

ANNEXATION AND MAINTENANCE DECLARATION

FOR

(Section 10, Lots 1-9 Block 1 and Lots 1-4 Block 2, Harbor Lakes)

THIS ANNEXATION AND MAINTENANCE DECLARATION FOR THE SECTION 10 AT HARBOR LAKES ("Annexation and Maintenance Declaration") is made on the date hereinafter set forth by Harbor Lakes Development Corporation, a Texas corporation, hereinafter referred to as the "Declarant" and the Current Owners (as hereinafter defined) along with the joinder of Harbor Lakes Homeowners Association, Inc. (the "Master Association").

WITNESSETH

WHEREAS, Declarant executed a Declaration of Covenants, Conditions and Restrictions for Harbor Lakes (the "Original Declaration"), dated effective as of the 27th day of December, 2000, applicable to certain Real property (the "Original Property"), which Original Declaration was recorded on December 28, 2000 in Volume 1726, Page 0001 of the Real Property Records of Hood County, Texas;

WHEREAS, Declarant, with the joinder of T.D. Murphy Construction Company, Inc. and Homes By Dunn, Inc., as Current Owners, amended the Original Declaration pursuant to that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Harbor Lakes (with Joinder of Current Owners) dated as of June 15, 2001, recorded in Volume 1755, Page 0738 of the Real Property Records of Hood County, Texas (the "Amended Declaration"). The Original Declaration, as amended and supplemented by the Amended Declaration and subsequent supplemental declarations of annexation are hereinafter referred to collectively as the "Declaration");

WHEREAS, Forestar (USA) Real Estate Group Inc., a Delaware Corporation and Harbor Lakes Development, LLC, executed an assignment of declarant's rights under declaration of covenants, conditions and restrictions for Harbor Lakes and assumption of declarant's obligations and duties on April 2, 2015.

WHEREAS, Declarant has the absolute and unrestricted right to add additional property to the scheme of the Declaration.

NOW, THEREFORE, the Declarant (with the joinder of the Current Owners and the Master Association) declare that the Affected Lots (hereinafter described) shall be held, sold and conveyed subject to the restrictions, covenants and conditions declared below, all of

which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each Affected lot and other portions of the Property in order to maintain within the Property a planned community of high standards. All of such covenants shall be binding on all parties having any right, title or interest in the Property or any part thereof, their respective heirs, personal representatives, successors' and assigns, and shall inure to the benefit of each Declarant, Successor Declarant (as hereinafter defined), if any, Master Association and Owner (as hereinafter defined) thereof.

1. Section 10 (The Section 10 at Harbor Lakes) Additional Property. The Lots and other real property described in SECTION 10 - EXHIBIT "A", attached hereto and fully incorporated herein by references for all purposes ("Section 10 at Harbor Lakes Property") are and shall be subject to the scheme of the Amended Declaration, and the Section 10 Lots and other real property described therein are and shall be held, transferred, sold, conveyed, used and occupied subject to the covenants, restrictions, easements, charges and liens set forth in the Amended Declaration (the Declaration being incorporated herein by reference for all purposes as modified herein).

2. Subjecting Residential Lots to Declaration. All residential lots hereinafter described on any and all subsequent final plats covering a portion or all of the Section 10 Property now or hereinafter approved and filed of record shall be subject to the scheme of the Amended Declaration of Harbor Lakes Homeowners Association and shall constitute "Affected Lots" for all purposes, and shall be held, transferred, sold, conveyed, used and subject to the covenants, restrictions, easements, changes and liens set forth in the Declaration.

ARTICLE I DEFINITIONS

Section 1. "Property" shall mean and refer to Section 10 of Harbor Lakes, as recorded in Plat Records of Hood County, Texas, and such additions thereto as may be brought within the jurisdiction of the Association and be made subject to this Annexation and Maintenance Declaration.

Section 2. "Association" shall mean and refer to the Section 10 at Harbor Lakes Homeowners Association, Inc., a Texas not-for-profit corporation established for the purpose set forth herein.

Section 3. "Lot" shall mean and refer to any plot of land indicated upon any recorded subdivision plats or maps of the Property or any part thereof creating single family home sites and being Lots 1 through 10 of Section 10 of Harbor Lakes.

Section 4. "Affected Lot" shall mean and refer to those Lots now existing on the Property or such lots that are hereafter added to the membership of the Association from

time to time as allowed by this Maintenance Declaration.

Section 5. "Unit" shall mean and refer to any residential dwelling situated upon any Lot.

Section 6. "Owner" shall mean and refer to the record owner, whether one of more persons or entities, of a fee simple title to any Affected Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to Harbor Lakes Development, LLC, a Texas corporation, its successors and assigns who are specifically designated as the successor-in-interest to the Declarant in writing by the Declarant, and who consent in writing to assume the rights, benefits, duties and obligations of the Declarant.

Section 8. "Maintenance Areas" shall mean and refer to easements and areas designated from time to time by the Board of Directors of the Association that are within the boundaries of the perimeter security fence enclosing The Section 10 at Harbor Lakes, including, but not limited to, perimeter fences, walls, gates, gate controllers, private streets and storm water drainage systems (including inlets and storm water drainage pipes) owned by the Association, sprinkler systems and such portions of the yards of each Affected Lot that are located outside the perimeter of any private fences owned by the Owner of an Affected Lot, (excluding, however, backyards) wherein lawns, trees and shrubs are planted and maintained and/or those portions of the private streets owned by the Association outside the boundaries of the perimeter security fence enclosing The Section 10 at Harbor Lakes.

Section 9. "Annexation and Maintenance Declaration" shall mean and refer to this Annexation and Maintenance Declaration for The Section 10 at Harbor Lakes, and any amendments, annexations and supplements thereto made in accordance with its terms.

Section 10. "Master Association" shall mean and refer to the Harbor Lakes Homeowners Association, Inc.

Section 11. "Master Declaration" shall mean and refer to that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Harbor Lakes dated June 15, 2001 and filed in Volume 1755, Page 0738 of the Real Property Records of Hood County, Texas, as amended and supplemented from time to time.

Section 12. "Current Owners" shall mean those Owners who have voted in favor of this Maintenance Declaration, as evidenced by their signature on one or more of the counterparts of this Maintenance Declaration filed of record in Hood County, Texas.

Section 13. "Board of Directors" shall mean those Board Members of the Harbor Lakes Homeowners Association (Master Association).

**ARTICLE II
THE SECTION 10 AT HARBOR LAKES ASSOCIATION**

Section 1. Membership. The Declarant and every other Owner of an Affected Lot shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Affected Lot. Every member shall have the right at all reasonable times during business hours to inspect the books of the Association.

Section 2. Funding. Subject to the terms of this Article, Declarant, for each Affected Lot owned by Declarant, hereby covenants to pay, and each Owner of any Affected Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay (as a portion of the consideration and purchase money paid by each such Owner for such Affected Lot) to the Master Association (1) the Annual General Assessment and to the Association: (2) Annual Maintenance Assessments (hereinafter defined) or charges, (3) Special Maintenance Assessments (as hereinafter defined), and (4) Road and Storm Water Drainage System Maintenance Assessments (as hereinafter defined), such assessments to be established and collected as hereinafter provided. Said assessments will remain effective for the full term (and extended term, if applicable) of this Maintenance Declaration. The Annual Maintenance Assessments, Special Maintenance Assessments and Road and Storm Water Drainage System Maintenance Assessment, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall run with the land and be a continuing lien upon the Lot against which such Annual Maintenance Assessment, Special Maintenance Assessment and Road and Storm Water Drainage System Maintenance Assessment is made. Each Annual Maintenance Assessment, Special Maintenance Assessment and Road and Storm Water Drainage System Maintenance Assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Affected Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the successors in title of such Owner unless expressly assumed by them.

Section 3. Assessments.

(a) Annual Maintenance Assessments. Subject to the terms of this Article, each Affected Lot (other than those Affected Lots not subject to assessments hereunder) is hereby subject to an initial annual maintenance assessment (the "Annual Maintenance Assessment") of \$500.00 per annum commencing in year 2017; provided however, that the Annual Maintenance Assessment may not be increased by the Board of Directors of the Harbor Lakes Master Association each year by more than

twenty percent (20%) above the Cumulative Maximum Annual Maintenance Assessment Amount (as hereinafter defined) for the prior year without the necessity of a vote of the members of the Association in accordance with the By-Laws of the Association. The term "Cumulative Maximum Annual Maintenance Assessment Amount" shall mean the maximum accumulated amount the Board of Directors could have assessed and charged Affected Lots and their Owners as an Annual Maintenance Assessment in any given year regardless of whether or not the Board of Directors in fact assessed such amount against the Affected Lots. The cumulative Maximum Annual Maintenance Assessment Amount shall increase automatically by twenty percent (20%) over the prior year's Cumulative Maximum Annual Maintenance Assessment Amount and shall continue to accumulate each year without any action of the Board of Directors. For example, the Cumulative Maximum Annual Maintenance Assessment Amount for the year 2018 shall be \$600.00; the Cumulative Maximum Annual Maintenance Assessment Amount for the year 2019 shall be \$720.00, and the Cumulative Maximum Annual Maintenance Assessment Amount for the year 2020 shall be \$864.00. The Association shall create a fund to be designated and known as the "Maintenance Assessment Fund". The Annual Maintenance Assessment will be paid by the Owner of each Affected Lot (except as set forth below), commencing as to an Affected Lot on after the conveyance of such Affected Lot to a Class A member by Declarant; (ii) completion of a Unit on such Affected Lot owned by a Class A member; or (iii) issuance of a certificate of occupancy for the Unit; however, no Affected Lot owned by Declarant, successors-in-interest to Declarant (regardless of whether Declarant or successors-in-interest to Declarant is a Class A member or a Class B member) shall be subjected to any assessments unless and until the earlier of a Unit is completed on such Affected Lot or a certificate of occupancy is issued by the appropriate governmental authority. Any increase in the rate at which each Affected Lot subject to assessments, including the Annual Maintenance Assessments, Special Maintenance Assessments and Road and Storm Water Drainage System Maintenance Assessments, will be assessed, and whether such assessment shall be payable monthly, quarterly or annually, will be determined by the Board of Directors of the Harbor Lakes Master Association, subject to the limitation set forth herein. The Annual Maintenance Assessment may be adjusted up to the applicable Cumulative Maximum Annual Maintenance Assessment Amount from time to time by the Board of Directors as the needs of the Association may, in the judgment of the Board of Directors, require. Except as set forth above with respect to an Affected Lot owned by Declarant or successors-in-interest to Declarant (regardless of class of membership), the assessment for each Affected Lot shall be uniform. The Harbor Lakes Master Association shall, upon written demand and for a reasonable charge, furnish a certificate setting forth whether or not the assessment has been paid for the assessment period.

(b) Purpose of Maintenance Assessment Fund. The Association shall establish a Maintenance Assessment Fund composed of the Owners' Annual Maintenance Assessments and shall use the proceeds of such fund for normal,

recurring maintenance charges related to the Maintenance Areas. Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following: normal, recurring maintenance of the Maintenance Areas (including, but not limited to, maintaining of perimeter fences, common landscape maintenance, walls and gates encompassing The Section 10 gate controllers, common area sprinkler systems, clearing, mowing, edging, clipping, sweeping and raking of front lawns, within the Maintenance Areas, provided, however, the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Maintenance Areas; and doing any other thing or things necessary or desirable in the opinion of the Board of Directors of the Harbor Lakes Homeowners Association to keep the Maintenance Area neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property, it being understood that the judgment of the Board of Directors in the expenditure of said funds and the determination of what constitutes normal, recurring maintenance of the Maintenance Area shall be final and conclusive so long as such judgment is exercised in good faith. The Maintenance Association may, but is not required to, establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of grass, trees and shrubs within the Maintenance Area. The fund may be established and maintained out of regular Annual Maintenance Assessments. Declarant has the right, but not obligation, to separately contract and pay for mowing, watering and lawn care on all or any of the Affected Lots owned by Declarant on which no Unit is constructed.

(c) Special Maintenance Assessment for Nonrecurring Maintenance. In addition to the Annual Maintenance Assessments authorized above, the Association may, by a vote of two-thirds (2/3) of the total votes, in the aggregate, of the Association members, in the aggregate, who are voting in person or by proxy at a meeting called for this purpose, levy Special Maintenance Assessments as follows: in any assessment year, a Special Maintenance Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any nonrecurring maintenance upon the Maintenance Area. Such proceeds shall be used solely and exclusively to fund the nonrecurring maintenance in question.

(d) Private Road and Storm Water Drainage System Maintenance Assessment. Subject to the terms of this Article, each Affected Lot (other than those Affected Lots not subject to assessments hereunder) is hereby subject to an initial annual road and storm water drainage system maintenance assessment (the "Road and Storm Water Drainage System Maintenance Assessment") of \$500.00 per annum commencing in year 2017; provided however, that the annual Road and Storm Water Drainage System Maintenance Assessment may not be increased by

the Board of Directors of the Association each year by more than twenty percent (20%) above the Cumulative Maximum Annual Road and Storm Water Drainage System Maintenance Assessment Amount (as hereinafter defined) for the prior year without the necessity of a vote of the members of the Association in accordance with the By-Laws of the Association. The term "Cumulative Maximum Annual Road and Storm Water Drainage System Maintenance Assessment Amount" shall mean the maximum accumulated amount the Board of Directors could have assessed and charged Affected Lots and their Owners as a Road and Storm Water Drainage System Maintenance Assessment in any given year regardless of whether or not the Board of Directors in fact assessed such amount against the Affected Lots. The Cumulative Maximum Annual Road and Storm Water Drainage System Maintenance Assessment Amount shall increase automatically by twenty percent (20%) over the prior year's Cumulative Maximum Annual Road and Storm Water Drainage System Maintenance Assessment Amount and shall continue to accumulate each year without any action of the Board of Directors. For example, the Cumulative Maximum Annual Road and Storm Water Drainage System Maintenance Assessment Amount for the year 2017 shall be \$500.00; the Cumulative Maximum Annual Road and Storm Water Drainage System Maintenance Assessment Amount for the year 2018 shall be \$600.00, and the Cumulative Maximum Annual Road and Storm Water Drainage System Maintenance Assessment Amount for the year 2019 shall be \$720.00. The Association shall create a fund to be designated and known as the "Road and Storm Water Drainage System Maintenance Assessment Fund". The Annual Road and Storm Water Drainage System Maintenance Assessment will be paid by the Owner of each Affected Lot (except as set forth below), commencing as to an Affected Lot on the earlier to occur of (i) after the conveyance of such Affected Lot to a Class A member by Declarant or by another Class B member; (ii) completion of a Unit on such Affected Lot owned by a Class A member; or (iii) issuance of a certificate of occupancy for the Unit; however, no Affected Lot owned by Declarant, successors-in-interest to Declarant (regardless of whether Declarant or successors-in-interest in subsequent years. The fund will be established and maintained out of regular annual Road and Storm Water Drainage System Maintenance Assessments.

(e) Purpose of Road and Storm Water Drainage System Maintenance Assessment Fund. The Association shall establish a Road and Storm Water Drainage System Maintenance Assessment Fund composed of the Owners' Annual Road and Storm Water Drainage System Maintenance Assessments and shall use the proceeds of such fund for recurring and non-recurring maintenance charges related to the private streets and the private storm water drainage system owned by the Association including capital improvements to such private streets and private storm water drainage systems.

Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following: street and pothole repairs and maintenance, common area landscape maintenance, street paving, and storm water system repairs and maintenance and storm water drainage system improvements and replacement. It is understood that the judgment of the Board of Directors in the expenditure of said funds and the determination of what constitutes maintenance, repair, replacement and improvements of the streets and storm water drainage systems shall be final and conclusive so long as such judgment is exercised in good faith. Unused funds in the Road and Storm Water Drainage System Maintenance Assessment Fund at the end of each year shall be maintained as a reserve fund for the periodic maintenance, repair, replacement and improvement of such private streets and storm water drainage.

Section 4. Minimum Dwelling Size Requirements for Section 10 Lots. Notwithstanding anything in Section 20(c) of Article VIII of the Declaration to the contrary, each residence within Section 10 of Harbor Lakes shall have a minimum air conditioned living area excluding the garage of 3,000 square feet on the golf course lots and 2,500 square feet on non-golf course lots.

Section 5. Maintenance of Retaining Wall. Lots with retaining walls in Section 10 of Harbor Lakes (the "Section 10 Retaining Wall Lots") shall have the duty and obligation to maintain the retaining wall located at the rear of each such Affected Lot in good repair at all times at its sole cost and expense and the Association shall have the right to assess the Section 10 Retaining Wall Lots, if a Section 10 Owner of a Section 10 Retaining Wall Lot fails to maintain such retaining wall. The obligation to maintain the retaining wall extends to any portion of the retaining wall that is located within a Section 10 Retaining Wall Lot and that portion of the retaining wall that is not located on a Section 10 Retaining Wall Lot, but is included in the area immediately to the rear of such Section 10 Retaining Wall Lot that has a boundary which is the rear boundary of such Section 10 Retaining Wall Lot on one side, the retaining wall (inclusive of the retaining wall) opposite the rear boundary line as the second side and the two remaining side boundary lines being the side boundary lines of such Section 10 Retaining Wall Lot extended to the retaining wall. Each Section 10 Lot Owner of a Section 10 Retaining Wall Lot shall have an easement within such area behind his or her respective rear boundary line of his or her Section 10 Retaining Wall Lot for the purpose of maintaining the retaining wall within such area. If a Section 10 Lot Owner fails to maintain the retaining wall in good repair, each such Section 10 Lot Owner agrees that the Association shall have a right to maintain the retaining wall and shall have an easement over, across and on such Section 10 Retaining Wall Lot of such Section 10 Lot Owner to repair and maintain the retaining wall. Furthermore, the Association shall have the right to assess any Section 10 Retain Wall Lot Owner for any and all amounts incurred by the Association in maintaining the portion of the retaining wall that such Section 10 Lot Owner is required to maintain and such assessment will constitute a lien upon such Section 10 Retaining Wall Lot and the Association will have all the enforcement rights set forth in the Declaration with respect to such lien.

Section 6. Access to Section 10. Access to and from Section 10 of Harbor Lakes will be through secured controlled gates located at Harbor Lakes Drive and Palmer Court (the "Palmer Court Gate"), which will be access controlled by gate controller system. Section 10 Owners will be initially issued two gate controller remotes; all additional gate controller remotes (including replacements) will be issued at the Association's actual cost plus \$25.00 per remote which gate controller remote will control the Palmer Court Gate. The Association through the Board of Directors will have the right to promulgate such rules and regulations regarding the maximum number of remotes to be issued per Section 10 Owner. No one other than the Section 10 Owner (and/or such Section 10 Owner's tenant(s)) and Section 10 Owner's (and such Section 10 Owner's tenant's) immediate family may use the gate controller remote. In addition emergency fire, police and ambulance services will have access to the gate.

Section 7. Section 10 Private Easement Area and Easement Rights. The Section 10 Lot Owners and/or such Section 10 Owner's tenant(s) and their guests and invitees shall have a right and easement in, to, over and across the Section 10 Private Easement Area to the Section 10 Lot Owners' (and/or their tenants') Section 10 Lots and a right and easement of ingress and egress to and from each of their respective Section 10 Lots to dedicated roads ("Harbor Lakes Drive") and such easements shall be appurtenant to and shall pass with title to every Section 10 Lot. The right of ingress and egress between the Palmer Court Gate and Section 10 Lot Owners' (and/or their tenants') Section 10 Lot across and over the Palmer Court shall be appurtenant to and shall pass with title to every Section 10 Lot; provided, however, the Association through the Board of Directors may promulgate rules and regulations regarding the use of the Section 10 Private Easement Areas by the Section 10 Lot Owners, including, but not limited to, restricting parking on Section 10 Court to specific hours during the day and night.

Section 8. Approval of Builder. Harbor Lakes Development retains the sole right to approve or disapprove any builders.

Section 9. New Home Approval. The Limited Committee of the Harbor Lakes Development will have sole approval of all initial home construction.

Section 10. Builder Responsibility. Each house under construction will be required to have a portable toilet. Trash containers are required and jobsites will be kept clean at all times.

Section 11. Mailboxes. Mailboxes in Section 10 will follow the mailbox guidelines for Harbor Lakes Homeowners Association.

Section 12. Chimneys. All chimneys will be finished in either brick or stone to match the home.

Section 13. Roofs. The entire roof of each Home shall have a pitch of at least eight (8") of rise to every twelve (12") of run, unless otherwise approved by Declarant. All roofing shall be, at a minimum, 30 year shingle.

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Section 14. Rental of Home. No home may be rented until occupied by the owner for a period of not less than 12 months unless approved in writing by the Board of Directors.

Section 15. Harbor Lakes Homeowners Association prohibits construction by the same builder of any two homes with the same elevation from the street unless such homes are separated by three or more lots.

Section 16. The Declarant will transfer all warranties, bonds, agreements, etc. to the Harbor Lakes Homeowners Association, Inc. upon completion of the phase. A minimum one year warranty will be available on all fences, gates, or other maintenance items.

Section 17. Ratification. The Declaration, except as expressly modified herein, remains in full force and effect and is hereby ratified and confirmed.

EXECUTED as of the 17th day of August, 2017 but effective on the day and year first above written.

HARBOR LAKES DEVELOPMENT, LLC,
A Texas corporation

By: Mike Brown
Name: Mike Brown
Title: President

Exhibit A

