approved. If the ARC shall fail to approve or disapprove the Plans in writing within said 30-day period, it shall be conclusively presumed that the ARC has approved the Plans. If the Plans are not sufficiently complete or are otherwise inadequate, the ARC may reject them as being inadequate or may approve or disapprove certain portions of the same, whether conditionally or unconditionally. The ARC shall not approve any Plans unless it deems that the construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding Lots, that the appearance of any structures affected thereby will be in harmony with surrounding structures and that the construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Subdivision or the enjoyment thereof by the Owners. Approval shall be based, among other things, on adequacy of site dimensions, structural design, proximity with and relation to existing neighboring structures and sites, as well as proposed and future neighboring structures and sites, relation of finished grades and elevations and elevations to existing neighboring site and conformity to both specific and general intent of the terms of this Declaration. The ARC may adopt rules or guidelines setting forth procedures for the submission of Plans and may increase or adjust the Plan Review Fee in order to defray the costs of having the Plans reviewed. The ARC may require such details in Plans submitted for its review as it deems proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors. Until receipt by the ARC of the Plans, the Plan Review Fee, and any other information or materials requested by the ARC, the ARC shall not be deemed to have received such Plans or be obligated to review the same. The site plan will be submitted before the house plans can be approved. Included on the site plan will be: The location of the fence, location of the water well, location of the septic, proposed location of any barn or shop to be built now or in the future, location of all driveways and sidewalks, etc.

Section 5. Liability. Neither Declarant nor the ARC, nor any of the members of the ARC shall be liable in damages to anyone submitting Plans and specifications to any of them for approval, or to any Owner of property affected by these restrictions by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such Plans or specifications. No approval of Plans and specifications and no publication of any Design Guidelines, architectural bulletins or lot information sheets shall be construed as representing or implying that such Plans, specifications, guidelines, bulletins or sheets will, if followed, result in properly designed improvements and/or improvements built in a good and workmanlike manner. Every person or entity who submits Plans or specifications, and every Owner of each and every Lot, agrees that he will not bring any action or suit against Declarant the ARC, or the members, employees and agents of any of them, to recover any such damages and hereby releases, remises and quitclaims all claims, demands and causes of action arising out of or in connection with any judgment, negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release is given.

Section 6. No Waiver. No approval by the ARC of any Plans for any work done or proposed to be done shall be deemed to constitute a waiver of any rights on the part of the ARC to withhold approval or consent to any similar Plans which subsequently are submitted to the ARC for approval or consent.

Section 7. Construction. Upon approval of the Plans by the ARC, the Owner submitting such Plans for approval promptly shall commence construction of all Improvements and Structures described therein and shall cause the same to be completed in compliance in all material respects with the approved Plans, and in compliance with Article V, Section 11 of these Covenants. Construction of the Dwelling Unit will be commenced within 36 months from the date of closing on the Lot. Construction of the Dwelling Unit will be completed within 18 months from the date building begins. If an Owner shall vary materially from the approved Plans in the construction of any Improvements and Structures, the ARC shall have the right to order such Owner to cease construction and to correct such variance so that the Improvement will conform in all material respects to the Plan as approved. If an Owner shall refuse to abide by the ARC's request, the ARC shall have the right to take appropriate action to restrain and enjoin any further construction on a Lot that is not in accordance with approved Plans.

Section 8. Variances. The ARC may authorize variance from compliance with any of the provisions of this Declaration relating to construction of Improvements and Structures on a Lot, including restrictions upon height, size, floor area or replacement of Structures, or similar restrictions, when circumstances such as governmental code changes, topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing, must be signed by at least a majority of the members of the ARC and shall become effective upon their execution. Such variances may be recorded. If such variances are granted, no violation of any of the provisions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular Lot and particular provisions hereof covered by the variance,

nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of the Lot.

ARTICLE V.
USE OF LOTS IN THE SUBDIVISION; PROTECTIVE COVENANTS

The Subdivision (and each Lot situated therein) shall be constructed, developed, occupied and used as follows:

Section 1. Residential Lots. All Lots within the Subdivision shall be used, known and described as residential Lots, unless otherwise indicated on the Subdivision plat. Lots shall not be further subdivided and, except for the powers and privileges herein reserved by the Declarant, the boundaries between Lots shall not be relocated without the prior express written consent of the ARC. No building or Structures shall be erected, altered, placed or permitted to remain on any residential Lot other than one (1) single-family Dwelling Unit and, if any, its customary and usual accessory Structures (unless otherwise prohibited herein). No building or Structure intended for or adapted to business or commercial purposes shall be erected, placed, permitted or maintained on such premises, or any part thereof, save and except those related to development, construction and sales purposes of a Homebuilder or the Declarant. No Owner or Resident shall conduct, transmit, permit or allow any type or kind of home business or home profession or hobby on any Lot or within any Dwelling Unit which would: (i) attract automobile, vehicular or pedestrian traffic to the Lot; (ii) involve lights, sounds, smells, visual effects, pollution and the like which would adversely affect the peace and tranquility of any one or more of the Residents within the Subdivision. The restrictions on use herein contained shall be cumulative of, and in addition to, such restrictions on usage as may from time to time be applicable under and pursuant to the statutes, rules, regulations and ordinances of the City of Shallowater, or the City and County of Lubbock, Texas or any other governmental authority having jurisdiction over the Subdivision. As used in this Article V, the following words shall be deemed to have the following meanings:

(i) "rear yard" shall mean that portion of a Lot existing from the rear of the Dwelling Unit located thereon to the rear property line, and from side property line to side property line;

(ii) "front yard" shall mean that portion of a Lot existing from the front of the Dwelling Unit located thereon to the front property line, and from side property line to side property line; and

(iii) "side yard" shall mean that portion of a Lot existing between the front and rear of the Dwelling Unit located thereon, and from the side of such Dwelling Unit to the side property line.

The "front" property line shall be the property line abutting a street or county road, and the "rear" property line shall be the property line abutting an alley.

For Lots 47 through 51, the front property line will be the property line abutting North

County Road 1450. For Lots 52 through 64, the front property line will be the property line abutting County Road 6235. For Lots 65 through 70, the front property line will be the property line abutting County Road 6230.

Use of all Lots within the Subdivision shall comply with the following:

(a) No noxious or offensive activity shall be carried on upon any Lot nor shall anything be done thereon which may become an annoyance, danger, or nuisance to the neighborhood.

(b) Except as may be otherwise permitted herein, no Structure or Improvement of a temporary character, including, but not limited to, a trailer, recreational vehicle, mobile home, modular home, prefabricated home, manufactured home, tent, shack, barn or any other Structure or building (other than the Dwelling Unit to be built thereon) shall be placed on any Lot either temporarily or permanently. No Dwelling Unit, garage or other Structure appurtenant thereto, shall be moved upon any Lot from another location. However, the Declarant reserves the right to erect, place, maintain, and to permit Homebuilders to erect, place and maintain such facilities in and upon any Lot as in its discretion may be necessary or convenient during the period of or in connection with the improvement and/or sale of any Lots.

(c) No animals shall be permitted which are obnoxious, offensive, vicious (e.g. pit bull terriers shall not be permitted within the Properties) or dangerous. Further, no swine, goats or fighting roosters shall be permitted on any Lot. Other than dogs, cats and other domestic animals which are kept as family pets, no other animals shall be kept on any Lot, except as follows:

Lots 47 - 70: Not more than two (2) large animals (livestock) such as horses, steers, heifers, sheep or similar animals, and not more than twenty-five (25) small animals such as chickens or rabbits.

Any structure built or placed on a Lot to keep, maintain or house animals must first be approved by the ARC in the same manner as any other Structure or Improvement. All animals must be kept and maintained in the rear yard of the Lot, or on a leash. All animal waste shall be disposed of in a proper manner by removing said waste entirely from the Property or utilizing appropriate trash containers as required under Article V, Section 10 of the Declaration. Under no circumstances shall animal waste be discarded in an alley, street, or any other portion of the Property. Failure to remove animal waste shall be considered a noxious or offensive activity.

(d) No rubbish, trash, garbage, debris or other waste shall be dumped or allowed to remain on any Lot.

(e) No clothesline may be maintained on any Lot, unless enclosed by a hedge or other type of screening enclosure as approved by the ARC.

(f) No antenna, tower, or other similar vertical structure shall be erected on any Lot for any purpose; however, a flagpole will be permitted where approved in writing by the ARC. No

antenna or tower shall be affixed to the outside of any Dwelling Unit on any Lot without the prior written consent of the ARC. No satellite reception device or equipment used in the reception of satellite signals shall be allowed on any Lot or structure unless approved in writing by the ARC and approval will be granted only where the devices are reasonably concealed from view of any street, public areas and neighboring Lots, and structures. No satellite dishes will be permitted which are larger than one meter in diameter. The Declarant shall have the right, without obligation, to erect or install an aerial, satellite dish, master antenna, cable system, or other apparatus for the transmission of television, radio, satellite or other signals for the benefit of all or a portion of the Properties. The Declarant by promulgating this Section is not attempting to violate the Telecommunications Act of 1996 (the "Act"), as may be amended from time to time. This Section shall be interpreted to be as restrictive as possible while not violating the Act.

(g) No oil drilling, oil development operation, oil refining, or quarrying or mining operations of any kind shall be permitted on or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted on or in any Lot. No derrick or other structure designed for use of boring for oil and/or natural gas shall be erected, maintained or permitted on any Lot.

(h) No sign of any kind shall be displayed to the public view on any Lot, except one professional sign of not more than five (5) square feet advertising the property for sale, or a sign used by Declarant or a Homebuilder to advertise the building of Improvements on such property during the construction and sales period.

Section 2. Minimum Floor Space. Each one (1) story dwelling and each one-and-one half (1.5) and two (2) story dwelling constructed on any Lot shall contain such minimum square feet of air-conditioned floor area (exclusive of all porches, garages or breezeways attached to the main dwelling) as may be specified by the Design Guidelines and/or the ARC for the first and/or second stories and/or the total; however, in no event shall any Dwelling Unit have less than the number of square feet of air conditioned floor area as shown on Exhibit "B". No Structure will be in excess of two (2) stories (however, a Dwelling Unit may have a basement and two above-ground stories).

Section 3. Garages; Parking. Each single-family residential dwelling erected on any Lot shall provide garage space for a minimum of two (2) and a maximum of four (4) conventional automobiles, unless otherwise specifically approved by the ARC. Each Owner and Resident shall use their respective best efforts to park and store their automobiles within the garage. All garage doors shall be closed at all times when not in use. Any and all proposed garage plans and specifications must be submitted to the Architectural Review Committee for review and approval. A garage will be situated on the Lot in such a manner that the garage door or entry will face not less than a ninety-degree (90º) angle away from the street upon which the Lot is situated. The ARC may adjust this angle as necessary to accommodate the particular dimensions of each Lot; however, an effort must be made to face the garage doors away from the abutting street.

(a) Specific Garage locations by Lot:

(i) For lots 47, 48, 49, 50, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, and

63 inclusive, the garage must open to face either the side or rear of the Lot.

(ii) For Lot 51, the garage must open to face either the North side or the rear (East side) of the property and may not open to face the side street (County Road 6235).

(iii) For Lot 64, the garage must open to face either the West side of the Lot or the rear (North side) of the Lot and may not open to face either County Road 6235 or North County Road 1450.

(iv) For Lot 65, the garage must open to face either the West side of the Lot or the rear (South side) of the Lot and may not open to face either County Road 6230 or North County Road 1450.

(v) For Lots 66, 67, 68 and 69, inclusive, the garage must open to face the side or rear of the Lot.

(vi) For Lot 70, the garage must open to face the West side of the Lot or the rear (North side) of the Lot and may not open to face North County Road 1450.

(b) Each Owner and Resident shall use their respective best efforts to refrain from:

(i) habitually parking any automobile or vehicle on any Lot outside of an approved garage area between any Dwelling Unit and the abutting front street or between any Dwelling Unit and an abutting side street; and

(ii) performing, permitting or allowing repair or maintenance work to any automobile or other vehicle outside the garage and visible to the abutting street(s).

(c) Under no circumstances or conditions shall any automobile be parked on a non-paved portion of any Lot. Residents are strongly encouraged to store trailers, motor homes, boats and recreational vehicles at locations away from the Subdivision, and not on any Lot; and under no circumstances will trailers, motor homes, boats and recreational vehicles be parked in a driveway or other paved area of the front yard or side yard of a Lot except for a period, not to exceed twenty-four hours, for loading or unloading such vehicle for use. Except for loading and unloading purposes, trailers, motor homes, boats and recreational vehicles may be parked only in the rear yard of a Lot, and only at a location within the rear yard that said trailer, motor home, boat or recreational vehicle is concealed to the from view from all other Lots and from the streets which border such Lot. Under no circumstances may trailers, motor homes, boats and recreational vehicles be parked or stored on unpaved portions of the front yard or side yard of a Lot.

Section 4. Setback Requirement. Each Dwelling Unit will face the street which abuts the front of the Lot upon which the Dwelling Unit is to be situated; however, for all corner Lots, the ARC will determine the location of the Dwelling Unit in accordance with the Plans submitted

by each Owner. The Dwelling Units on Lots 67 and 68 may be constructed at a 22.5-degree angle from the front property line, with approval by the ARC. No structure may be placed with the following setback lines:

(a) *Front Setbacks. (i)* For Lots 47 through 55, inclusive, and Lots 64 through 70, inclusive, the setback will be 50 feet from the front property line of the lot; *(ii)* For Lots 56 through 63, inclusive, the setback will be 60 feet from the front property line of the lot.

(b) *Rear Setbacks.* For Lots 47 through 70, inclusive, the setback will be 10 feet from the rear property line of the lot.

(c) *Side Setbacks.* If the owner owns two or more adjacent Lots and desires to construct one Dwelling Unit on such Lots, construction of which would violate the side lot setback lines provided herein, the ARC may waive, in writing, said side lot setback line as to such Dwelling Unit, and such Lots shall be considered to be one Lot solely for the purposes of determining the setback lines, otherwise:

(i) For Lot 47, the side setback line shall be 15 feet from the North property line; and it shall be 15 feet from the South property line.

(ii) For Lots 48 through 50, inclusive, the setback will be 15 feet from either side property line of the Lot.

(iii) For Lot 51, the side setback line shall be 25 feet from the South property line; and it shall be 15 feet from the North property line;

(iv) For Lot 52 the side setback line shall be 15 feet from the East property line; and it shall be 15 feet from the West property line.

(v) For Lots 53 through 58, inclusive, the setback will be 15 feet from either side property line of the Lot.

(vi) For Lot 59, the side setback line shall be 15 feet from the West property line; and it shall be 15 feet from the East property line.

(vii) For Lot 60, the side setback line shall be 15 feet from the West property line; and it shall be 15 feet from the East property line.

(viii) For Lots 61 through 63, inclusive, the setback will be 15 feet from either side property line of the Lot.

(ix) For Lot 64, the side setback line shall be 25 feet from the East property line; and it shall be 15 feet from the West property line.

(x) For Lot 65, the side setback line shall be 25 feet from the East property line; and it shall be 15 feet from the West property line.

(xi) For Lot 66 the setback will be 15 feet from either side property line of the Lot.

(xii) For Lot 67, the side setback line shall be 15 feet from the West property line; and it shall be 15 feet from the East property line.

(xiii) For Lot 68, the side setback line shall be 15 feet from the West property line; and it shall be 15 feet from the East property line.

(xiv) For Lot 69 the setback will be 15 feet from either side property line of the Lot.

(xv) For Lot 70 the side setback line shall be 25 feet from the East property line; and it shall be 15 feet from the West property line.

(d) *Special Setbacks*. In regards to Lots 63 and 64, no Dwelling Unit or any other Structure will be constructed on or within the Drill Site (Tract E) or on or within the fifty-foot wide "petroleum production easement" adjacent to said Drill Site as defined in Article VI, Section 1(b). The "petroleum production easement" is reflected on the plat of Lots 47 through 70 and Tract E, Legacy Ranch and no exclusions or variances will be granted.

(e) The following Structures are expressly excluded from the setback restrictions:

(i) structures below and covered by the ground;

(ii) steps, walks, driveways and curbing;

(iii) landscaping as approved by the ARC pursuant to Article IV hereof;

(iv) planters, walls, fences or hedges, not to exceed 8 feet in height, and which comply with the restrictions set forth in this Declaration;

(v) any other Structures exempted from the setback restrictions by the ARC on a case-by-case basis and as provided in Article IV hereof.

(f) In no event shall the ARC exempt from the setback restrictions, any roofed structure other than swimming pool equipment houses, cabanas, greenhouses, barns and storage sheds; and, in the case of swimming pool equipment houses, cabanas, greenhouses, barns and storage sheds, such structures may in no event be exempted from side setback restrictions, and such structures may in no event be situated within ten (10) feet of the rear property line of the Lot; and further, such structures must be situated wholly within a fence on the Lot, and must meet any other design

and construction requirements as established by the ARC.

Section 5. Fences. Any fence to be constructed on a Lot must conform to the following requirements:

(a) A perimeter fence may, but is not required, to be constructed on each Lot. If a perimeter fence is to be constructed, it must be constructed (i) across the rear property line of each Lot and (ii) along the side of each Lot from the rear fence corner to a point which is not behind the rear building line of the Dwelling Unit on the Lot nor in front of the front building line of such Dwelling Unit. Perimeter fences shall be constructed only of unpainted pipe and/or pipe and cable, and shall be not more than five feet (5') in height. No fence, wall or hedge (which serves as a barrier) shall be erected, placed or altered on any Lot without the approval of the ARC. All perimeter fences shall be located wholly within the boundaries of a Lot and shall not encroach across such boundaries; provided, however, that the Owners of adjoining Lots may agree to construct a fence along the common boundary of such Lots which extend onto each Lot. Any such agreement must be in writing and must be recorded in the Lubbock County Clerk's office in Lubbock, Texas. To the extent any such common perimeter fence is constructed, the Owners of the Lots on which it is located shall be jointly and severally responsible for the maintenance and repair thereof.

(b) Notwithstanding Section 5(a), and in order to ensure vehicular visibility at all street and county road intersections, no fence shall be constructed within a twenty-five foot "visibility triangle." As used herein, "visibility triangle" shall mean the portion of the public right-of-way and corner Lot, that lies within a triangle formed by a diagonal line extending through points on two adjacent property lines of the corner Lot, that are each a distance of twenty-five feet (25') from the theoretical point of intersection of the property lines as extended into the public right-of-way to make such intersection.

(c) Fences and walls shall not be permitted within the front yard directly in front of any Dwelling Unit; provided, however, decorative fences and walls shall be allowed which do not exceed thirty inches in height and which are approved by the ARC. The area of each Lot between the boundary line of the Lot and the fence shall be landscaped as approved by the ARC and maintained by the Owner or Resident of the Lot.

(d) A "privacy fence" (as "privacy fence" is hereinafter defined) may, but is not required to be constructed on each Lot. A "privacy fence" shall refer to a fence constructed in the rear yard of a Lot to screen a portion of the rear yard from the view of neighboring Lots, alleys or other properties. If a privacy fence is to be constructed, it must be constructed only in the rear yard and side yard of a Lot.

Privacy Fences, if constructed, shall be constructed of brick, stone, masonry, of flat-top cedar pickets [provided that any fence constructed of flat-top cedar pickets shall incorporate brick columns spaced not more than twenty-five feet (25') apart from center on the fencing facing the front and sides of the Lot, but this requirement shall not apply to any portions of the Privacy Fence constructed along an alley], and shall be of such design and construction as conform to the design

of the Dwelling Unit and as are approved by the ARC. Privacy fences shall be not less than five feet (5') nor more than eight feet (8') in height. All fences will have a concrete fence curb.

(e) Fences not otherwise provided for in this Section 5 shall be constructed of such materials and design as approved by the ARC; however, the ARC shall not approve a fence constructed of chain link, barbed wire, r-panel metal fencing, or other material not expressly permitted and approved by the ARC.

Section 6. Construction Standards for Lots. In addition to meeting all applicable building codes, all Improvements and Structures on each Lot shall meet with the following requirements (except as may be modified in writing by the ARC):

(a) EXTERIOR WALLS: The exposed exterior wall area, exclusive of doors, windows and covered porch area, shall be at least 70 percent brick, stone, stucco, or other masonry approved by the ARC. Any exposed exterior area not covered by brick, stone, stucco or other approved masonry materials shall be covered by wood or siding (metal or synthetic) having the appearance of wood, and as approved by the ARC. The ARC is specifically authorized to require a continuous uniform surface with respect to all Structures which directly face the street or county road or another Lot.

(b) ROOFING DESIGN AND MATERIAL: Flat roofs, mansard roofs and other "exotic" roof forms shall not be permitted. All roofing materials utilized on any Structure on a Lot must be approved by the ARC. The ARC will not approve of a roof of crushed stone, marble or gravel, it being intended that each roof shall be constructed only of metal, composition or wood shingles (provided that any composition shingles must be at least 300-pound shingles), tile, slate, or other materials approved by the ARC taking into account harmony, conformity, color, appearance, quality and similar considerations. All roof pitches must be a minimum of an 8/12 pitch.

(c) CHIMNEYS: All fireplace chimneys shall be constructed of the same brick, stone, or stucco, as appropriate, used for the Dwelling Unit; no chimneys shall be constructed of siding or wood.

(d) GARAGES: In addition to meeting the requirements stated in Article V, Section 3, all garages shall be given the same architectural treatment as the Dwelling Unit located on such Lot. All garage doors shall remain closed when not in use. The interior walls of all garages must be finished (taped, floated and painted as a minimum). No garages will be permitted that protrude from the living space of the home toward the front of the lot. No garage shall be enclosed for living area or utilized for any other purpose than storage of automobiles and related normal uses.

(e) EXTERIOR LIGHTING: No exterior light shall be installed or situated such that neighboring Lots are unreasonably lighted by the same, and all exterior lighting to be located within the front yard or side yard of a Lot must be approved by the ARC. All freestanding exterior lights located between the property lines and the Dwelling Unit shall be architecturally compatible with the Dwelling Unit, and shall be approved by the ARC.

(f) DRIVEWAYS: Driveways shall be a minimum of 12-feet wide. The driveway shall be constructed of concrete or other material may be approved by the ARC.

(g) WINDOW UNITS: No Structure shall utilize window mounted or wall-type air conditioners or heaters.

(h) SKYLIGHTS: Skylights shall be permitted on the roof of a Dwelling Unit, subject to approval by the ARC. No other equipment, including without limitation, heating or air conditioning units, solar panels, solar collection units, satellite dishes, and antennas, shall be located on the roof of any Dwelling Unit or Structure, unless the same are concealed from view from adjoining Lots and public streets, and do not materially alter the roof line of the Dwelling Unit or Structure; and further, plans and designs for such equipment to be located on a roof must be submitted with the Plans required pursuant to Article IV hereof, and the design, plans, and installation of skylights, and all equipment located on the roof, are subject to the approval of the ARC.

(i) SWIMMING POOLS: No above-ground swimming pools shall be permitted on any Lot. However, an above-ground spa or hot tub may be constructed on a Lot provided that the same is located on a porch or deck associated with the Dwelling Unit. Any in-ground swimming pool shall be located in the rear yard of the Lot, and shall be securely enclosed by a fence and gates designed to prevent children and animals from accidently entering the pool enclosure. An enclosed in-ground pool may be constructed at the rear of the Dwelling Unit (either attached to the Dwelling Unit or as a separate Structure), provided that the enclosure for such pool shall be of the same materials used on, and in the same architectural style, as the Dwelling Unit. All swimming pools, and all swimming pool enclosures, must be approved by the ARC.

(j) TENNIS COURTS: No tennis court shall be constructed on any Lot unless and until the design, plans and specifications for the tennis court have been approved by the ARC. Approval will be limited to those tennis courts which are located only in the rear yard of the Lot, and which: (i) utilize only "low profile" lighting; (ii) have no chain-link fencing or chain-link backstops; (iii) are fenced with material compatible with those materials utilized on the exterior of the Dwelling unit; and (iv) are concealed to the greatest extent possible from view from any street, neighboring Lot, or other public area.

(k) SEPTIC SYSTEMS: No cesspool, outhouse or outside toilet shall be permitted on any Lot. Toilets located in any Structure, shall be connected to either an approved public sewage disposal system or to a septic tank located in the front yard of the Lot on which such Structure is constructed. Sewage disposal facilities and septic tanks must comply in all respects with all applicable state, county and/or other governmental laws, rules and regulations. Septic tanks on each Lot shall be restricted to the front yard of each Lot.

(l) WATER WELLS: Water wells on a Lot must comply in all respects with all applicable state, county and/or governmental laws, rules and regulations. Water wells on a Lot shall be restricted to the rear yard of each Lot, and shall be located not closer than 50 feet to any

side property line or the rear property line. Only submersible pumps having not more than one and one-half (1 ½) horsepower in capacity shall be used in any water wells located on the Lot. Under no circumstances shall any above-ground irrigation motors or similar devises (whether gasoline or electric) be located on a Lot and/or used in connection with providing water to that Lot for household use and watering of landscaping. All water wells shall be cased from the surface to the water formation. Owners and Residents may utilize water from a well for domestic purposes only, and all water produced from a well shall be utilized solely on the Lot from which the water is removed. No Owner or Resident may remove or sell water from their Lot to the public, or to any person or entity. Water wells will be drilled behind the center building line of the home.

(m) MAILBOXES: Mailbox location and design will be subject to approval by the ARC, and all mailboxes must be harmonious with the Dwelling Unit. In regard to the construction of mailboxes, the ARC will approve only designs for mailboxes which incorporate and utilize materials which match the Dwelling Unit; mailboxes shall thus be constructed of the same brick, stone, stucco or other masonry as approved by the ARC in regard to the Dwelling Unit.

(n) APPROVED STRUCTURES OTHER THAN DWELLING UNIT: No Structure or Improvement shall be permitted on any Lot other than the Dwelling Unit and such permanent Structures and Improvements as are approved in writing by the ARC, such as swimming pool equipment houses, cabanas, greenhouses, barns and storage sheds; however, in no event will the ARC approve a Structure or Improvement that does not meet the following requirements: (i) the sidewalls of the Structure will have a height of not greater than 16 feet; (ii) the maximum height of the roof peak of the Structure will be not greater than 22 feet; (iii) roofing materials must match and be of the same material as utilized on the Dwelling Unit, except that greenhouses and swimming pool enclosures may utilize a clear material that does not produce a glare or reflection that may be visible from neighboring Lots, and storage sheds and barns may have metal roofs meeting the requirements set forth below; (iv) the Structure will be constructed with exteriors of the same materials as are used on the Dwelling Unit, or that will match with and be compatible with the Dwelling unit; except however, barns and storage sheds may be pre-engineered metal buildings, provided that they are of all new construction, are 26 gauge or better pre-painted non-reflective steel siding, and the barn or shed is not more than 60 feet in length or width, and the roof peak of said barn or shed is not more than 22 feet in height; (v) the Structure will be no more than 60 feet in length or width; and (vi) the Structure will be screened to the extent possible, from neighboring Lots by landscaping or fencing materials which meet the requirements set forth in this Declaration.

Section 7. Landscaping of Lots. Construction of each and every Dwelling Unit within the Properties shall include the installation and placement of appropriate landscaping. All landscaping shall be completed by no later than one year after final completion of the Dwelling Unit. Landscaping must (i) permit reasonable access to public and private utility lines and easements for installation and repair; (ii) provide an aesthetically pleasing variety of trees, shrubs, groundcover and plants; and (iii) provide for landscaping of all portion of the Lot not covered by Improvements. Landscaping shall include groundcover, trees, shrubs, vegetation and other plant life. Landscaping shall not include gravel, concrete, timber or rocks except where used as borders, walkways, accent pieces, or as otherwise approved by the ARC. A swimming pool, where approved by the ARC, may be considered landscaping. Except for typical garden hoses having a diameter of

not more than one-inch, and common portable yard sprinklers that may be attached to such hoses, no pipes, hoses, sprinklers, or other parts of any irrigation system for watering of landscaping on a Lot shall be located above the ground. An under-ground irrigation system adequate to suitably water all landscaping located in the front yard and side yard of each Lot shall be installed at the time the Dwelling Unit is constructed. A minimum of five (5) 4" caliper trees planted as part of the landscaping to be planted within one year after final completion of the Dwelling Unit.

Section 8. Screening. All utility meters, equipment, air conditioning compressors, swimming pool filters, heaters and pumps and any other similar exposed mechanical devises on any Lot must be screened so that the same are not visible from other Lots or any public street or county road on which the Lot borders. All screens must be solid and constructed in the same architectural style and of the same material as the Dwelling Unit on a Lot.

Section 9. Utilities. All public or private utility and service connections including, but not limited to gas, water, electricity, telephone, cable television or security system, or any wires, cables, conduits or pipes used in connection therewith, located upon any Lot shall be underground; except that fire plugs, gas meters, supply pressure regulators, electric service pedestals, pad mount transformers, and street lights may be located above ground only when necessary to furnish the service required by the use of such utilities. In no event shall any poles be permitted, other than for street lights or as otherwise permitted herein, and no wires or transmission lines to or from such street lights shall exist above the ground.

Section 10. Trash Container. All dumpsters and other trash containers shall be located in the alley at the rear of each Lot. Such containers shall be placed as close to the rear fence on the Lot as reasonably possible so that said container will not interfere with use of the alley. Each Owner, at Owner's expense, shall contract with a public or private trash service for the regular pickup of all trash and other debris (all of which shall be placed in the dumpsters or other trash containers, it being understood that at no time shall any Owner pile or stack trash or other debris in the alley or on a Lot).

Section 11. General.

(a) CONSTRUCTION DEBRIS: During the construction or installation of any Improvement or Structure on any Lot, construction debris shall be removed from the Lot on a regular basis and the Lot and all adjacent Lots shall be kept as clean as possible and an appropriate trash container will be maintained on the Lot during all construction activities.

(b) STOPPAGE OF CONSTRUCTION: Once commenced, construction shall be diligently pursued to the end that it will be completed within 18 months from the date commenced. For purposes of this Declaration, construction shall be deemed to commence on the earlier of (i) the date on which any governmental authority shall issue any building permit or other permission, consent or authorization required in connection with such construction, or (ii) the date on which excavation or other work for the construction of the footings and/or foundation of any Improvements or Structures shall begin.

(c) LIABILITY FOR CONSTRUCTION ACTIVITIES ON LOT. Each Homebuilder and each Lot Owner (or the Owner's builder) is solely responsible and liable for all construction activities on the Lot, and construction activities on the Lot will comply with all federal, state and local laws, statutes, ordinances, regulations and rules, as well as all requirements set forth in this Declaration and all amendments and supplements thereto. Without limiting the generality of the preceding sentence, each Homebuilder and Lot Owner (or the Owner's builder) assumes all obligations and duties imposed by the Texas Commission on Environmental Quality ("TCEQ") related to discharges from construction activities. Each Homebuilder and Lot Owner (or Owner's builder) will be solely responsible for obtaining from TCEQ all required permits and any required Notice of Intent; and, each Homebuilder and Lot Owner (or Owner's builder) will be solely responsible for performing all construction activities and best management practices on the Lot in a manner that complies with federal, state and local laws, statutes, ordinances, regulations and rules, including those imposed by the TCEQ. By purchasing a Lot within the Subdivision, each Homebuilder and Lot Owner accepts all responsibility and liability for compliance with federal, state, and local laws, statutes, ordinances, regulations and rules, including those imposed by the TCEQ, and each Homebuilder and Lot Owner agrees to indemnify and hold harmless Declarant from all claims, fines, suits, actions, liabilities and proceedings whatsoever and of every kind, known or unknown, fixed or contingent which may be brought or asserted against Declarant on account of, or growing out of, any and all injuries or damages relating to construction activities on the Lot being performed by each Homebuilder and Lot Owner (or Owner's builder), and all losses, liabilities, judgments, settlements, costs, penalties, damages, fines and expenses relating thereto, including, but not limited to, attorney's fees and other costs of defending against, investigating and settling said claims.

Section 12. Easements. Easements for the installation and maintenance of utilities, drainage facilities, petroleum production and underground pipelines are reserved in this Declaration and as shown on the recorded subdivision plat. Utility service may be installed along or near the front and/or side and/or rear Lot lines and each Lot Owner shall have the task and responsibility of determining the specific location of all such utilities. Except as may be otherwise permitted by the ARC (e.g. fencing, flatwork, landscaping, etc.), no Owner shall erect, construct or permit any obstructions or permanent Improvements or Structures of any type or kind to exist within any easement area, nor shall anything be done or permitted within an easement area which would restrict or adversely affect drainage. Electrical (and possibly other utility) easements are likely to be located at or near or along the rear Lot line(s), and each Lot Owner assumes full, complete and exclusive liability and responsibility for all cost and expense related to damage, repair, relocation and restoration of such improvements or fence. Except as to special street lighting or other aerial facilities which may be required by the City or County of Lubbock, Texas or the City of Shallowater, Texas, or which may be required by the franchise of any utility company or which may be installed by the Declarant pursuant to its development-plan, no aerial utility facilities of any-type (except meters, risers, service pedestals and other surface installations necessary to maintain or operate appropriate underground facilities) shall be erected or installed on the Subdivision whether upon individual Lots, easements, streets or rights-of-way of any type, either by the utility company or any other person or entity, including, but not limited to, any person owning or acquiring any part of the Subdivision, and all utility service facilities (including, but not limited to, water, sewer, gas, electricity and telephone) shall be buried underground unless

otherwise required by a public utility. All utility meters, equipment, air conditioning compressors, water wells and similar items must be visually screened and located in areas designated by the Architectural Review Committee. The Association or the Architectural Review Committee shall have the right and privilege to designate the underground location of any CATV-related cable.

Each Owner shall assume full and complete responsibility for all costs and expenses arising out of or related to the repair, replacement or restoration of any utility equipment damaged or destroyed as a result of the negligence or mischief of any Resident of the Owner. Each Owner agrees to provide, at the sole cost and expense of each Owner, such land and equipment and apparatus as are necessary and appropriate to install and maintain additional lighting and security-related measures which becomes technologically provident in the future.

Section 13. Duty of Maintenance. Each Owner of any Lot shall have the responsibility, at his or her sole cost and expense, to keep such Lot, including any Improvements thereon, in a well maintained, safe, clean and attractive condition at all times. If Lot Owner neglects this responsibility in any way, the Developer will maintain the Lot at the cost of the Lot Owner and the Lot Owner will pay such fees as the Developer deems correct and appropriate.

(a) Such maintenance by the Lot Owner shall include, but is not limited to, the following:

(i) Prompt removal of all liter, trash, refuse and waste, and regular cutting of weeds and grasses on the Lot prior to and during construction of any Improvements;

(ii) Regular mowing of grasses, maintaining it to a height of less than 10 inches;

(iii) Tree and shrub pruning;

(iv) Keeping landscaped areas alive, free of weeds, and attractive;

(v) Watering;

(vi) Keeping parking areas and driveways in good repair;

(vii) Complying with all government health and police requirements;

(viii) Repainting of Structures and Improvements;

(iv) Repair of exterior damages to Improvements;

(x) Taking whatever action is necessary to assure proper water drainage across each Lot, and to prevent water from being impounded or dammed on Lot.

(b) Each Owner of any Lot shall have the responsibility, at his or her sole cost and expense, to keep all areas located between the boundaries of such Lot and the paved portion of any streets or roads on which such Lot borders in a well maintained, safe, clean and attractive condition. Each Owner shall have the further responsibility, at his or her sole cost and expense, to keep all alleys (to the middle of the alley) on which such Lot borders in a well maintained, safe, clean and attractive condition.

Section 14. Use of Alley.

All Owners and Residents are hereby advised that within the Alley are various underground utilities including an underground pipeline for the transportation of products which may include natural gas, natural gas liquids, synthetic gas, liquefied petroleum gas, petroleum or a petroleum product, or a hazardous substance. Under no circumstances, may Homebuilders, Owners or Residents, or their representatives, agents or contractors, dig, drill or conduct earth moving operations within the Alley. Owners of Lots which abut the alley, are particularly advised to use caution in the construction and development of said Lots, and all plans and specifications submitted to the ARC in relation to said Lots will disclose any digging, drilling and earth movement to be conducted. The ARC may provide additional guidelines for digging, drilling and earth movement on the Lots abutting the Alley. Owners will advise their contractors, subcontractors and other persons performing construction or earth moving activities on a Lot concerning the existence of the underground pipeline and other underground utilities within the Alley.

ARTICLE VI.
EASEMENTS AND TELECOMMUNICATION SERVICES; UTILITY SERVICES; DRILL SITES

Section 1. Utility Easements; Water Well; Petroleum Production Easement.

(a) Declarant reserves for itself and all utility and CATV companies that serve the Subdivision, and their respective successors and assigns, non-exclusive easements for the installation, maintenance, repair and removal of utilities and drainage facilities over, under and across an area not less than two feet (2') nor more than five feet (5') wide along the perimeter of each Lot and no Improvement or Structure shall be constructed or placed thereon without the express prior written consent of the ARC. Full rights of ingress and egress shall be had by Declarant and all utility and CATV companies serving the Subdivision, and their respective successors and assigns, at all times over the Subdivision for the installation, operation, maintenance, repair or removal of any utility together with the right to remove any obstruction (excluding, however, any driveway, fence or other Improvement or Structure which has been theretofore specifically approved by the ARC) that may be placed in such easement that would constitute interference with the use of such easement, or with the use, maintenance, operation or installation of such utility.

(b) Developer reserves for itself and all utilities and all mineral leasehold owners, an exclusive “petroleum production easement” (said easement extending twenty feet onto Lot 63, four

feet unto Lot 64, and along the South thirty-two feet on Lots 52-59) and no Dwelling Unit or any other Structure will be constructed on or within the Drill Site or on or within the "petroleum production easement". The petroleum production easement herein reserved shall be used exclusively for oil, gas and mineral production and operations, and for such utilities as are related to such production and operations.

(c) Developer does hereby reserve for itself and its successors and assigns the right for Declarant to drill, maintain, replace and operate water wells for the furnishing of water to Declarant and for such purposes as Declarant or Declarant's successors and assigns shall determine.

Section 2. Ingress, Egress and Maintenance by the Declarant. Full rights of ingress and egress shall be had by the Declarant at all times during the Development Period over and upon the front, rear and side setback areas applicable for each Lot for the carrying out by the Declarant of its functions, duties and obligations hereunder; provided, however, that any such entry by the Declarant upon any Lot shall be made with as little inconvenience to the Owner as practical, and any damage caused thereby shall be repaired by the Declarant at the expense of Declarant.

Section 3. Telecommunication Services. The Declarant may (but without obligation) provide, either directly or by contracting with other parties, various telecommunication services to the Lots within the Subdivision. The Declarant shall have the sole discretion to determine whether or not such telecommunication services are provided, and if the Declarant is to provide such services the Declarant shall have the sole discretion to determine the types of services to be provided, the manner in which such services will be provided, the amounts to be charged, and the method of paying for such services. The amounts charged for such services shall not exceed those authorized or required by any regulatory authority with jurisdiction over such matters. The types of telecommunication services that may be provided by or through the Declarant shall include, but not be limited to, the following: (i) local and long-distance telephone service; (ii) voice mail service; (iii) cable television service; (iv) private television channels for education and community purposes; (v) security monitoring of streets; (vi) central home security systems for fire and burglary detection; (vii) electronic utility meter reading systems; (viii) electronic mail systems; and (ix) such other similar telecommunication services the Declarant determines to be necessary or beneficial for the safety, welfare or enjoyment of the Owners and Residents of the Subdivision.

Section 4. Water and/or Sewer Services. Declarant reserves for itself and for its successors and assigns, the exclusive right, but not the obligation or duty, to create, own or have an interest in, and/or operate a "retail public utility" or a "water supply or sewer service corporation" (as "retail public utility" and "water supply or sewer service corporation" are defined in the Texas Water Code, Section 13.002, as now existing or hereafter amended), for the purpose of providing "retail water or sewer utility service" (as "retail water or sewer utility service" is defined by the Texas Water Code, Section 13.002) to all Owners and Residents of the Subdivision and to any other persons or entities as desired by Declarant. "Retail public utility" and "water supply or sewer service corporation" are hereinafter sometimes collectively referred to as "the Utility." If the Utility is created under the authority herein reserved to Declarant, and if a certificate of public convenience and necessity (the "Certificate") is obtained by the Utility in accordance with the provisions of the

Texas Water Code, then each Owner who thereafter purchases a Lot within an area being serviced by the Utility will purchase all water and/or sewer services (as are then being provided by the Utility) from the Utility, and no Owner will drill a water well or install a septic tank on a Lot receiving said service from the Utility. The provisions of this Section 4 shall not apply to any Owner who drills a water well and installs a septic tank prior to the Utility being created and obtaining a Certificate; however, the provisions of this Section 4 shall apply to any subsequent Owner who, after the Utility has been created and obtains a Certificate, purchases a Lot within the service area of the Utility, on which a water well or septic tank is in existence. If an Owner purchases a Lot after the Utility has been created and the Certificate obtained, and if the Lot has an existing water well and septic tank, the Owner will discontinue use of the water well if the Utility is providing water, and will discontinue use of the septic tank if sewer service is being provided by the Utility; and, at the time of the purchase of the Lot, water and/or sewer service shall be provided to the Lot on such terms and conditions as are then in effect for such service by the Utility. To the extent that the provisions of this Section 4 conflict with the provisions of Article V, Section 6, (k) and (l), the provisions of this Section 4 shall control. Any Owner who drills a water well and installs a septic tank prior to the Utility being created and obtaining a Certificate, may elect, upon creation of the Utility, to discontinue use of the water well and/or septic tank, and instead receive water and/or sewer service (as may then be available) from the Utility and upon such terms and conditions as are then in effect for such service by the Utility. Nothing within this Section 4 shall be construed as an obligation, duty, or representation by Declarant to create the Utility. If the Utility is created, the Utility may utilize any Lot and/or the water well easement described above in Article VI, Section 1, then owned by Declarant to drill and maintain water wells for use by the Utility in providing water service, and the Utility shall have such access to said Lot and/or easement as is necessary for the purpose of drilling and maintaining the water wells, tanks, equipment and underground pipelines as are related to such water wells. The utility easements described in Article VI, Sections 1 and 2, may be utilized by the Utility in providing the services of the Utility. Declarant may use any Lot or other property which it owns within or outside of the Subdivision for the purpose of drilling and maintaining water wells, tanks, equipment and pipeline related to the utility.

Section 5. Drill Sites. The Drill Sites (Tract E) are subject to the Drill Site Agreement and the Drill Sites will be utilized solely for the purposes set forth in the Drill Site Agreement, and for no other purposes. No residential dwelling and no other Structure may be situated on a Drill Site or on the "petroleum production easement" adjacent to each Drill Site.

ARTICLE VII.

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section l. Membership. Each and every Owner of each and every Lot which is subject to these, or substantially similar, Covenants shall automatically be, and must at all times remain, a Member of the Association in good standing. Each and every Resident (who is not otherwise an Owner) may, but is not required to, be a non-voting Member of the Association. During the Development Period, the Association shall have two (2) classes of Members: Class A and Class B.

The Class A Members shall include: (a) all Owners (other than the Declarant during the Development Period); and (b) all Residents (not otherwise Owners) who have properly and timely fulfilled all registration and related requirements prescribed by the Association. The Class B Member shall be the Declarant. Upon conclusion of the Development Period, the Class B membership shall terminate and the Declarant shall become a Class A Member, entitled to one vote for each Lot then owned by Declarant; and at such time, the Declarant will call a meeting as provided in the By-Laws of the Association for special meetings to advise the membership of the termination of the Class B status.

Section 2. Voting Rights. There shall be two (2) classes of voting Members during the Development Period:

Class A: The Owner(s) of each Lot shall be entitled to one (1) vote per Lot. Where more than one (1) Owner owns and holds a record fee interest in a Lot such Owner(s) may divide and cast portions of the one (1) vote as they decide, but in no event shall any one (1) Lot yield more than one (1) vote.

Class B: The Class B Member shall have five (5) votes for each Lot it owns.

Any Owner, Resident or Member shall not be in "good standing" if such person or entity is: (a) in violation of any portion of these Covenants, the Design Guidelines, or any rule or regulation promulgated by the Board; (b) delinquent in the full, complete and timely payment of any Annual Assessment, Initial Common Properties Assessment, special assessment, or any other fee, charge or fine which is levied, payable or collectible pursuant to the provisions of these Covenants, the Bylaws or any rule or regulation promulgated by the Board.

The Board may make such rules and regulations, consistent with the terms of this Declaration and the Bylaws, as it deems advisable, for: any meeting of Members; proof of membership in the Association; the status of good standing; evidence of right to vote; the appointment and duties of examiners and inspectors of votes; the procedures for actual voting in person or by proxy; registration of Members for voting purposes; and such other matters concerning the conduct of meetings and voting as the Board shall deem fit.

Section 3. Board of Directors. The affairs of the Association shall be managed initially by a board of three (3) individuals elected by the Class B Member. However, beginning with the third annual meeting of the Members of the Association and continuing thereafter, the Board shall be expanded to consist of five (5) individual Directors, three of whom shall be elected by the Class B Members and two of whom shall be elected by the Class A Members.

The Directors need not be Members of the Association. Directors shall be elected for two year terms of office and shall serve until their respective successors are elected and qualified. Any vacancy which occurs in the Board, by reason of death, resignation, removal, or otherwise, may be filled at any meeting of the Board by the affirmative vote of a majority of the remaining Directors representing the same class of Members who elected the Director whose position has become vacant. Any Director elected to fill a vacancy shall serve as such until the expiration of the term of

the Director whose position he or she was elected to fill.

The election of the directors shall take place in accordance with the Bylaws or, to the extent not inconsistent with the Bylaws, the directives of the then-existing Board.

Section 4. Notice and Voting Procedures. Quorum, notice and voting requirements of and pertaining to the Association may be set forth within the Articles and Bylaws, as either or both may be amended from time to time, and shall be in accordance with permitted Texas law.

ARTICLE VIII.

FIRE HYDRANT RIGHTS OF USE

Section 1. Installation. Developer reserves the right to install on Tract E one or more fire hydrants and related wells for service of Lots 47 through 70 of the Legacy Ranch Subdivision. Developer is under no obligation to install said fire hydrants. Upon the Termination of the Development Period, the right to install, maintain, manage, and levy assessments for the same, shall automatically be assigned to the Association.

Section 2. No Easement. The installation of fire hydrants and related wells is for the exclusive use of fire protection services, provided either by the City of Shallowater, City of Lubbock, County of Lubbock or any other municipal fire protection service. No Owner shall have any right or easement over Tract E, or any right or easement to the use any installed fire hydrant or related well.

ARTICLE IX.

COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot (but not including Declarant) by acceptance of a Deed therefore, whether or not it shall be so expressed in any such Deed or other conveyance, shall be deemed to covenant and agree (and such covenant and agreement shall be deemed to constitute a portion of the purchase money and consideration for acquisition of the Lot so as to have affected the purchase price) to pay to the Association (or to an independent entity or agency which may be designated by the Association to receive such monies):

(a) Annual Assessments;

(b) special assessment levied at the time of acceptance of a Deed to any Lot (the "Initial Common Properties Assessment");

(c) special group assessments for capital improvements or unusual or emergency matters, such assessments to be fixed, established and collected from time to time as hereinafter provided;

(d) special individual assessments levied against individual Owners to reimburse the Association for extra or unusual costs incurred for items such as (but not limited to): maintenance and repairs to portions of the Properties caused by the willful or negligent acts of the individual Owner, Member or Resident; the remedy, cure or minimizing of problems caused by, or as a result of, violations of these Covenants by an Owner, Member or Resident; and

(e) individual assessments and fines levied against an individual Owner, Member or Resident for violations of rules and regulations pertaining to the Association and/or the Common Properties.

The Annual Assessment, Initial Common Properties Assessment, special group assessment, special individual assessment, individual assessments and fines, together with such late charges, interest and costs of collection thereof as are hereinafter provided, shall be a charge on the land and shall be a continuing lien upon each Lot against which each such assessment is made and shall also be the continuing personal obligation of the then-existing Owner, Member and Resident of such Lot at the time when the assessment fell due. Each Owner of each Lot shall be directly liable and responsible to the Association for the acts, conduct and omission of each and every Member and Resident associated with the Dwelling Unit(s) on such Owner's Lot.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used for the purposes of promoting the comfort, health, safety, convenience, welfare and quality of life of the Residents of the Properties and in supplementing some services and facilities normally provided by or associated with governmental or quasi-governmental entities, and otherwise for the construction, improvement and maintenance of fire hydrants and other like services and/or facilities. Assessments may also be levied for the operation of the Association, including, but not limited to or for: the payment for utilities and the repair, replacement and additions of various items used to install or maintain fire hydrants or related wells; paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of fire hydrants or related wells; carrying out the duties of the Board of Directors of the Association as set forth in Articles VII and IX herein; carrying out the other various matters set forth or envisioned herein or in any Amended Declaration related hereto; and for any matters or things designated by the City of Shallowater, and/or the City and County of Lubbock, Texas in connection with any zoning, subdivision, platting, building, development or occupancy requirements. The items and areas described above are not intended to be exhaustive but merely illustrative.

Section 3. Basis and Amount of Annual Assessments. Until and unless otherwise determined by the Board of Directors of the Association, the maximum initial Annual Assessment (for the year 2017) will be Five Hundred and no/100 Dollars ($500.00) per Lot per year; however, the Association's Board of Directors may fix the actual Annual Assessment at an amount equal to or less than $500.00. If the Board of Directors of the Association determines that the initial Annual Assessment is insufficient to meet the needs of the Association during the remainder of the Association's initial fiscal year (the year 2017), the Board of Directors may, by majority vote, increase the initial Annual Assessment by not more than fifteen percent (15%) above the amount

initially determined; and, the Board of Directors may increase the initial Annual Assessment by more than fifteen percent (15%) above the amount initially determined, but only by a majority vote of the voting power of the Association.

Commencing on January 1, 2018 the maximum Annual Assessment for any fiscal year (including 2018) may be increased by the Board of Directors above the Annual Assessment for the previous fiscal year without a vote of the Members, provided that such increase is not effective before the first day of the fiscal year in which the increase occurs, and provided further that such increase will be an amount not exceeding fifteen percent (15%) of the Annual Assessment for the previous fiscal year of the Association. Any increase in the Annual Assessment which exceeds fifteen percent (15%) of the Annual Assessment for the previous fiscal year, shall require the vote or written consent of Members representing a majority of the voting power of the Association.

The Board of Directors may, after consideration of current and future anticipated needs of the Association, reduce the actual Annual Assessment for any year to a lesser amount than specified herein, and in such event, any future increases of such Annual Assessment which may be permitted herein without a vote of the Membership of the Association will be computed and based upon such actual Annual Assessment for the previous fiscal year of the Association.

Any Lot which is owned by Declarant, as unimproved property, is exempt from the Annual Assessment, and from all other assessments which are authorized in this Article IX. Any Lot which is owned by a Homebuilder shall be assessed as provided in this Article IX, Section 3 at the rate of one-half of the Annual Assessment, for the first year that the Homebuilder owns the Lot; however, the Homebuilder shall receive no discount as to a Lot owned more than one year. The rate of assessment for any Lot, within a calendar year, may change as the character of ownership and the status of occupancy by a resident change. The applicable assessment for any Lot will be prorated according to the rate specified in these covenants for each type of ownership.

Section 4. Special Group Assessments. In addition to the Annual Assessment authorized by Section 3 hereof, the Association may levy in any Fiscal Year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of a fire hydrant or related well, including any necessary fixtures and personal property related thereto or for any unusual or emergency purpose(s) (including without limitation those matters arising out of litigation and/or judgments); provided that any such assessment shall have the affirmative approval of at least three-fourths of the individuals comprising the Board.

Section 5. Rate of Assessments. The Annual Assessments described in Section 3 and the special group assessments described in Section 4 must be fixed at a uniform rate for all Lots owned by Class A Members who are not Homebuilders, unless otherwise approved by at least three-fourths of the individuals comprising the Board.

Section 6. Date of Commencement of Assessments; Due Dates. The Annual Assessment shall be due and payable in full in advance on the first day of each Fiscal Year and shall, if not automatically paid within thirty (30) consecutive calendar days thereafter, automatically

become delinquent. The Board shall use reasonable efforts to provide each Owner with an invoice statement of the appropriate amount due, but any failure to provide such a notice shall not relieve any Owner of the obligation established by the preceding sentence. The Board may prescribe: (a) procedures for collecting advance Annual Assessments from new Owners, Members or Residents out of "closing transactions"; and (b) different procedures for collecting assessments from Owners who have had a recent history of being untimely in the payment(s) of assessments.

Section 7. Duties of the Board of Directors with Respect to Assessments.

(a) In the event of a revision to the amount or rate of the Annual Assessment, or establishment of a special group assessment, the Board shall fix the amount of the assessment against each Lot, and the applicable due date(s) for each assessment, at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association;

(b) Written notice of the applicable assessment shall be actually or constructively furnished to every Owner subject thereto in accordance with the procedures then determined by the Board as being reasonable and economical; and

(c) The Board shall, upon reasonable demand, furnish to any Owner originally liable for said assessment, a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid. A reasonable charge may be made by the Board for the issuance of such certificate.

Section 8. Effect of Non-Payment of Assessment; the Personal Obligation of the Owner; the Lien; and Remedies of Association.

(a) Effective as of, and from and after the filing and recordation of this Declaration, there shall exist a self-executing and continuing contract Payment and Performance Lien and equitable charge on each Lot to secure the full and timely payment of each and all assessments and all other charges and monetary amounts and performance obligations due hereunder. Such lien shall be at all times superior to any claim of homestead by or in any Owner. If any assessment, charge or fine or any part thereof is not paid on the date(s) when due, then the unpaid amount of such assessment, charge or fine shall (after the passage of any stated grace period) be considered delinquent and shall, together with any late charge and interest thereon at the highest lawful rate of interest per annum and costs of collection thereof, become a continuing debt secured by the self-executing Payment and Performance Lien on the Lot of the non-paying Owner/Member/Resident which shall bind such Lot in the hands of the Owner and Owner's heirs, executors, administrators, devisees, personal representatives, successors and assigns. The Association shall have the right to reject partial payments of an unpaid assessment or other monetary obligation and demand the full payment thereof. The personal obligation of the then-existing Owner to pay such assessment, however, shall remain the Owner's personal obligation and shall not pass to Owner's successors in title unless expressly assumed by them. However, the lien for unpaid assessments shall be unaffected by any sale or assignment of a Lot and shall continue in full force and effect. No Owner

may waive or otherwise escape liability for any assessment provided herein by abandonment of the Lot. No diminution or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such assessments being a separate and independent covenant on the part of each Owner;

(b) The Association may also give written notification to the holder(s) of any mortgage on the Lot of the non-paying Owner of such Owner's default in paying any assessment, charge or fine, particularly where the Association has theretofore been furnished in writing with the correct name and address of the holder(s)of such mortgage, a reasonable supply of self-addressed postage prepaid envelopes, and a written request to receive such notification;

(c) If any assessment, charge or fine or part thereof is not paid when due, the Association shall have the right and option to impose a late charge (but only to the extent permitted by applicable law) to cover the additional administrative costs involved in handling the account and/or to reflect any time-price differential assessment schedule adopted by the Association. The unpaid amount of any such delinquent assessment, charge or fine shall bear interest from and after the date when due at the highest lawful rate of interest per annum until fully paid. If applicable state law provides or requires an alternate ceiling, then that ceiling shall be the indicated rate ceiling. The Association may, at its election, retain the services of an attorney to review, monitor and/or collect unpaid assessments, charges, fines and delinquent accounts, and there shall also be added to the amount of any unpaid assessment, charge, fine or any delinquent account any and all attorneys' fees and other costs of collection incurred by the Association;

(d) The Association may, at its discretion but subject to all applicable debt collection statutes: (i) prepare and file a lien affidavit in the public records of Lubbock County, Texas which specifically identifies the unpaid assessments, charges or fines; and (ii) publish and post, within one or more locations within the Properties, a list of those individuals or entities who are delinquent. Each Owner consents to these procedures and authorizes the Board to undertake such measures for the general benefit of the Association;

(e) All agreements between any Owner and the Association and/or Declarant, whether now existing or hereafter arising and whether written or oral and whether implied or otherwise, are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid, or agreed to be paid, to the Association and/or Declarant or for the payment or performance of any covenant or obligation contained herein or in any other document exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof or of such other document at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance the Association and/or Declarant should ever receive an amount deemed interest by applicable law which shall exceed the highest lawful rate, such amount which would be excessive interest shall be

applied to the reduction of the actual base assessment amount or principal amount owing hereunder and other indebtedness of the Owner to the Association and/or Declarant and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of the actual Annual Assessment hereof and such other indebtedness, the excess shall be refunded to Owner. All sums paid or agreed to be paid by any Owner for the use, forbearance or detention of any indebtedness to the Association and/or Declarant shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the interest charged, collected or received on account of such indebtedness is never more than the maximum amount permitted by applicable law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between any Owner and the Association and/or Declarant.

Section 9. Power of Sale. The lien described within the preceding Section is and shall be a contract Payment and Performance Lien. Each Owner, for the purpose of better securing each and all monetary obligations described within these Covenants, and in consideration of the benefits received and to be received by virtue of the ownership of real estate within Legacy Ranch Subdivision, has granted, sold and conveyed and by these covenants does grant, sell and convey unto the Trustee, such Owner's Lot, to have and to hold such Lot, together with the rights, privileges and appurtenances thereto belonging unto the said Trustee, and to its substitutes or successors, forever. The initial Trustee is Hayden C. Olson, whose address is 1408-A Buddy Holly Avenue, Lubbock, Lubbock County, Texas 79401. And each Owner does hereby bind himself and/or herself, their heirs, executors, administrators and assigns to warrant and forever defend the Lot unto the said Trustee, its substitutes or successors and assigns, forever, against the claim, or claims of all persons claiming or to claim the same or any part thereof.

This conveyance is made in trust to secure payment of each and all assessments and other obligations prescribed by these Covenants to and for the benefit of the Association as the Beneficiary. In the event of default in the payment of any obligation hereby secured, in accordance with the terms thereof, then and in such event, Beneficiary may elect to declare the entire indebtedness hereby secured with all interest accrued thereon and all other sums hereby secured due and payable (subject, however, to the notice and cure provisions set forth in Section 51.002 of the Texas Property Code), and in the event of default in the payment of said indebtedness when due or declared due, it shall thereupon, or at any time thereafter, be the duty of the Trustee, or its successor or substitute as hereinafter provided, at the request of Beneficiary (which request is hereby conclusively presumed), to enforce this trust; and after advertising the time, place and terms of the sale of the Lot then subject to the lien hereof, and mailing and filing notices as required by Section 51.002, Texas Property Code, as then amended, and otherwise complying with that statute, the Trustee shall sell the Lot, then subject to the lien hereof, at public auction in accordance with such notices on the first Tuesday in any month between the hours of ten o'clock A.M. and four o'clock P.M., to the highest bidder for cash, selling all of the Lot as an entirety or in such parcels as the Trustee acting may elect, and make due conveyance to the purchaser or purchasers, with general warranty binding upon the Owner, his heirs and assigns; and out of the money arising from such sale, the Trustee acting shall pay first, all the expenses of advertising the sale and making the conveyance, including a reasonable commission to itself, which commission shall be due and owing in addition to the attorney's fees provided for, and then to Beneficiary the full amount of principal,

interest, attorney's fees and other charges due and unpaid on said indebtedness secured hereby, rendering the balance of the sales price, if any, to the Owner, his heirs or assigns and/or to any other lienholders (if so required by applicable law); and the recitals in the conveyance to the purchaser or purchasers shall be full and conclusive evidence of the truth of the matters therein stated, and all prerequisites to said sale shall be presumed to have been performed, and such sale and conveyance shall be conclusive against the Owner, his heirs and assigns.

It is agreed that in the event a foreclosure hereunder should be commenced by the Trustee, or its substitute or successor, Beneficiary may at any time before the sale of said property direct the said Trustee to abandon the sale, and may then institute suit for the collection of said indebtedness, and for the foreclosure of this contract Payment and Performance Lien; it is further agreed that if Beneficiary should institute a suit for the collection thereof, and for a foreclosure of this contract lien, that it may at any time before the entry of a final judgment in said suit dismiss the same, and require the Trustee, its substitute or successor to sell the Lot in accordance with the provisions of this section. Beneficiary, if it is the highest bidder, shall have the right to purchase at any sale of the Lot, and to have the amount for which such Lot is sold credited on the debt then owing. Beneficiary in any event is hereby authorized to appoint a substitute trustee, or a successor trustee, to act instead of the Trustee named herein without other formality than the designation in writing of a substitute or successor trustee; and the authority hereby conferred shall extend to the appointment of other successor and substitute trustees successively until the indebtedness hereby secured has been paid in full, or until said Lot is sold hereunder, and each substitute and successor trustee shall succeed to all of the rights and powers of the original trustee named herein. In the event any sale is made of the Lot, or any portion thereof, under the terms of this section, the Owner, his heirs and assigns, shall forthwith upon the making of such sale surrender and deliver possession of the property so sold to the purchaser at such sale, and in the event of his failure to do so he shall thereupon from and after the making of such sale be and continue as tenants at will of such purchaser, and in the event of his failure to surrender possession of said property upon demand, the purchaser, his heirs or assigns, shall be entitled to institute and maintain an action for forcible detainer of said property in the Justice of the Peace Court in the Justice Precinct in which such property, or any part thereof, is situated. The foreclosure of the continuing contract Payment and Performance Lien on any one or more occasions shall not remove, replace, impair or extinguish the same continuing lien from securing all obligations arising from and after the date of foreclosure.

Section 10. Subordination of the Lien to Mortgages. The lien securing the payment of the assessments and other obligations provided for herein shall be superior to any and all other charges, liens or encumbrances which may hereafter in any manner arise or be imposed upon any Lot whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage or other instrument, except for:

(a) bona-fide first mortgage or deed of trust liens for purchase money and/or home improvement purposes placed upon a Lot, in which event the Association's lien shall automatically become subordinate and inferior to such first lien;

(b) liens for taxes or other public charges as are by applicable law made superior to the Association's lien; and

(c) such other liens about which the Board may, in the exercise of its reasonable discretion, elect to voluntarily subordinate the Association's lien;

provided however, such subordination shall apply only to the assessments which have been due and payable prior to the foreclosure sale (whether public or private) of such Lot pursuant to the terms and conditions of any such first mortgage or deed of trust or tax lien. Such sale shall not relieve such Lot from liability for the amount of any assessment thereafter becoming due nor from the lien of any such subsequent assessment. Such subordination shall not apply where the first mortgage or deed of trust or tax lien is used as a device, scheme or artifice to evade the obligation to pay assessments and/or to hinder the Association in performing its functions hereunder.

Section 11. Exempt Property. The following property otherwise subject to this Declaration shall be exempted from any assessments, charge and lien created herein:

(a) All properties dedicated to and accepted by a local public or governmental authority;

(b) Exempt Property; and

(c) Unimproved Lots owned by Declarant.

ARTICLE X.

GENERAL POWERS AND DUTIES OF THE BOARD OF DIRECTORS OF THE ASSOCIATION

Section 1. Powers and Duties. The affairs of the Association shall be conducted by its Board. The Board, for the benefit of the Association, the Properties and the Owners and the Members and Residents, may provide and may pay for, out of the assessment fund(s) provided for in Article IX above, one or more of the following (unless such funds are limited to a particular use as expressly provided in Article IX):

(a) Care, preservation and maintenance of the fire hydrants and related wells, and the furnishing and upkeep of any desired personal property for use in for the fire hydrants and related wells;

(b) Supplementing (to the extent, if any, deemed necessary, appropriate and affordable by the Board) the police, fire, ambulance, garbage and trash collection and similar services within the Properties traditionally provided by local governmental agencies **(NOTE: NOTHING WITHIN THIS DECLARATION SHALL BE CONSTRUED AS A REQUIREMENT, DUTY OR PROMISE ON THE PART OF THE ASSOCIATION OR THE DECLARANT TO PROVIDE SECURITY, UTILITY OR MEDICAL SERVICES TO ANY OWNER, RESIDENT OR MEMBER - ALL OWNERS, RESIDENTS AND MEMBERS SHALL BE SOLELY RESPONSIBLE FOR THEIR OWN SAFETY AND WELFARE, AND SHOULD TAKE SUCH PRECAUTIONS AS THEY DEEM NECESSARY TO PROTECT PERSONS**

AND PROPERTY);

(c) Taxes, insurance and utilities (including, without limitation, electricity, gas, water, sewer and telephone charges) which pertain to the operation of the fire hydrants and related wells;

(d) The services of any person or firm (including the Declarant and any affiliates of the Declarant) to manage the Association or any separate portion, thereof, to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager of the Association. The Board is specifically authorized to hire and employ one or more managers, secretarial, clerical, staff and support employees;

(e) Legal and accounting services and all costs and expenses reasonably incurred by the Architectural Review Committee; and

(f) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of this Declaration or which in its opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of this Declaration.

The Board shall have the following additional rights, powers and duties:

(g) To enter into agreements or contracts with insurance companies, Taxing Authorities, the holders of first mortgage liens on the individual Lots and utility companies with respect to: (i) monthly escrow and impound payments by a mortgagee regarding the assessment, collection and disbursement process envisioned by Article IX hereinabove; (ii) utility installation, consumption and service matters; and (iii) the escrow or impounding of monies sufficient to timely pay the Annual Assessment applicable to any Lot (or any other assessment authorized in this Declaration);

(h) To borrow funds (including, without limitation, the borrowing of funds from the Declarant and/or its affiliates) to pay costs of operation or the construction of fire hydrants and related wells and other such personal property associated with the construction, use or maintenance of the same, secured by such assets of the Association as deemed appropriate by the lender and the Association;

(i) To enter into contracts, maintain one or more bank accounts and, generally, to have all the powers necessary or incidental to the operation and management of the Association;

(j) To protect or defend the fire hydrants and related wells from loss or damage by suit or otherwise, to sue or defend in any court on behalf of the Association and to provide adequate reserves for repairs and replacements;

(k) To prepare an annual operating budget and to make available for review by each Owner at the Association offices within ninety (90) days after the end of each Fiscal Year an annual report;

(l) Pursuant to Article III herein, to adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property; and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency; and

(m) To enforce the provisions of this Declaration and any rules made hereunder and to enjoin and seek damages from any Owner, Resident or Member for violation of such provisions or rules. The Board is specifically authorized and empowered to establish (and to revise and amend from time to time) a monetary fines system which may include component steps such as warning citations, ticketing, due process hearings and appeals and a flat rate or discretionary range or geometric progression of fine amounts, which, when pronounced, shall constitute a permitted individual Lot Owner assessment secured by the continuing Payment and Performance Lien herein established.

The Association may: (i) borrow monies from the Declarant; (ii) lease equipment from the Declarant; (iii) contract with the Declarant concerning the provision of any personnel, labor, supplies, materials and services, provided such contract terms and conditions are: generally comparable (in terms of price, quality and timeliness) with those that might be otherwise obtained from unrelated third parties; and, as to professional management contracts, terminable by the Association at any time for any reason whatsoever and without penalty upon furnishing at least ninety (90) days advance notice thereof to Declarant. The Board shall not be required to solicit bids from unrelated third parties before entering into any contract with the Declarant and the reasonable judgment and resolution of the Board to enter into any such contract with the Declarant (absent fraud, gross negligence or willful misconduct) shall be final and conclusive and binding upon the Association and all of its Members.

Section 2. Board Powers. The Board shall have the right and obligation to perform the functions of the Board on behalf of the Association. In the event or if for any reason the Board is not deemed authorized to act for and on behalf of the Association and the Members, then the Declarant may exercise its power and authority under Article XI, Section 1, to act for and on behalf of the Association and the Members, and the Association shall reimburse the Declarant for any and all reasonable expenses incurred in so acting.

Section 3. Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner, Member or Resident (including, without limitation, the Declarant) for performance, on behalf of the Association, of services which the Association is otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interests of the Association.

Section 4. Liability Limitations. Neither any Resident nor the directors and officers and managers of the Association shall be personally liable for debts contracted for or otherwise incurred by the Association or for any torts committed by or on behalf of the Association or for a tort of another Resident, whether such other Resident was acting on behalf of the Association or otherwise. Neither the Declarant, the Association, its directors, officers, managers, agents or employees shall

be liable for any actual, incidental or consequential damages for failure to inspect any premises, improvements or portion thereof or for failure to repair or maintain the same. The Declarant, the Association or any other person, firm or corporation responsible for making such repairs or maintenance shall not be liable for any personal injury or other actual, incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portion thereof.

Section 5. Reserve Funds. The Board may establish reserve funds which may be maintained and/or accounted for separately from other funds maintained for annual operating expenses and may establish separate, irrevocable trust accounts or any other recognized bookkeeping or tax procedures in order to better demonstrate that the amounts deposited therein are capital contributions and not net or taxable income to the Association.

ARTICLE XI.

GENERAL PROVISIONS

Section 1. Power of Attorney. Each and every Owner, Member and Resident hereby makes, constitutes and appoints Declarant as his/her true and lawful attorney-in-fact, coupled with an interest and irrevocable, for him/her and in his/her name, place and stead and for his/her use and benefit, to do the following:

(a) to exercise, do or perform any act, right, power, duty or obligation whatsoever in connection with, arising out of, or relating to any matter whatsoever involving this Declaration and the Properties;

(b) to sign, execute, acknowledge, deliver and record any and all instruments which modify, amend, change, enlarge, or abandon the terms within this Declaration, or any part hereof, with such clause(s), recital(s), covenant(s), agreement(s) and restriction(s) as Declarant shall deem necessary, proper and expedient under the circumstances and conditions as may be then existing; and

(c) to sign, execute, acknowledge, deliver and record any and all instruments which modify, amend, change, enlarge, contract or abandon the subdivision plat(s) of the Properties, or any part thereof, with any easements and rights-of-way to be therein contained as the Declarant shall deem necessary, proper and expedient under the conditions as may then be existing.

The rights, powers and authority of said attorney-in-fact to exercise any and all of the rights and powers herein granted shall commence and be in full force upon recordation of this Declaration in the Lubbock County Clerk's Office and shall remain in full force and effect thereafter until conclusion of the Development Period.

Section 2. Further Development. During the Development Period, each and every Owner and Resident waives, relinquishes and shall not directly or indirectly exercise any and all rights, powers or abilities regarding the following: to contest, object, challenge, dispute, obstruct,

hinder or in any manner disagree with the proposed or actual development (including, without limitation, zoning or rezoning efforts or processes) pertaining to residential, commercial or recreational uses of any real property owned by the Declarant or by the affiliates, assignees or successors of the Declarant within a one-mile radius of the Subdivision.

Section 3. Duration. The Covenants of this Declaration shall run with and bind the land subject to this Declaration, and shall inure to the benefit of and be enforceable by the Declarant, the Association and by any Owner and Resident of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for an original forty (40) year term expiring on the fortieth (40th) anniversary of the date of recordation of this Declaration, after which time these Covenants shall be automatically extended for successive periods of ten (10) years unless an instrument is signed by the Owners of at least fifty-one percent (51%) of all Lots within this Subdivision and all Lots of any additions added or annexed to the scheme of this Declaration as provided in Article II of this Declaration, which instrument is recorded in the Official Public Records of Lubbock County, Texas, and which contains and sets forth an agreement to abolish these Covenants; provided, however, no such agreement [where approved by less than seventy-five percent (75%) of the Owners of all Lots within this Subdivision and all Lots of any additions added or annexed to the scheme of this Declaration] to abolish shall be effective unless made and recorded one (1) year in advance of the effective date of such abolishment.

Section 4. Amendments. The covenants, conditions and restrictions of this Declaration may be amended or terminated only as follows:

(a) BY THE OWNERS: This Declaration may be amended or terminated only by the affirmative vote of the Owners of not less than two-thirds (2/3rds) of the total number of Lots. Each Lot shall be entitled to a single vote, and, in case there are multiple Owners of a Lot, that Lot's vote shall be cast as determined by a majority of its Owners. The Owner of multiple Lots shall be entitled to one vote for each Lot owned. The Declarant shall be considered an Owner and shall be entitled to one vote for each Lot owned. Under no circumstances may the Owners terminate the covenants, conditions and restrictions of this Declaration at any time within the next ten years from the date that this Declaration is filed in the Official Public Records of Lubbock County, Texas, unless the Declarant joins in and agrees to such termination.

(b) BY THE DECLARANT: During the Development Period, Declarant reserves to itself and to its successors and assigns, and shall have the continuing right, at any time, and from time to time, without the joinder or consent of any party, to amend this Declaration by an instrument in writing duly executed, acknowledged and filed of record for the purpose of clarifying or resolving any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors or omissions herein, or for adding or deleting any restriction, term or provision of this Declaration, provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by the Declaration, and shall not impair or materially adversely affect the vested property or other rights of any Owner.

Section 5. Enforcement. Enforcement of the covenants and restrictions contained herein shall be by any proceeding at law or in equity against any persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages. Failure by the Declarant, the Association, or any other Owner to enforce any such covenant or restriction shall in no event be deemed a waiver of the right to do so thereafter. Declarant shall have no special obligation to any Owner to enforce any of the covenants and restrictions contained in this instrument, and any Owner or Owners aggrieved by any violation or alleged violation of these covenants and restrictions shall be responsible for enforcing the same (provided that Declarant shall have the right to join in such enforcement in the event Declarant, in Declarant's sole discretion, elects to do so).

Section 6. Additional Restrictions. Declarant may make additional restrictions applicable to any Lot by appropriate provision in the deed conveying such Lot to the Owner, without otherwise modifying the general plan set forth herein, and any such other restrictions shall inure to the benefit of and be binding upon the parties to such deed in the same manner as if set forth at length herein.

Section 7. Resubdivision or Consolidation. No Lot shall be resubdivided in any fashion to create a Lot having smaller dimensions than the original Lot. Entire Lots may be consolidated to form a single building site, and a Lot may be resubdivided and portions thereof combined with another Lot to create a new Lot having dimensions that are at least as large as the largest of the two original Lots.

Section 8. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of this Declaration shall be or become illegal, null or void for any reason or shall be held by any court with competent jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses or phrases of this Declaration shall continue in full force and effect and shall not be affected thereby. It is hereby declared that said remaining paragraphs, sections, sentences, clauses, and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses, or phrases shall become or be illegal, null or void.

Section 9. Notice. Wherever written notice to an Owner is permitted or required hereunder, such notice shall be given by mailing the same to such Owner at the address of such Owner designated in the Deed conveying a Lot or Lots to that Owner, as recorded in the Lubbock County Clerk's office in Lubbock, Texas, or to the address of the Owner shown in the records of the Lubbock Central Appraisal District in Lubbock, Texas, or other governmental authority imposing or collecting ad valorem taxes on such Lot. Such notice shall conclusively be deemed to have been given by placing same in the United States mail, properly addressed, whether received by the addressee or not.

Section 10. Titles. The titles, headings, and captions which have been used throughout this Declaration are for convenience only and are not to be used in construing this Declaration or any part thereof.

Section 11. Adjacent Property. Declarant intends to develop certain property adjacent to

or in the vicinity of the Lots. Such adjacent property may be subject to restrictions materially varying in form from those contained in this instrument. Nothing contained in this instrument shall be deemed to impose upon Declarant any obligation with respect to such adjacent property, including, without limitation, any obligation to enforce any covenants or restrictions applicable thereto. Declarant may, in the future, develop certain property adjacent to or in the vicinity of the Lots as additional residential lots, or for commercial use, or for a recreational use, or any combination of such uses. However, nothing within this Declaration shall be construed as constituting an obligation, promise, covenant or duty on the part of Declarant to develop the adjacent property in a particular manner or for a particular use. Nothing contained in or inferable from this Declaration shall ever be deemed to impose upon any other land owned or to be owned by Declarant, or any related entity, any covenants, restrictions, easements or liens, or to create any servitudes, negative reciprocal easements, or other interests in any such land in favor of any person or entity other than Declarant.

Section 12. **ASSUMPTION OF RISK, DISCLAIMER, RELEASE AND INDEMNITY.**

(a) **Assumption of Risk**. Each Owner and any Homebuilder, by his or her purchase of a Lot within the Subdivision, and each Resident, by his or her residence within or use of the Subdivision, hereby expressly assumes the risk of personal injury, property damage, or other loss caused by use, maintenance, and operation of the Properties, and any Lot, and including but not limited to the design, development and construction of the Subdivision.

(b) **Disclaimer and Release**. Except as specifically stated in this Declaration or in any Deed, Declarant hereby specifically disclaims any warranty, guaranty, or representation, oral or written, expressed or implied, past, present or future, of, as to, or concerning:

(i) the nature and condition of the Subdivision, the Properties, and any Lot, including but not by way of limitation, the water (either quantity or quality), soil, subsurface, and geology, and the suitability thereof and of the Subdivision, the Properties, and any Lot within the Subdivision, for any and all activities and uses which Owner, Resident, or any Homebuilder may elect to conduct thereon;

(ii) the manner, construction, design, condition, and state of repair or lack of repair of any improvements located on the Properties and any Lot;

(iii) except for any warranties contained in the Deed delivered from Declarant to an Owner or any Homebuilder, the nature and extent of any right-of-way, possession, reservation, condition or otherwise that may affect the Properties and any Lot; and

(iv) the compliance of the Properties and any Lot with any laws, rules, ordinances or regulations of any governmental or quasi-governmental body (including without limitation, zoning, environmental and land use laws and regulations).

Declarant's sale of each Lot within the Subdivision is on an "AS IS, WHERE IS, WITH ALL FAULTS" basis, and each Owner or any Homebuilder purchasing a Lot within the Subdivision expressly acknowledges that, as part of the consideration for the purchase of the Lot, and except as expressly provided in this Declaration or in any Deed, Declarant makes NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF CONDITION, HABITABILITY, SUITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTIES, OR ANY LOT WITHIN THE SUBDIVISION.

Each Owner, Homebuilder, and Resident hereby waives, releases, acquits and forever discharges Declarant, any successor or assign of Declarant, and the Declarant's directors, officers, shareholders, general partners, limited partners, members, agents, employees, representatives, attorneys and any other person or entity acting on behalf of Declarant (sometimes referred to in this Section 10 as the "Released Parties"), of and from, any claims, actions, causes of action, demands, rights, damages, liabilities, costs and expenses whatsoever (including court costs and attorney's fees), direct or indirect, known or unknown, foreseen or unforeseen, which Owner, Homebuilder, or Resident now has or which may arise in the future, on account of or in any way growing out of or in connection with the design or physical condition of the Subdivision, the Properties, or any Lot, or any law, rule, order, statute, code, ordinance, or regulation applicable thereto.

Each Owner, Homebuilder, and Resident waives and releases the Released Parties from any liability to said Owner, Homebuilder, and Resident and to said Owner's, Homebuilder's, and Resident's respective heirs, successors and assigns, for the design and/or condition of the Subdivision, Properties, or any Lot, known or unknown, present and future, including liabilities, if any, due to the existence, now or hereafter, of any hazardous materials or hazardous substances, on the Properties, or any Lot, and due to the existence, now or hereafter, of a violation, if any, of any environmental laws, rules, regulations or ordinances.

EACH OWNER, HOMEBUILDER, AND RESIDENT EXPRESSLY WAIVES THE RIGHT TO CLAIM AGAINST THE RELEASED PARTIES BY REASON OF, AND RELEASES THE RELEASED PARTIES FROM ANY LIABILITY WITH RESPECT TO, ANY INJURY TO PERSON OR DAMAGE TO OR LOSS OF PROPERTY (INCLUDING CONSEQUENTIAL DAMAGES) RESULTING FROM ANY CAUSE WHATSOEVER (EXPRESSLY INCLUDING THE RELEASED PARTIES OWN NEGLIGENCE).

(c) **Indemnity.** Each Owner, Homebuilder, and Resident agrees to indemnify and hold harmless the Released Parties from all claims, suits, actions, liabilities and proceedings whatsoever and of every kind, known or unknown, fixed or contingent (the "Claims") which may be brought or asserted against any Owner, Homebuilder, Resident, or Released Parties, on account of or growing out of any and all injuries or damages, including death, to persons or property relating to the use, occupancy, ownership, construction, operations, maintenance, design, repair or condition of the Subdivision, the Properties, any Lot, or any improvements located thereon, prior to this date

of this Declaration or after the date of this Declaration, **even if such Claims arise from or are caused in whole or in part by the sole or concurrent negligence (whether active or passive, gross negligence or strict liability) of the Released Parties**, and all losses, liabilities, judgments, settlements, costs, penalties, damages and expenses relating thereto, including, but not limited to, attorney's fees and other costs of defending against, investigating and settling the Claims. The indemnity agreement provided herein includes without limitation *all* Claims, whether from:

(i) the design, maintenance, operation or supervision of the Subdivision, the Properties, any Lot, or any improvement located thereon;

(ii) the activities on the Subdivision, the Properties, any Lot, or any improvement located thereon;

(iii) the existence, now or hereafter of hazardous materials or substances on the Properties, or any Lot; or

(iv) due to a violation, now or hereafter, of any environmental laws, rules, regulations or ordinances, or otherwise. Each Owner, Homebuilder, and Resident does assume on behalf of the Released Parties and will conduct with due diligence and in good faith the defense of all Claims against any of the Released Parties.

Section 13. Joinder of Lenders and Existing Owners. People's Bank, holder of a lien of record against the Properties, joins in this Declaration for the sole purpose of showing its assent thereto and that it has no objections to the filing of this Declaration. No violation of any covenant contained within this Declaration shall defeat or render invalid the lien of any mortgage made in good faith and for value upon any portion of the Properties; providing however, that any mortgagee in actual possession, or any purchaser at any mortgagee's foreclosure sale, as well as all other owners, shall be bound by and subject to this Declaration as fully as any other Owner of any portion of the Properties.

EXECUTED as of the day and year first above written.

[Signatures and acknowledgments to follow]

DECLARANT:

MC LEGACY RANCH LAND MANAGEMENT, LLC, a Texas limited liability company

By:_____
Name: _____
Title: _____

LENDER:

PEOPLES BANK

By:_____
Name: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF LUBBOCK

BEFORE ME, the undersigned, being a Notary Public in and for the State of Texas, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the instrument as the act of MC LEGACY RANCH LAND MANAGEMENT, LLC, a Texas limited liability company, and that she executed the instrument on behalf of the limited liability company for the purposes and consideration expressed, and in the capacity hereinabove stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of _____, 2017.

_____
Notary Public, State of Texas

THE STATE OF TEXAS
COUNTY OF LUBBOCK

This instrument was acknowledged before me on _____, 2017, by _____, _____ of PEOPLES BANK, a state banking association, on behalf of said association.

_____
Notary Public, State of Texas

EXHIBIT "A"

Lots 47 through 70 and Tract E, Legacy Ranch Phase III, An Addition to Lubbock County, Texas.

EXHIBIT "B"

MINIMUM SQUARE FOOTAGE REQUIREMENTS

In accordance with Article V, Section 2 of the Declaration, the air-conditioned floor area of the Dwelling Unit located on each Lot, exclusive of porches and garages shall have the minimum of square footage as set forth below:

LOTS	MINIMUM SQUARE FOOTAGE
47-70	2,400