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Hidalgo County
Arturo Guajardo Jr.
County Clerk
Edinburg, Texas 78540

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STATE OF TEXAS
COUNTY OF HIDALGO

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

Arturo Guajardo Jr.
County Clerk
Hidalgo County, Texas

**MASTER DECLARATION OF COVENANTS AND CONDITIONS
FOR
TRES LAGOS RESIDENTIAL DEVELOPMENT**

This Master Declaration of Covenants and Conditions for Tres Lagos Residential Development (the "Master Declaration") is entered into this 7th day of June, 2017 (the "Effective Date") by Rhodes Enterprises Inc., located at 200 S. 10th Street, Suite 1400, McAllen, Hidalgo County, Texas (hereinafter called "Declarant").

RECITALS

WHEREAS, Declarant is the owner of all that certain real property located in Hidalgo County, Texas shown on the Master Plan of the Tres Lagos Development ("Tres Lagos") attached hereto as Exhibit "A" (the "Master Plan");

WHEREAS, the Master Plan may be amended from time to time by Declarant to include or exclude property and/or to otherwise reconfigure and modify any of the areas within the Master Plan;

WHEREAS, Declarant intends to develop a portion of Tres Lagos as multiple residential subdivisions for single family residences (the "Tres Lagos Residential Development") and the remaining portion of Tres Lagos for commercial uses, multi-family purposes, churches, schools and similar uses (the "Tres Lagos Commercial Development");

WHEREAS, the Master Plan indicates the areas of Tres Lagos that are intended to be included in the Tres Lagos Residential Development and the areas of Tres Lagos that are intended to be included in the Tres Lagos Commercial Development;

WHEREAS, Declarant has created the Tres Lagos Public Improvement District (the "PID") through the City of McAllen, Texas (the "City") pursuant to Resolution 2015-22, to develop and maintain certain public improvements within Tres Lagos, which public improvements will include (but are not limited to) the following: utilities; roads, bridges, and associated drainage areas and trails; sidewalks and walking trails; parks; water, recycled water, and sewer facilities; lighting, wireless services and security cameras; lake improvements; entry-way features; signage; and any other public improvements allowed by chapter 372 of the Local Government Code (the "PID Improvements").

WHEREAS, Declarant intends to convey any subdivided lot contained within the Tres Lagos Residential Development (each a "Lot"), subject to (i) the protective covenants, conditions, restrictions, liens, and charges set forth in this Master Declaration and (ii) the protective covenants, easements and restrictions set forth in additional declarations to be recorded against each residential subdivision within the Tres Lagos Residential Development (each a "Residential Subdivision") as such are developed; and

WHEREAS, Declarant anticipates that the Residential Subdivisions within the Tres Lagos Residential Development will collectively contain approximately Five Thousand Five Hundred Thirty (5,530) Lots that may be made subject to this Master Declaration (the "Anticipated Total Lots");

WHEREAS, in addition to the PID, Declarant, through this Master Declaration, will create a homeowners' association to (i) enforce the covenants and restrictions contained herein, (ii) to maintain common areas, amenities, and potentially certain portions of the PID Improvements, that are within the Tres Lagos Residential Development which the PID cannot legally, or, in the opinion of Declarant, adequately maintain, and (iii) to perform other duties and functions set forth in this Master Declaration;

WHEREAS, this Master Declaration shall initially be recorded as a restriction against the following Residential Subdivisions included within the Tres Lagos Residential Development:

- (1) Estancia At Tres Lagos Subdivision, an Addition to the City of McAllen, Hidalgo County, Texas, according to the map or plat thereof recorded in Document No. 2821590, Official Records, Hidalgo County, Texas.
- (2) Ensenada At Tres Lagos Subdivision, an Addition to the City of McAllen, Hidalgo County, Texas, according to the map or plat thereof recorded in Document No. 2821592, Official Records, Hidalgo County, Texas.
- (3) Escondido At Tres Lagos Subdivision, an Addition to the City of McAllen, Hidalgo County, Texas, according to the map or plat thereof recorded in Document No. 2821591, Official Records, Hidalgo County, Texas

WHEREAS, as each future Residential Subdivision within Tres Lagos Residential Development is developed and the subdivision plat of such is recorded in the Official Records of Hidalgo County, Texas, this Master Declaration shall be supplemented to include all Lots in such newly created Residential Subdivision.

NOW, THEREFORE, it is hereby declared that all of the Lots shall be held, sold and conveyed subject to the following restrictions and conditions, which are for the purpose of protecting the value and desirability of such Lots, and shall be binding on all parties having any right, title, or interest in or to the Lots or any part thereof, and their heirs, successors, and assigns.

ARTICLE I DEFINITIONS

1.01 "ARC" shall mean the architectural review committee established by the Association to review plans and applications for the modification of improvements within the Tres Lagos Residential Development and to administer and enforce architectural controls.

1.02 "Association" shall mean the homeowners' association for the Tres Lagos Residential Development and incorporated as the Tres Lagos Residential Owner's Association, Inc., a Texas non-profit corporation, its successors and assigns. All rules, conditions, covenants and declarations of the Board shall be binding on all of the Lots.

1.03 "Board" shall mean the Board of Directors of the Association.

1.04 "Builder" shall mean any party designated as such in writing by Declarant, and who has contracted with Declarant for the purchase of Lots for the purpose of constructing residences on such Lots for sale to others.

1.05 "Bylaws" shall mean the bylaws of the Association, as such bylaws may be amended from time to time.

1.06 "Certificate" shall mean the Certificate of Formation of the Association.

1.07 "Common Properties" shall mean all of the Development Common Properties and the Neighborhood Common Properties. In certain circumstances, Common Properties may not be owned by Declarant or the Association in fee, but may, in some instances, be held as an easement, be leased or may simply be areas of land that are not owned or leased by Declarant or the Association but which are maintained by the Association or Declarant for the use and benefit of the Owners and the Common Properties.

1.08 "Declarant" shall have the meaning ascribed to it in the Recitals hereto.

1.09 "Declarant Control Period" shall mean the Development Period, during which time Declarant shall have the right to appoint all or a majority of the members of the Board as described in Section 4.05.

1.10 "Development Common Properties" shall mean those portions of the Tres Lagos Residential Development which are intended to be used by the Owners in common, including any Removed PID Improvements, which areas include but are not limited to any clubhouses, pools, pavilions, parks, streets, drives, street lights, street signs, traffic control devices, parkway areas, landscaped medians, landscaping improvements, plantings, screening walls, fencing, sprinkler systems, and easements, among other amenities, which are now or hereafter designated by Declarant or the Board as Development Common Properties intended for or devoted to the common use and enjoyment of the Owners, together with any and all improvements that are now or may hereafter be constructed thereon. The Development Common Properties shall not include any areas owned or controlled by the PID.

1.11 "Development Period" shall mean any time during which Declarant is the Owner of any Lot.

1.12 "Lot" shall have the meaning ascribed to it in the Recitals hereto. The term "Lot" shall not include any reserves or Common Properties shown on the map of any plat of a Residential Subdivision.

1.13 "Master Declaration" shall have the meaning ascribed to it in the Recitals hereto.

1.14 "Neighborhood" shall mean a Residential Subdivision or group of Residential Subdivisions designated as such by the Board and which include certain amenities and common areas which are for the sole use and benefit of the Owners of the Lots in such Neighborhood.

1.15 "Neighborhood Common Properties" shall mean those portions of a Neighborhood which are intended to be used exclusively by the Owners of Lots within that Neighborhood, which areas include but are not limited to any clubhouses, pools, pavilions, parks, streets, drives, street lights, street signs, traffic control devices, parkway areas, landscaped medians, landscaping improvements, plantings, screening walls, fencing, sprinkler systems, and easements, among other amenities, which are now or hereafter designated by Declarant or the Board as Neighborhood Common Properties. The Neighborhood Common Properties shall not include any areas owned or controlled by the PID.

1.16 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or portion of a Lot, but excluding those having such interest merely as security for the performance of an obligation.

1.17 "PID" shall have the meaning ascribed to it in the Recitals hereto.

1.18 "Removed PID Improvements" shall mean any PID Improvements which (i) were initially constructed and/or maintained by the PID, (ii) are no longer treated as part of the PID nor maintained by the PID, (iii) have been conveyed from the PID to the Association or have reverted from the PID to the Declarant, and (iv) the Board has determined in its sole discretion to maintain such PID Improvements for the benefit of the Tres Lagos Residential Development.

1.19 "Residential Subdivision" shall have the meaning ascribed to it in the Recitals hereto.

1.20 "Restrictions" shall mean this Master Declaration and any other easements, covenants, conditions, and restrictions which may be imposed on the Lots now or in the future by Declarant.

ARTICLE II GENERAL USE RESTRICTIONS AND REQUIREMENTS

2.01 Residential Use Restriction. Except as hereinafter provided, no Owner or other occupant shall use or occupy such Owner's Lot, or permit the same or any part thereof to be used or occupied, for any purpose other than as a private single family detached residence for the Owner or such Owner's tenant and their respective families and domestic servants employed on the premises. As used herein the term "private single family detached residence" shall be deemed to prohibit specifically, but without limitation, (i) the use of any Lot for a duplex apartment, garage apartment, or other apartment use, and (ii) the use of any Lot for short-term residential rentals by the Owner, any other occupant, or through any third party service (i.e. Airbnb or VBRO). Notwithstanding anything contained herein to the contrary, Owners or tenants of dwellings that actually occupy such dwelling may use such dwelling for limited business purposes consistent with rules and regulations promulgated by Declarant or the Board. In no event shall such limited business use unreasonably interfere with the quiet enjoyment of the other Owners of the residences constructed on their Lots or involve the sale of goods or merchandise to the public, where members of the public visit the residence on a daily or frequent basis. In addition, consultation with clients or customers at a residence constructed on a Lot shall be permitted between 9:00 a.m. and 5:00 p.m. on regular working days, or as otherwise permitted in the rules and regulations promulgated by Declarant or the Board. The use of a dwelling constructed on a Lot for the maintenance of a personal or professional library; for the keeping of personal, business or professional records of accounts; or for the handling of personal or professional telephone calls or correspondence shall not be deemed to be a violation of these restrictions. In addition, so long as Declarant or a Builder owns any Lot which is for sale, Declarant and such Builder and their employees, representatives and agents may maintain business, leasing and/or sales offices, sale models and other sales facilities within the Tres Lagos Residential Development as Declarant shall deem appropriate.

2.02 Landscaping Requirements. Each Lot shall maintain a minimum of (i) two (2) non-palm trees in the front yard having a 2.5" caliper width with one of the trees having been designated as a "native tree" by the City and (ii) eleven (11) shrubs. In addition, the entire front

and back yard of each Lot shall be landscaped and the flower beds covered with mulch. Landscaping of each Lot shall be completed within sixty (60) days, subject to extension for delays caused by inclement weather, after the home construction is completed and shall include grassed front yards. Any and all plans for the landscaping of front yards and of side yards not enclosed by solid fencing, including alterations, changes or additions thereto, shall be subject to the written approval of the ARC. Each Owner shall be responsible for maintaining his/her own lawn and landscaping in a healthy and attractive condition. In no event shall any portion of a Lot be used as a vegetable garden except within fenced-in portions of the rear yard of the Lot.

2.03 Recycled Non-Potable Water Requirements. Irrigation of any landscaping on any Lot shall be provided solely by use of recycled water. Any irrigation lines installed on a Lot shall be installed using only purple colored piping as approved by the City and each home shall have a testable back-flow preventer installed in conjunction with each water meter of the potable water system installed. State regulations prohibit the direct connection between drinking water and recycled water. As a result, annually, homeowners may be required to provide a copy to the City of certified testing indicating that back-flow preventers installed on the home are operating and in working order. In addition, all work to be performed to any type of irrigation or other plumbing utilizing recycled water must be done only with the prior notification and approval of the ARC of both (i) the intended construction plans and (ii) the contractor being utilized to construct the recycled water line/system. Each Owner is required to comply with the rules and regulations of the City regarding recycled water use and such rules and regulations can be obtained by contacting said utilities.

2.04 Gated Residential Subdivisions. The Tres Lago Residential Development shall contain one or more Residential Subdivisions with gated entries into such Residential Subdivision. It is anticipated that such portion of the Common Properties shall be operated and maintained by the PID. Under all circumstances, notice is hereby provided to all Owners that any gated entrances into any Residential Subdivision may be left open at hours determined appropriate by the PID and/or the Board during the Development Period.

2.05 Cabling/Technology Requirements. Each residence constructed on a Lot must contain cabling sufficient to allow such residence to be served by internet, phone, cable, and security services with a capacity determined adequate by the ARC, in the ARC's sole and absolute discretion. All plans for construction submitted to the ARC for review shall also include the specifications of any such cabling for the ARC's approval.

ARTICLE III ARCHITECTURAL REVIEW COMMITTEE

3.01 Architectural Review Committee. During the Development Period, the ARC shall be composed of three (3) or more individuals selected and appointed by Declarant. Upon the expiration of the Development Period, (i) the ARC shall be composed of such individuals selected by a vote of the Board, and (ii) the Board shall have the authority to remove any member(s) of the ARC as it deems appropriate, in its sole and absolute discretion. The ARC shall use its best efforts to promote and ensure a high level of quality, harmony and conformity throughout the Tres Lagos Residential Development.

3.02 Replacement of Members/Delegation of Authority. A majority of the ARC may designate a representative to act for it. In the event of the death or resignation of any member of the ARC, Declarant (or the Board after the Development Period) shall have full authority to

designate and appoint a successor. No member of the ARC shall be entitled to any compensation for services performed hereunder nor be liable for claims, causes of action or damages (except where occasioned by gross negligence or arbitrary and capricious conduct) arising out of services performed, actions taken, or inactions in connection with any undertaking, responsibility, or activity hereunder or request for action hereunder. At any time, Declarant may delegate and assign to the Board, all of Declarant's power and right to change the membership of the ARC, to withdraw or add powers and duties from or to the ARC, or to restore the powers and duties of the ARC. Such action by Declarant shall be effective upon recordation of a written instrument properly reflecting same in the Office of the County Clerk of Hidalgo County, Texas.

3.03 Architectural Approval. No building, structure, paving, shed, fence, wall or improvement of any kind or nature shall be erected, constructed, placed, altered, changed or modified on any Lot until the plot plan showing the location of such building, structure, paving, shed, fence, wall or improvement, construction plans and specifications thereof and landscaping and grading plans therefor have been submitted to and approved in writing by the ARC or a representative or agent designated by the ARC to act on behalf of the ARC as to: (i) location with respect to Lot lines; topography; finished grade elevation; height and dimensions of improvements; intended use of the proposed improvements; impact and relationship to neighboring Lots and improvements situated or to be situated thereon; effect of location and use on neighboring Lots and improvements situated or to be situated thereon; and any drainage arrangement, (ii) conformity and harmony of external design, color, texture, type and appearance of exterior surfaces and landscaping with existing structures and existing landscaping, (iii) quality of workmanship and materials; adequacy of site dimensions; adequacy of structural design; proper facing of main elevation with respect to nearby streets, (iv) type, capacity and quality of cabling/wiring for internet, telephone, security, and related services, and (v) the other standards set forth within the Restrictions. The ARC is authorized to request the submission of samples of proposed construction materials or colors of proposed exterior surfaces.

Final plans and specifications shall be submitted in duplicate to the ARC for approval or disapproval. At such time as the plans and specifications meet the approval of the ARC, one complete set of plans and specifications will be retained by the ARC and the other complete set of plans will be marked "Approved" and returned to the Owner. If found not to be in compliance with the Restrictions, one set of such plans and specifications shall be returned marked "Disapproved", accompanied by a reasonable statement of items found not to comply with the Restrictions. Any modification or change to the approved set of plans and specifications which affects items (i) through (iv) of the preceding paragraph must again be submitted to the ARC for its inspection and approval. The ARC's approval or disapproval as required herein shall be in writing. If the ARC or its designated representative fails to approve or disapprove such plans and specifications within thirty (30) days after they have been submitted, then ARC approval shall be presumed; provided, however, that nothing in this paragraph shall affect in any way the method for seeking or granting variances, as described in Section 3.04 hereof, nor shall any failure of the ARC to act on a variance request within any particular period of time constitute the granting or approval of any such variance request.

The ARC is authorized and empowered to consider and review any and all aspects of dwelling construction, construction of other improvements, and location, quality and quantity of landscaping on the Lots, and may disapprove aspects thereof which may, in the reasonable opinion of the ARC, adversely affect the living enjoyment of one or more Owners or the general value of the Tres Lagos Residential Development. Also, the ARC is permitted (i) to consider

technological advances 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, and (ii) to retain the services of any qualified professionals (including architects) it deems appropriate to assist in its analysis of such plans.

3.04 Variances. Upon submission of a written request for same, the ARC may, from time to time, in its sole discretion, permit Owners to construct, erect, or install improvements which are in variance from the architectural standards set forth in the Restrictions. In any case, such variances shall be in basic conformity with and shall blend effectively with the general architectural style and design of the community. No member of the ARC shall be liable to any Owner or other person claiming by, through, or on behalf of any Owner, for any claims, causes of action, or damages arising out of the granting or denial of, or other action or failure to act upon, any variance requested by an Owner or any person acting for or on behalf of any Owner. Each request for a variance submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a variance to any Owner shall not constitute a waiver of the ARC's right to strictly enforce the Restrictions against any other Owner. Each such written request must identify and set forth in detail the specific restriction or standard from which a variance is sought and describe in complete detail the exact nature of the variance sought. Any grant of a variance by the ARC must be in writing and must identify in narrative detail both the standards from which a variance is being sought and the specific variance being granted.

3.05 Nonconforming and Unapproved Improvements. The Association may require any Owner to restore such Owner's improvements to the condition existing prior to the construction thereof (including, without limitation, the demolition and removal of any unapproved improvement) if such improvements were commenced or constructed in violation of the Restrictions. In addition, the Association may, but has no obligation to do so, cause such restoration, demolition and removal and levy the amount of the cost thereof as a Special Individual Assessment (defined in Section 6.05) against the Lot upon which such improvements were commenced or constructed.

3.06 No Liability. Neither Declarant, the Association, the ARC, the Board, nor the officers, directors, members, employees and agents of any of them, shall be liable in damages to anyone submitting plans and specifications to any of them for approval or disapproval, or to any Owner 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. Every person who submits plans or specifications and every Owner agrees that he will not bring any action or suit against Declarant, the Association, the ARC, the Board, or the officers, directors, members, employees or agents of any of them, to recover any such damages and hereby releases 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. Plans and specifications are not approved for engineering or structural design or adequacy of materials, and by approving such plans and specifications neither Declarant, the Association, the ARC, the Board, nor the officers, directors, members, employees and agents of any of them assumes liability or responsibility therefor, nor for any defect in any structure constructed from such plans and specifications.

**ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION**

4.01 Membership. Every Owner of a Lot shall automatically be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

4.02 Quorum, Notice and Voting Requirements.

(a) Subject to the provisions of Paragraph (c) of this Section, any action taken at a meeting of the Owners shall require the presence of a quorum and the assent of the majority of all eligible votes of those who are voting in person or by proxy at a meeting duly called, written notice of which shall be given to all Owners not less than ten (10) days nor more than sixty (60) days in advance.

(b) The quorum required for any action referred to in Paragraph (a) of this Section shall be as follows:

The presence, in person or by proxy, of Owners entitled to cast, or of proxies entitled to cast, at least ten percent (10%) of the votes of all Owners shall constitute a quorum for any action except as otherwise provided in the Certificate, the Bylaws or this Master Declaration, or as provided by the laws of the State of Texas.

In the event a quorum is not present at such meeting, the Owners present may adjourn such meeting, and reconvene a new meeting, in which event a quorum shall consist of Owners entitled to cast, or of proxies entitled to cast, at least five percent (5%) of the votes of all Owners.

(c) Except as otherwise specifically set forth in this Master Declaration, notice, voting and quorum requirements for all actions to be taken by the Association shall be consistent with its Certificate and Bylaws, as same may be amended from time to time.

4.03 Declarant's Special Voting Rights. Notwithstanding anything to the contrary contained herein, during the Declarant Control Period Declarant shall have the sole and absolute power to appoint and remove officers and members of the Board; provided, however, that not less than one-third (1/3) of the Board members must be elected by Owners other than Declarant beginning on the date that is one hundred twenty (120) days after Declarant has conveyed seventy-five percent (75.0%) of the Lots to Owners other than Declarant.

**ARTICLE V
PROPERTY RIGHTS IN THE COMMON PROPERTIES**

5.01 Owners' Easements of Enjoyment. Subject to the provisions of Section 5.03 of this Article, every Owner and every tenant of every Owner, who resides on a Lot, and each individual who resides with either of them, respectively, on such Lot shall have a non-exclusive right and easement of use and enjoyment in and to the Development Common Properties, and such easement shall be appurtenant to and shall pass with the title of every Lot. As to the Neighborhood Common Properties, subject to the provisions of Section 5.03 of this Article, every Owner within a Neighborhood and every tenant of every Owner, who resides on a Lot in a Neighborhood, and each individual who resides with either of them, respectively, on such Lot

within a Neighborhood, shall have a non-exclusive right and easement of use and enjoyment in and to the Neighborhood Common Properties, and such easement shall be appurtenant to and shall pass with the title of every Lot in such Neighborhood. This easement shall not give such person the right to make alterations, additions or improvements to the Common Properties

5.02 Title to the Common Properties. Declarant shall dedicate and convey the fee simple title to the Common Properties to the Association at such point in time deemed reasonable and appropriate by Declarant. Prior to the date the Common Properties are conveyed to the Association, Declarant shall retain the right to sell portions of the Common Properties if Declarant, in its sole discretion, deems such sale to be for the best interest of the Tres Lagos Residential Development.

5.03 Extent of Owner' Easements. The rights and easements of use and enjoyment created hereby shall be subject to and limited by the following:

(a) The right of the Association to prescribe regulations governing the use, operation and maintenance of the Common Properties;

(b) Liens of mortgages placed against all or any portion of the Common Properties with respect to monies borrowed by Declarant to develop and improve the Common Properties or by the Association to improve or maintain all or any portion of the Common Properties;

(c) The right of Declarant and/or the Association to enter into and execute contracts with parties (including Declarant or an affiliate of Declarant) for the purpose of providing maintenance for all or a portion of the Common Properties or providing materials or services consistent with the purposes of the Association;

(d) The right of the Association to take such steps as are reasonably necessary to protect the Common Properties against foreclosure;

(e) The right of the Association to suspend the right of any individual to use any of the Common Properties for any period during which any Assessment against a Lot owned by such individual remains unpaid, and for any period not to exceed sixty (60) days for an infraction of its rules and regulations;

(f) The right of Declarant or the Board to dedicate or transfer all or any part of the Common Properties to any public agency, authority, or utility company for such purposes and upon such conditions as may be determined reasonable by Declarant or the Board, in such party's sole and absolute discretion.

(g) The right of Declarant or the Association, at any time, to make such reasonable amendments to any subdivision plat of a Residential Subdivision, as allowed by law. All Owners are advised that a portion of the Common Properties may be located within the platted and dedicated public rights-of-way and in connection therewith the public shall have rights of use and enjoyment of Common Properties located within the public rights-of-way; and

(h) With respect to any and all portions of the Common Properties, Declarant, until the expiration of the Development Period, shall have the right and option (without the joinder and consent of any person or entity, save and except any consent, joinder or approval required by the City or any other governmental agency having appropriate

jurisdiction over the Common Properties) to: (i) alter, improve, landscape and/or maintain the Common Properties; (ii) rechannel, realign, dam, bridge, bulwark, culvert and otherwise employ or utilize construction and/or engineering measures and activities of any kind or nature whatsoever upon or within the Common Properties; (iii) zone, rezone, or seek and obtain variances or permits of any kind or nature whatsoever upon or within the Common Properties; (iv) replat or redesign the shape or configuration of the Common Properties; and (v) seek and obtain any and all permits, licenses or exemptions from any and all governmental agencies exercising jurisdiction over the Common Properties and/or the uses or activities thereon.

ARTICLE VI COVENANTS FOR ASSESSMENTS

6.01 Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned by it, hereby covenants and agrees, and each purchaser of any Lot by acceptance of a deed or other conveyance document creating in such purchaser the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance document, shall be deemed to covenant and agree (and such covenant and agreement shall be deemed to constitute a portion of the consideration and purchase money for the acquisition of the Lot), to pay to the Association (or to an entity or collection agency designated by the Association): (1) Development Annual Maintenance Assessments (defined in Section 6.03(a)); (2) Development Special Capital Assessments (defined in Section 6.03(b)); (3) Neighborhood Annual Maintenance Assessments (defined in Section 6.04(a)); (4) Neighborhood Special Capital Assessments (defined in Section 6.04(b)); and (5) Special Individual Assessments (defined in Section 6.05), all of such assessments to be fixed, established and collected from time to time as hereinafter provided. **THE DEVELOPMENT ANNUAL MAINTENANCE ASSESSMENT, DEVELOPMENT SPECIAL CAPITAL ASSESSMENT, NEIGHBORHOOD ANNUAL MAINTENANCE ASSESSMENT, NEIGHBORHOOD SPECIAL CAPITAL ASSESSMENT, AND SPECIAL INDIVIDUAL ASSESSMENT (collectively the "Assessments" or individually, an "Assessment") TOGETHER WITH INTEREST THEREON, ATTORNEYS' FEES, COURT COSTS AND OTHER COSTS OF COLLECTION THEREOF, AS HEREIN PROVIDED, SHALL BE A CHARGE ON THE LAND AND SHALL BE A CONTINUING LIEN UPON EACH LOT AGAINST WHICH ANY SUCH ASSESSMENT IS MADE. EACH SUCH ASSESSMENT, TOGETHER WITH INTEREST THEREON, ATTORNEYS' FEES, COURT COSTS, AND OTHER COSTS OF COLLECTION THEREOF SHALL ALSO BE THE CONTINUING PERSONAL OBLIGATION OF THE OWNER OF SUCH LOT AT THE TIME WHEN THE ASSESSMENT FELL DUE.** Further, no Owner may exempt himself from liability for such Assessments or waive or otherwise escape liability for the Assessments by non-use of the Common Properties or abandonment of his Lot. Existing obligations of an Owner to pay Assessments and other costs and charges shall not pass to bona fide first lien mortgagees which become Owners by reason of foreclosure proceedings or an action at law subsequent to the date the Assessment was due; provided, however, any such foreclosure proceeding or action at law shall not relieve such new Owner of such Lot from liability for the amount of any Assessment thereafter becoming due nor from the lien securing the payment of any subsequent Assessment.

6.02 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for (i) the purpose of promoting the recreation, comfort, health, and welfare of the Owners and/or the residents of the Tres Lagos Residential Development; (ii) managing the Common Properties; (iii) enhancing the quality of life in the Tres Lagos Residential Development and the value of the Lots; (iv) improving and maintaining the Common Properties,

the properties, services, improvements and facilities devoted to or directly related to the use and enjoyment of the Common Properties, including, but not limited to, the payment of taxes on the Common Properties and insurance in connection therewith and the repair, replacement and additions thereto; (v) paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties; (vi) carrying out the powers and duties of the Board as set forth in this Master Declaration and the Bylaws; (vii) carrying out the purposes of the Association as stated in its Certificate; (viii) enforcing the provisions of this Master Declaration and any other restrictive covenants imposed upon a Lot, including legal or other fees associated with such enforcement; and (ix) carrying out the powers and duties relating to the ARC, after Declarant has delegated or assigned such powers and duties to the Association.

6.03 Development Assessments. The Board shall have the right to impose an assessment against the Owners of all Lots in the Tres Lago Residential Development to provide for the annual maintenance, repair, replacement, and upgrade of the Development Common Properties.

(a) Development Annual Maintenance Assessments. The Board shall determine the amount of the assessment for annual maintenance for each year for the entire Tres Lagos Residential Development (the "Development Annual Maintenance Assessment"), which may include a reserve fund for working capital and for maintenance, repairs and replacements of the Development Common Properties.

(i) Commencing with the year beginning January 1, 201⁷, and each year thereafter, each Owner shall pay to the Association a Development Annual Maintenance Assessment in such amount as set by the Board, at its annual meeting next preceding such January 1, 2018, and each successive January 1 thereafter.

(ii) The rate of the Development Annual Maintenance Assessments may be increased by the Board. The Board may, after consideration of current maintenance, operational and other costs and the future needs of the Association, fix the Development Annual Maintenance Assessment for any year at a lesser amount than that of the previous year.

(iii) When the Development Annual Maintenance Assessment is computed for all Lots, all or a portion of such Development Annual Maintenance Assessment shall be payable to the Association by the Owner according to the status of the Lot owned by such Owner as follows:

- (A) As to a Lot owned by an Owner other than Declarant or a Builder, the full Development Annual Maintenance Assessment shall be payable.
- (B) As to a Lot owned by Declarant or a Builder, no Development Annual Maintenance Assessment shall be payable.

For so long as Declarant is the Owner of any Lot, Declarant shall subsidize the Association to the extent necessary to cover all net operating losses incurred by the Association in the operation or maintenance of the Development Common Properties, but Declarant shall not be required to subsidize the Association in an amount in excess of the Assessments which

Declarant would otherwise have been required to pay hereunder. If Declarant subsidizes the Association and the Association thereafter accumulates a surplus or positive account balance, the Association shall reimburse Declarant for the amount of such subsidies to the extent of the surplus or positive account balance. If after the date that is one (1) year after the date of this Master Declaration Declarant subsidizes the Association in an amount in excess of the Assessments which Declarant would otherwise have been required to pay pursuant to this Master Declaration, all of such excess amounts shall constitute loans from Declarant to the Association which shall be payable by the Association to Declarant on demand.

(iv) The Board may provide that Development Annual Maintenance Assessments shall be paid quarter-annually, semi-annually or annually on a calendar year basis. Not later than thirty (30) days prior to the beginning of each fiscal year of the Association, the Board shall (i) estimate the total common expenses to be incurred by the Association for the forthcoming fiscal year, (ii) determine, in a manner consistent with the terms and provisions of this Master Declaration, the amount of the Development Annual Maintenance Assessments to be paid by each Owner, and (iii) establish the date of commencement of the Development Annual Maintenance Assessments. Written notice of the Development Annual Maintenance Assessments to be paid by each Owner and the date of commencement thereof shall be sent to every Owner, but only to one (1) joint Owner. Each Owner shall thereafter pay to the Association his Development Annual Maintenance Assessment in such manner as determined by the Board.

(v) The Development Annual Maintenance Assessments may include reasonable amounts, as determined by the Owners or by the Board, collected as reserves for the future periodic maintenance, repair and/or replacement of all or a portion of the Development Common Properties and/or for fulfillment of future obligations of the Association. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited in a separate bank account to be held in trust for the purposes for which they were collected and are to be segregated from and not commingled with any other funds of the Association. Assessments collected as reserves shall not be considered to be advance payments of regular Development Annual Maintenance Assessments.

(b) In addition to the Development Annual Maintenance Assessments authorized in Section 6.03(a) hereof, the Board may levy in any assessment year a special capital assessment (each a "Development Special Capital Assessment") for the purpose of (i) defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement upon the Development Common Properties, including the necessary fixtures and personal property related thereto, (ii) maintaining portions of the Development Common Properties and improvements thereon, or (iii) carrying out other purposes of the Association. Any Development Special Capital Assessment levied by the Association shall be paid by the Owners directly to the Association on such date or dates as determined by the Board. All such amounts collected by the Association may only be used for the purposes set forth in this Section 6.03(b).

6.04 Neighborhood Assessments. In the event the Board designates a Residential Subdivision or group of Residential Subdivisions as a Neighborhood, the Board shall have the right to impose an assessment against the Owners of all Lots in such Neighborhood to provide for the annual maintenance, repair, replacement, and upgrade of the Neighborhood Common Properties.

(a) Neighborhood Annual Maintenance Assessments. The Board shall determine the amount of the assessment for annual maintenance for each year for each Neighborhood (each a "Neighborhood Annual Maintenance Assessment"), which may include a reserve fund for working capital and for maintenance, repairs and replacements of the Neighborhood Common Properties.

(i) Commencing with the year beginning January 1, 201~~7~~⁷, and each year thereafter, each Owner shall pay to the Association any Neighborhood Annual Maintenance Assessment assessed against such Owner's Lot in such amount as set by the Board, at its annual meeting next preceding such January 1, 2018, and each successive January 1 thereafter.

(ii) The rate of the Neighborhood Annual Maintenance Assessments may be increased by the Board. The Board may, after consideration of current maintenance, operational and other costs and the future needs of the Neighborhood Common Properties, fix the Neighborhood Annual Maintenance Assessment for any year at a lesser amount than that of the previous year.

(iii) When the Neighborhood Annual Maintenance Assessment is computed for all Lots in a Neighborhood, all or a portion of such Neighborhood Annual Maintenance Assessment shall be payable to the Association by the Owner according to the status of the Lot owned by such Owner as follows:

- (A) As to a Lot owned by an Owner other than Declarant or a Builder, the full Neighborhood Annual Maintenance Assessment shall be payable.
- (B) As to a Lot owned by Declarant or a Builder, no Neighborhood Annual Maintenance Assessment shall be payable.

For so long as Declarant is the Owner of any Lot in a Neighborhood, Declarant shall subsidize the Association to the extent necessary to cover all net operating losses incurred by the Association in the operation or maintenance of the Neighborhood Common Properties for such Neighborhood, but Declarant shall not be required to subsidize the Association in an amount in excess of the Neighborhood Annual Maintenance Assessments which Declarant would otherwise have been required to pay hereunder. If Declarant subsidizes the Association and the Association thereafter accumulates a surplus or positive account balance, the Association shall reimburse Declarant for the amount of such subsidies to the extent of the surplus or positive account balance. If after the date that is one (1) year after the date of this Master Declaration Declarant subsidizes the Association in an amount in excess of the Neighborhood Annual Maintenance Assessments which Declarant would otherwise have been required to pay pursuant to this Master Declaration, all of such excess amounts shall constitute loans from Declarant to the Association which shall be payable by the Association to Declarant on demand.

(iv) The Board may provide that Neighborhood Annual Maintenance Assessments shall be paid quarter-annually, semi-annually or annually on a calendar year basis. Not later than thirty (30) days prior to the beginning of each fiscal year of the Association, the Board shall (i) estimate the total common expenses to be incurred in connection with the operation, maintenance and use of the Neighborhood Common Properties

for each Neighborhood for the forthcoming fiscal year, (ii) determine, in a manner consistent with the terms and provisions of this Master Declaration, the amount of the Neighborhood Annual Maintenance Assessment applicable to each Neighborhood to be paid by each Owner in such Neighborhood, and (iii) establish the date of commencement of the Neighborhood Annual Maintenance Assessments for each Neighborhood. Written notice of the Neighborhood Annual Maintenance Assessments to be paid by each Owner and the date of commencement thereof shall be sent to every Owner in such Neighborhood, but only to one (1) joint Owner. Each Owner in a Neighborhood shall thereafter pay to the Association his Neighborhood Annual Maintenance Assessment in such manner as determined by the Board.

(v) The Neighborhood Annual Maintenance Assessments may include reasonable amounts, as determined by the Owners or by the Board, collected as reserves for the future periodic maintenance, repair and/or replacement of all or a portion of the Neighborhood Common Properties and/or for fulfillment of future obligations of the Association with respect to such Neighborhood. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited in a separate bank account to be held in trust for the purposes for which they were collected for such Neighborhood and are to be segregated from and not commingled with any other funds of the Association. Assessments collected as reserves shall not be considered to be advance payments of regular Neighborhood Annual Maintenance Assessments.

(b) In addition to the Neighborhood Annual Maintenance Assessments authorized in Section 6.04(a) hereof, the Board may levy in any assessment year a special capital assessment (each a "Neighborhood Special Capital Assessment") for the purpose of (i) defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement upon the Neighborhood Common Properties, including the necessary fixtures and personal property related thereto, or (ii) maintaining portions of the Neighborhood Common Properties and improvements thereon. Any Neighborhood Special Capital Assessment levied by the Association shall be paid by the Owners in such Neighborhood directly to the Association on such date or dates as determined by the Board. All such amounts collected by the Association may only be used for the purposes set forth in this Section 6.04(b).

6.05 Special Individual Assessments. The Board may also levy special individual assessments (each a "Special Individual Assessment") against one or more Owners for (i) reimbursement to the Association of the costs for repairs to the Common Properties and improvements thereto occasioned by the willful or negligent acts of such Owner or Owners and not ordinary wear and tear; or (ii) for payment of fines, penalties or other charges imposed against an Owner or Owners relative to such Owner's failure to comply with the terms and provisions of this Master Declaration, the Bylaws of the Association, or any rules or regulations promulgated hereunder. Any Special Individual Assessment levied by the Association shall be paid by the Owner or Owners directly to the Association. All amounts collected by the Association as Special Individual Assessments under this Section 6.05 shall belong to and remain with the Association until lawfully utilized by the Association.

6.06 Uniform Rate of Annual Maintenance Assessments and Special Capital Assessments. Both Development Annual Maintenance Assessments and Development Special Capital Assessments (excepting therefrom Special Individual Assessments) must be fixed at a uniform rate for all Lots, and be payable as set forth herein. Similarly, both Neighborhood Annual Maintenance Assessments and Neighborhood Special Capital Assessments must be fixed at a uniform rate for all Lots within such Neighborhood, and be

payable as set forth herein.

6.07 Date of Commencement of Assessments; Due Dates; No Offsets. The Development Annual Maintenance Assessments and the Neighborhood Annual Assessments (collectively, the "Annual Maintenance Assessments") provided for herein shall commence on the date fixed by the Board to be the date of commencement and, except as hereinafter provided, shall be payable quarter-annually, semi-annually or annually, in advance, on the first day of each payment period thereafter, as the case may be and as the Board shall direct. The first Annual Maintenance Assessment shall be made for the balance of the calendar year in which it is levied. The amount of the Annual Maintenance Assessment which may be levied for the balance remaining in the first year of the Assessment shall be an amount which bears the same relationship to the Annual Maintenance Assessment as the remaining number of months in that year bears to twelve. The due date or dates, if to be paid in installments, of any Development Special Capital Assessment, Neighborhood Special Capital Assessments (collectively, the "Special Capital Assessments"), or Special Individual Assessment under Sections 6.03(b), 6.04(b), and 6.05 hereof shall be fixed in the respective resolution authorizing such Assessment. Assessments may be established, collected and enforced by Declarant at any time prior to the incorporation of the Association. All Assessments shall be payable in the amount specified by the Association and no offsets against such amount shall be permitted for any reason.

6.08 Duties of the Board with Respect to Assessments.

(a) The Board shall fix the date of commencement and the amount of the Development Annual Maintenance Assessment against each Lot and any Neighborhood Annual Maintenance Assessment against the Lots in any Neighborhood, for each assessment period 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 and shall be open to inspection by any Owner, at such Owner's sole cost and expense.

(b) Written notice of all Assessments shall be delivered or mailed to every Owner at the address of the Lot owned by such Owner unless an alternate address is provided to the Association in writing specifically directing the Association where such notices are to be delivered. Each Owner is also required to provide the Association with the name of any tenant residing in the residence situated on the Lot owned by such Owner.

(c) The omission of the Board to fix the Assessments within the time period set forth above for any year shall not be deemed a waiver or modification in any respect of the provisions of this Master Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the Assessment fixed for the preceding year shall continue until a new Assessment is fixed.

6.09 Non-Payment of Assessment.

(a) Delinquency. Any Assessment, or installment thereof, which is not paid in full when due shall be delinquent on the day following the due date (herein, "Delinquency Date") as specified in the notice of such Assessment. Subject to any legal requirement that the Association offer an alternative payment plan to an Owner, the Association shall have the right to reject partial payment of an Assessment and demand full payment thereof. If any Assessment or part thereof is not paid within ten (10) days after the Delinquency Date, the

unpaid amount of such Assessment shall bear interest from and after the Delinquency Date until paid at a rate equal to the lesser of (i) eighteen percent (18%) per annum or (ii) the maximum lawful rate. In addition to the foregoing, if any Assessment remains unpaid at the expiration of fifteen (15) days after the due date established by the Board, a late charge in the amount of \$15.00 may be assessed against the non-paying Owner for each month that any portion of any Assessment remains unpaid. A service charge in the amount of \$25.00, plus any applicable bank charges or fees, shall be charged for each check that is returned because of insufficient funds. The amounts of late charges and services charges may be adjusted, from time to time, by the Board consistent with any changes in the amounts of the Assessments. The Association shall further have the right to suspend the right of any individual to use any of the Common Properties for any period during which any Assessment against a Lot owned by such individual remains unpaid, as provided in the Bylaws.

(b) Lien. The unpaid amount of any Assessment not paid by the Delinquency Date is and shall be, together with the interest thereon as provided in Section 6.09(a) hereof and the cost of collection thereof, including reasonable attorneys' fees, a continuing debt, secured by, and there is hereby impressed upon and created against each Lot, a lien and charge on the Lot of the non-paying Owner, which shall bind such Lot in the hands of the Owner, and his heirs, executors, administrators, devisees, personal representatives, successors and assigns. The lien shall be superior to all other liens and charges against the Lot, except only for tax liens, liens to secure PID assessments, and the lien of any bona fide first mortgage or first deed of trust now or hereafter placed upon such Lot. A subsequent sale or assignment of the Lot shall not relieve the Owner from liability for any Assessment made prior to the date of sale or assignment and thereafter becoming due nor from the lien of any such Assessment. The Board shall have the power to subordinate the lien securing the payment of any Assessment rendered by the Association to any other lien. Such power shall be entirely discretionary with the Board. As hereinbefore stated, the personal obligation of the Owner incurred at the time of such Assessment to pay such Assessment shall remain the personal obligation of such Owner and shall not pass to such Owner's successors in title unless expressly assumed by them in writing. Liens for unpaid Assessments shall not be affected by any sale or assignment of a Lot and shall continue in full force and effect. No Owner may exempt himself from liability for such Assessments or waive or otherwise escape liability for the Assessments by non-use of the Common Properties or abandonment of his Lot.

To evidence any lien, the Association may engage an attorney to prepare a written notice of lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot covered by such lien. Such notice shall be executed by one of the officers of the Association and shall be recorded in the Office of the County Clerk of Hidalgo County, Texas.

(c) Remedies. The lien securing the payment of the Assessments shall attach to the Lot belonging to such non-paying Owner upon recordation of this Master Declaration with the priority set forth in this Section. The Association may institute an action at law against the Owner or Owners personally obligated to pay the Assessment and/or for the foreclosure of the aforesaid lien. In any foreclosure proceeding the Owner shall be required to pay the costs, expenses and reasonable attorneys' fees incurred by the Association. In the event an action at law is instituted against the Owner or Owners personally obligated to pay the Assessment there shall be added to the amount of any such Assessment:

- (i) the interest provided in this Section,

- (ii) the costs of preparing and filing the complaint in such action,
- (iii) the reasonable attorneys' fees incurred in connection with such action, and
- (iv) any other costs of collection;

and in the event a judgment is obtained, such judgment shall include interest on the Assessment as provided in this Section and a reasonable attorneys' fee to be fixed by the court, together with the costs of the action.

EACH OWNER, BY ACCEPTANCE OF A DEED TO A LOT, HEREBY EXPRESSLY VESTS IN THE ASSOCIATION OR ITS AGENTS OR TRUSTEES THE RIGHT AND POWER TO BRING ALL ACTIONS AGAINST SUCH OWNER PERSONALLY FOR THE COLLECTION OF SUCH CHARGES AS A DEBT, AND TO ENFORCE THE AFORESAID LIENS BY ALL METHODS AVAILABLE FOR THE ENFORCEMENT OF SUCH LIENS, INCLUDING NON-JUDICIAL FORECLOSURE PURSUANT TO SECTION 51.002 OF THE TEXAS PROPERTY CODE, AND SUCH OWNER HEREBY EXPRESSLY GRANTS TO THE ASSOCIATION THE PRIVATE POWER OF SALE IN CONNECTION WITH SAID LIENS.

(d) Notice to Owners. Notwithstanding anything to the contrary contained in this Master Declaration, before the Association may suspend an Owner's right to use the Common Properties, file a suit against an Owner (other than a suit to collect the Annual Maintenance Assessments or any Special Capital Assessment or foreclosure under a lien granted to the Association), charge an Owner for property damage or levy a fine for a violation of the Restrictions or Bylaws or rules of the Association, the Association or its agent shall give written notice to the Owner in accordance with Section 209.006 of the Texas Residential Property Owners Protection Act.

6.10 Subordination of the Lien to Mortgages. The lien securing the payment of the Assessments shall be subordinate and inferior to the lien of any bona fide first lien mortgage or deed of trust now or hereafter recorded against any Lot; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to a sale, whether public or private, of such Lot pursuant to the terms and conditions of any such mortgage or deed of trust. Such sale shall not relieve the new Owner of such Lot from liability for the amount of any Assessment thereafter becoming due nor from the lien securing the payment of any subsequent Assessment.

6.11 Exempt Property. The following property subject to this Master Declaration shall be exempted from the Assessments, charges and liens created in Sections 6.03 and 6.04 hereof:

- (a) All properties dedicated and accepted by the local public authority and devoted to public use.
- (b) All Common Properties.

6.12 Estoppel Information from Board with Respect to Assessments. The Board shall upon demand at any time furnish to any Owner liable for an Assessment, such Owner's agent, a title company or such title company's agent, a resale certificate signed by an officer or agent of the Association, setting forth whether said Assessment has been paid and any and all other

information requested and to which such parties are entitled under Section 207 of the Texas Property Code. The Association or its agent may charge a reasonable fee to assemble, copy, and deliver the information required by Section 207 of the Texas Property Code and may charge a reasonable fee to prepare and deliver an update of any resale certificate.

6.13 New Member Fees. Every time a Lot is conveyed or transferred by an Owner, other than a Builder, a fee of \$500.00, or such other amount as may be determined by the Board from time to time (the "New Member Fee"), shall be paid by the purchaser of such Lot to the Association to be held in a separate fund (the "New Member Fee Fund"). The New Member Fee is not refundable, shall be in addition to, not in lieu of, the Assessments levied on the Lot, and shall not be considered an advance payment of any portion thereof. The Board shall have the power to use the New Member Fee Fund for such purposes as may be determined by the Board in its sole and absolute discretion. Such purposes may include, but shall not be limited to, the general purposes of promoting the recreation, health, welfare, common benefit, and enjoyment of the Owners and occupants of the Tres Lagos Residential Development, and operating, maintaining, repairing, or improving, the Common Properties, all as determined appropriate in the sole and absolute discretion of the Board.

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

7.01 Powers and Duties. The affairs of the Association shall be conducted by its Board. As described in Section 4.03, prior to the expiration of the Declarant Control Period Declarant shall have the sole and absolute power to appoint and remove officers and members of the Board; provided, however, that not less than one-third (1/3) of the members of the Board must be elected by Owners other than Declarant beginning on the date that is one hundred twenty (120) days after Declarant has conveyed seventy-five percent (75.0%) of the Lots to Owners other than Declarant. After the expiration of the Declarant Control Period, the Board shall be selected in accordance with the Certificate and Bylaws of the Association. The Board, for the benefit of the Tres Lagos Residential Development, the Common Properties, and the Owners, shall provide and pay for, out of the funds collected by the Association pursuant to Article VI above, the following:

(a) Maintenance, care and preservation of the Common Properties and the furnishing and upkeep of any desired personal property for use in the Common Properties. The Association acknowledges and agrees that such maintenance, care and preservation, to the extent not performed by the PID, another governmental authority, or an Owner, shall comply with all McAllen Code of Ordinances, as now or hereinafter amended, including but not limited to (i) Section 110-72, and, (ii) to the extent applicable, Section 134-168, *Maintenance Obligations and Homeowner's Association.*

(b) Care and maintenance of the fencing, irrigation, landscaping, screening walls and entry features which may be constructed on and constitute a part of the Common Properties. Maintenance includes all repair, rebuilding or cleaning deemed necessary by the Board.

(c) Should the Board so elect, maintenance of exterior grounds, drives, parkways, private streets and access areas, including care of trees, shrubs and grass, the exact scope of which shall be further specified by the Board from time to time. In particular, the Board shall be empowered to contract with persons or entities who shall be responsible for the

maintenance of landscaping, trees, shrubs, grass and like improvements which are located on the Common Properties, and/or the Lots, except for landscaping and other like improvements which are located within rear yards or side yards enclosed by a solid fence, which shall be maintained by the individual Lot Owner. Maintenance services contracted for by the Board in accordance with this paragraph shall be paid for out of Association funds.

(d) The services of a person or firm to manage and/or provide consultation to 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.

(e) Legal and accounting services.

(f) A policy or policies of insurance ensuring the Association, its officers and directors against any liability to the public or to the Owners (and/or their invitees or tenants) incident to the operation of the Association, including, without limitation, officers' and directors' liability insurance.

(g) Workers' compensation insurance to the extent necessary to comply with any applicable laws.

(h) Such fidelity bonds as may be required by the Bylaws or as the Board may determine to be advisable.

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

(j) To execute all declarations of ownership for tax assessment purposes and to pay all taxes with regard to the Common Properties.

(k) To enter into agreements or contracts with insurance companies, taxing authorities and the holders of mortgage liens on one or more Lots with respect to: (i) taxes on the Common Properties and (ii) insurance coverage of the Common Properties, as they relate to the assessment, collection and disbursement process envisioned in this Master Declaration.

(l) To borrow funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit.

(m) 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 and the Common Properties, expressly including the power to enter into management and maintenance contracts.

(n) If, as, and when the Board, in its sole discretion, deems necessary it may take action to protect or defend the Common Properties from loss or damage by suit or otherwise, to sue or defend in any court of law on behalf of the Association and to provide adequate reserves for repairs and replacements.

(o) To make reasonable rules and regulations for the operation and use of the Common Properties and to amend them from time to time.

(p) Pursuant to Article VIII 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.

(q) If, as and when the Board, in its sole discretion, deems necessary, it may take action to enforce the provisions of this Master Declaration, as amended and supplemented, and any rules made hereunder and to enjoin and/or seek damages from any Owner for violation of such provisions or rules.

(r) To contract with the PID for services of any nature deemed appropriate by the Board.

7.02 Board Powers. From and after the date on which the title to the Common Properties has been conveyed to the Association, the Board shall have the right to contract for all goods, services and insurance, and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein.

7.03 Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner or any third party for the performance by the Association of services upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association.

7.04 Liability Limitations. No member, officer, or agent of the Association, or member or agent of the Board shall be personally liable for debts contracted for, or otherwise incurred by the Association, or for a tort of another member, whether such other member was acting on behalf of the Association or otherwise. Neither Declarant, the Association, its directors, officers, agents, or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portion thereof or for failure to repair or maintain the same.

THE COMMON PROPERTIES MAY BE SUBJECT TO STORM WATER OVERFLOW, NATURAL BANK EROSION AND OTHER NATURAL OR MAN-MADE EVENTS OR OCCURRENCES TO EXTENTS WHICH CANNOT BE DEFINED OR CONTROLLED. UNDER NO CIRCUMSTANCES SHALL DECLARANT EVER BE HELD LIABLE FOR ANY DAMAGES OR INJURIES OF ANY KIND OR CHARACTER OR NATURE WHATSOEVER RESULTING FROM: (I) THE OCCURRENCE OF ANY NATURAL PHENOMENA; (II) THE FAILURE OR DEFECT OF ANY STRUCTURE OR STRUCTURES SITUATED ON OR WITHIN THE COMMON PROPERTIES; OR (III) ANY ACT, CONDUCT, OMISSION OR BEHAVIOR OF ANY INDIVIDUAL, GROUP OF INDIVIDUALS, ENTITY OR ENTERPRISE OCCURRING ON, WITHIN OR RELATED TO THE COMMON PROPERTIES.

**ARTICLE VIII
INSURANCE; REPAIR AND RESTORATION**

8.01 Right to Purchase Insurance. The Association shall have the right and option to purchase, carry and maintain in force insurance covering any or all portions of the Common

Properties, the improvements thereon and appurtenant thereto, for the interest of the Association and of all Owners thereof, in such amounts and with such endorsements and coverage as shall be considered good sound insurance coverage for properties similar in construction, location and use to the subject property. Such insurance may include, but need not be limited to:

(a) Insurance against loss or damage by fire and hazards covered by a standard extended coverage endorsement in an amount which shall be equal to the maximum insurable replacement value, excluding foundation and excavation costs as determined annually by the insurance carrier.

(b) Public liability and property damage insurance on a broad form basis.

(c) Fidelity bond for all directors, officers and employees of the Association having control over the receipt or the disbursement of funds in such penal sums as shall be determined by the Association in accordance with its Bylaws.

(d) Officers' and directors' liability insurance.

8.02 Insurance Proceeds. Proceeds of insurance shall be disbursed by the insurance carrier to the Association or contractors designated by the Association as the Board may direct. The Association shall use the net insurance proceeds to repair and replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of insurance paid to the Association, as required in this Article, remaining after satisfactory completion of repair and replacement, shall be retained by the Association as part of a general reserve fund for repair and replacement of the Common Properties.

8.03 Insufficient Proceeds. If the insurance proceeds are insufficient to repair or replace any loss or damage, the Association may levy a Development Special Capital Assessment or Neighborhood Special Capital Assessment, as provided for in Article VI of this Master Declaration, to cover the deficiency. If the insurance proceeds are insufficient to repair or replace any loss or damage for which an Owner is bound hereunder, such Owner shall, as such Owner's undivided responsibility, pay any excess costs of repair or replacement.

8.04 Mortgagee Protection. There may be attached to all policies of insurance against loss or damage by fire and other hazards, a mortgagee's or lender's loss payable clause; provided, however, that amounts payable under such clause to the mortgagee may be paid to the Association to hold for the payment of costs of repair or replacement, subject to the provisions of Section 8.02 hereof. The Association shall be responsible to hold said monies or to collect additional monies if the proceeds are insufficient to pay for the cost of all repairs or replacements and shall ensure that all mechanics', materialmen's and similar liens which may result from said repairs or replacements are satisfied.

8.05 Destruction of Improvements on Individual Lots. In the event of destruction (total or partial) to the improvements on any individual Lot due to fire or any other cause each Owner covenants and agrees to clear and remove any and all debris resulting from such damage within two (2) months after the date that the damage occurs or longer with the written consent of the Association and to complete all necessary repairs or reconstruction of the damaged improvements within one (1) year after the date that the damage occurs or longer with the written consent of the Association.

ARTICLE IX GENERAL PROVISIONS

9.01 Enforcement. Declarant, the Association, or the ARC shall have the right but not the obligation to enforce, by any proceeding at law or in equity, all restrictions, conditions, and reservations now or hereafter imposed by the provisions of this Master Declaration, in accordance with the Master Declaration and applicable law. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In addition, should Declarant, the Association, or the ARC prevail in any such litigation, the prevailing party shall be entitled to recover its reasonable attorneys' fees.

9.02 Duration. The covenants, conditions and restrictions of this Master Declaration shall run with and bind the land, and Declarant or the Owner of any Lot subject to this Master Declaration, and their respective legal representatives. This Master Declaration shall be effective for a term of fifty (50) years from the date this Master Declaration is recorded, after which automatically extended for successive periods of ten (10) years unless specifically agreed to the contrary by a written agreement executed by the Association and Owners owning not less than seventy-five percent (75%) of the Lots and recorded in the Official Records of Hidalgo County, Texas.

9.03 Amendment. This Master Declaration may be amended, modified and/or changed as follows:

(a) during the Development Period, Declarant may amend or change this Master Declaration in any manner determined appropriate in Declarant's sole and absolute discretion, including but not limited to amending the Master Plan and the number of Anticipated Total Lots.

(b) after the expiration of the Development Period, this Master Declaration may be amended or changed either upon the express written consent of Owners owning no less than fifty-one percent (51%) of the Lots or Owners entitled to cast at least fifty-one percent (51%) of the outstanding votes of the Association who are in attendance at a meeting called and held in accordance with the Bylaws of the Association.

Any and all amendments to this Master Declaration shall be recorded in the Office of the County Clerk of Hidalgo County, Texas.

9.04 Waiver. A waiver or modification of any of the provisions, requirements, conditions or restrictions herein contained by Declarant, the Association, or the ARC, shall not be construed as a waiver of future enforcement of such provisions, requirements, conditions or restrictions.

9.05 Severability. Invalidation of any one of the provisions of this Master Declaration by judgment or court order shall in no way affect any other provision of this Master Declaration which shall remain in full force and effect.

9.06 Headings. The headings contained in this Master Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Master Declaration.

9.07 Notices to Member/Owner. Any notice required to be given to any Owner under

the provisions of this Master Declaration shall be deemed to have been properly delivered when deposited in the United States mail, postage prepaid, addressed to the last known address of the person who appears as an Owner on the records of the Association at the time of such mailing.

9.08 Notices to Mortgagees. If a holder of a mortgage on a Lot shall notify the Association of its address and the identity of the Lot and Owner covered by and granting such mortgage, then such holder(s) shall be entitled to receive, written notification from the Association of any default by the respective Owner in the performance of such Owner's obligations as established by this Master Declaration.

9.09 Disputes. Matters of dispute or disagreement between Owners with respect to interpretation or application of the provisions of this Master Declaration or the Bylaws of the Association shall be determined by the Board, whose determination shall be final and binding upon all Owners. In the event a dispute arises between the Association and one or more Owners, such parties shall submit the dispute to arbitration in accordance with the rules of the American Arbitration Association, and the result thereof shall be binding and conclusive to the parties. Upon the written request of either party to the dispute, each party to the dispute shall appoint one person as an arbitrator to hear and determine the dispute and if the two arbitrators so chosen shall be unable to agree, then they shall select a third arbitrator whose decision shall be final and conclusive upon the parties. Notwithstanding the forgoing, either party shall have the right to appeal the decision of the Arbitrator which appeal shall be within the jurisdiction of the Texas 13th Court of Appeals. The expenses of such arbitration shall be borne by the losing party, or in such proportions as the arbitrators shall decide. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association.

9.10 Termination of and Responsibility of Declarant. If Declarant shall convey all of its right, title and interest in and to the Lots and assign all its rights, benefits and obligations as Declarant hereunder to any partnership, individual or individuals, corporation or corporations, then and in such event Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of Declarant.

(signature page follows)

EXECUTED by the said Declarant this the 5 day of June 2017.

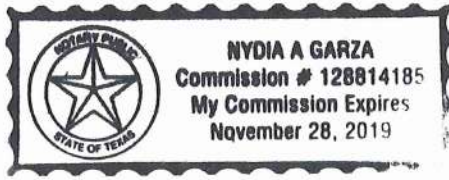
DECLARANT:


RHODES ENTERPRISES, INC., a Texas corporation

By: 
MICHAEL RHODES, President

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

I, the undersigned authority, on this day personally appeared Michael Rhodes, acting in his capacity as President of Rhodes Enterprises, Inc., a Texas corporation, and on behalf of said corporation.




Notary Public for the State of Texas
My Commission expires: 11/28/2019