

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
THE WOODS OF PRESTON**

STATE OF TEXAS

GRAYSON COUNTY

KNOW ALL MEN BY THESE PRESENTS:

This Declaration, made on the date hereinafter set forth by BELL 380 PARTNERS, LLC., a Limited Liability Company, duly authorized to do business in the State of Texas, hereinafter referred to as "Developer",

WITNESSETH:

WHEREAS, The Woods of Preston Property Owners Association (hereafter known as the "Association") is the owner of that certain tract of land known as THE WOODS OF PRESTON of approximately 170.52 Acres of land situated in Grayson County, Texas (hereinafter referred to as the "Subdivision"), recorded in the office of the County Clerk of Grayson County, Texas on the 29th day of August, 2000, after having been approved as provided by law, and being recorded in Volume 13, Pages 51 - 55, of the Map Records of Grayson County, Texas and

WHEREAS, it is the desire of The Association to place certain restrictions, easements, covenants, conditions, stipulations and reservations (herein sometimes referred to as the "Restrictions") upon and against such Subdivision to establish a uniform plan for its development, improvement and sale, and to insure the preservation of such uniform plan for the benefit of both the present and future owners of Tracts in the Subdivision;

NOW, THEREFORE, The Association hereby adopts, establishes and imposes upon the Subdivision and declares the following reservations, easements, restrictions, covenants and conditions, applicable thereto, all of which are for the purposes of enhancing and protecting the value, desirability and attractiveness of said Property, which Restrictions shall run with said Property and title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof. The Association also declares that the Subdivision shall be subject to the jurisdiction (as hereinafter defined).

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ARTICLE I

DEFINITIONS

Section 1.01 “**Accessory Building**” shall mean and refer to a subordinate building, attached to or detached from the Dwelling (as hereinafter defined and different than a utility building).

Section 1.02 “**Annexable Area**” shall mean and refer to any additional property made subject to the jurisdiction of The Association pursuant to the provisions set forth herein, including, without limitation, any property adjacent to or in the proximity of the Subdivision.

Section 1.03 “**The Association**” shall mean and refer to The Woods of Preston Property Owners Association, and its successors and assigns.

Section 1.04 “**Board of Directors**” shall mean and refer to the Board of Directors of The Association.

Section 1.05 “**Builders**” shall mean and refer to persons or entities that purchase tracts and build speculative or custom homes hereon for third party purchasers.

Section 1.06 “**City**” means the City of Gunter, Texas.

Section 1.07 “**Common Area**” shall mean all real property (including the improvements thereto) within the Subdivision owned by The Association for the common use and enjoyment of the Owners.

Section 1.08 “**Contractor**” shall mean and refer to the person or entity with whom an Owner contracts to construct a residential dwelling on such Owner’s Tract.

Section 1.09 “**County**” means the County of Grayson, Texas.

Section 1.10- “**Declaration**” means this Declaration of Covenants, Conditions and Restrictions (CCR) for the Woods of Preston and any amendments or supplements thereto made in accordance with its terms.

Section 1.11 “**Dwelling- Single Family**” shall mean and refer to a building having accommodations for and occupied by not more than one Family (as hereinafter defined).

Section 1.12 “**Front Yard**” shall mean and refer to a space on a Tract facing a Street (as hereinafter defined) and extending across the front of the Tract between the Side Lines (as hereinafter defined) and being the horizontal distance between the Street Line (as hereinafter defined) and the Dwelling or any projection thereof other than the projection of the usual steps and eave over-hangs.

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Section 1.13 “**Garage**” shall mean a portion of a Dwelling **that contains a door that opens vertically or in which motor-driven vehicles or other items are stored.**

Section 1.14 “**Height**” shall mean and refer to the measurement from the average established grade at the Street Line abutting the Tract or, if higher, from the highest natural ground level of the two points where the Front Setback Line (as hereinafter defined) intersects the two Side Lines of the Tract, to the highest point of the Improvement being measured.

Section 1.15 “**Lot**” shall mean and refer to any residential building parcel/dwelling or cluster plot of land sown upon any recorded subdivision plat/map of the property with the exception of the Common Areas

Section 1.16 “**Owner**” shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Tract which is a part of the Subdivision, including (i) contract sellers (a seller under a Contract for Deed), but excluding those having such interest merely a security for the performance of an obligation, (ii) The Association (except as otherwise provided herein), and (iii) Builders.

Section 1.17 “**Plat**” shall collectively mean and refer to: (i) the Final Plat of The Woods of Preston, an addition to Grayson County, Texas, recorded in Volume 13, Pages 51 Ð 55 Plat Records, Grayson County, Texas.

Section 1.18 “**Rear Line**” shall mean the opposite of Street Line.

Section 1.19 “**Rear Yard**” shall mean and refer to a space extending across the rear of a Tract from one Side Line to the other Side Line and being the horizontal distance between the Rear Line and the Dwelling or any projection thereof other than the projection of the usual steps and eave over-hangs.

Section 1.20 “**Side Line**” shall mean and refer to any boundary line of a Tract which is not a Street Line or Rear Line.

Section 1.21 “**Street**” shall mean and refer to the roadways dedicated by The Association to Grayson County, Texas, by the Plat and accepted by City of Gunter, Texas as public streets and roadways.

Section 1.22 “**Street Line**” shall mean and refer to that boundary line of a Tract which is also the boundary line of a Street.

Section 1.23 “**THE WOODS OF PRESTON**” shall mean and refer to the Subdivision and any other sections of the Woods of Preston hereafter made subject to the jurisdiction of The Association.

Section 1.24 “**Tract**” shall mean and refer to any plot of land identified as a tract or home site on the Plat. For purposes of this instrument, “Tract” shall not be deemed to include

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any portion of the “Common Areas” or “Unrestricted Reserves” (defined herein as any Common Areas and Unrestricted Reserves shown on the Plat) in the Subdivision, regardless of the use made of such area.

Section 1.25 “Utility Shed/Building” shall mean a Shed/building No larger than 150 sq. ft. in size and located on a temporary Pad utilized for the storage of lawn equipment and/or chemicals/flammables. The Location of such Utility Shed/Building must be behind the rear line of the main structure/house.

ARTICLE II

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RESERVATIONS, EXCEPTION AND DEDICATIONS

Section 2.01 Recorded Subdivision Map of the Property. The plat (“Plat”) of the Subdivision dedicates for use as such, subject to the limitations as set forth therein, the roads, streets and easements shown thereon. The Plat further establishes certain restrictions applicable to the Subdivision. All dedications, restrictions and reservations created herein or shown on the Plat, replats or amendments of the Plat of the Woodlands of Preston recorded or hereafter recorded shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of The Association, whether specifically referred to therein or not.

Section 2.02 Easements. The Association reserves for public use the utility easements shown on the Plat or that have been or hereafter may be created by separate instrument recorded in the Real Property Records of Grayson County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, storm surface drainage, cable television, or any other utility The Association sees fit to install in, across and/or under such utility easements. All dedicated utility easements in may be used for the construction of drainage swales to provide for improved surface drainage of the Reserves, Common Area and/or Tracts. Should any utility company furnishing a service covered by any easement in these restrictions provided for, request a specific easement by separate recordable document, The Association, without the joinder of any other Owner, shall have the right to grant such easement along and within the set line of any Tract without conflicting with the terms hereof. Any utility company serving the Subdivision shall have the right to enter upon any utility easement for installation, repair and maintenance of their respective facilities. Neither the Association nor any utility company, political subdivision or other authorized entity using the easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees, or servants, to fences, shrubbery, trees and lawns or any other property of the Owner on the property covered by said easements.

Section 2.03 Title Subject to Easements. It is expressly agreed and understood that the title conveyed by title to any of the Tracts by contract deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, electric lighting, electric power, telegraph or telephone purposes and other easements hereafter granted affecting the Tracts. The Owners of the respective Tracts shall not be deemed to own pipes, wires, conduits or other service lines running through their Tracts which are utilized for or service other Tracts.

Section 2.04 Utility Easements.

- (a) Utility ground and aerial easements have been dedicated in accordance with the Plat and by separate recorded easement documents.
- (b) No building shall be located over, under, upon or across any portion of any utility easement. The Owner of each Tract shall have the right to construct, keep and maintain concrete drives, fences, and similar improvements across any utility easement, and shall be entitled to cross such easements at all times for purposes of gaining access to and from such Tracts, provided, however, any concrete drive, fence or similar

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improvement placed upon such Utility Easement by the Owner shall be constructed, maintained and used at Owner's risk and, as such, the Owner of each Tract subject to said Utility Easements shall be responsible for (i) any and all repairs to the concrete drives, fences and similar improvements which cross or are located upon such Utility Easements and (ii) repairing any damage to said improvements caused by the Utility District or any public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within the Utility Easements.

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ARTICLE III

USE RESTRICTIONS

Section 3.01 Single Family Residential Construction. No building shall be erected, altered, placed or permitted to remain on any Tract other than one dwelling unit per each Tract to be used for residential purposes.

All Main Dwellings, Detached Garages, Workshops / Accessory buildings must be reviewed by the **Architectural Review Committee**, hereafter referred to as the "ARC" and subsequently submitted for approval to the Board of Directors prior to any structure or improvement being erected, altered or placed on the property.

Main Dwelling: The term "Main Dwelling" does not include single or double wide or other manufactured homes, and said manufactured homes are not permitted within the Subdivision. All dwellings must have at least 2400 square feet of living area, excluding porches, and a minimum of a two-car garage which must be attached and must be constructed in the same architectural design and with the same materials as the dwelling and must not open to the front of the property line. The improvements must be built with new construction material with exteriors being 80% brick or stone with the balance being glass and/or natural wood products (i.e. no aluminum, asbestos siding, plywood siding or Hardie board). The maximum height shall be two and one-half stories, but not to exceed thirty-five (35) feet per dwelling. Any variance from these requirements shall be secured in writing from the "ARC" and be recorded in the official Public Records of Grayson County, Texas. Metal roofs for main dwellings must be color approved

Detached - Garages, Workshops / Accessory Buildings: This category of structures may not exceed 1500 square feet, must be 25 feet in height or less, must be supported by a concrete pad / foundation, must be constructed of the same exterior material as the main dwelling, must not be used for residential purposes, **shall not** be constructed prior to the construction of the main dwelling, and shall be limited to one per Tract. A concrete drive is required from either the main dwelling garage entrance to the front entrance of the structure or from the road entrance to the front of the structure.

As used herein, the term "residential purposes" shall be construed to prohibit mobile homes or trailers or manufactured homes being placed on said Tracts, or the use of said Tracts for duplex houses, condominiums, townhouses, or apartment houses. All tracts shall be for residential purposes and all homes must be site constructed. All building foundations will be set at 12" above grade level. Mailboxes must be constructed at the time the residence is constructed and must be constructed of products that are consistent with the material of the residence (i.e. brick, rock, or stone).

Utility Lawn Storage: A nonpermanent storage facility may be utilized by property owners for the purposes of storing lawn equipment, flammable fuels, motor oils, paint and other odorous materials and equipment. The storage container's maximum size is limited to 150 sq. feet and must be supported by a pad or foundation of a temporary nature. The storage facility must be reviewed by ARC and subsequently approved by the Board prior to placement on the property. Reference Section 3.04 Temporary Structures.

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Main Dwellings placed on a Tract must be equipped with Septic Tank or other sewage disposal system meeting all Grayson County applicable laws, rules, standards and specifications and inspections.

Electricity and Water: All main dwellings must be served with Electricity and Water. The use of Solar Panels and Backup power generators must comply with all local and state laws, and must be approved pursuant to Section 3.06B herein.

Concrete Driveways: are required from road entrance to the garage entrance of main dwelling and may be placed no closer than five (5) feet from any property line. Driveway approaches must be approved by the City of Gunter, Texas prior to installation.

Section 3.02 Composite Building Site

Any Owner of one or more adjoining tracts (or portions thereof) may consolidate such Tracts or portions into **One Building Site**, with the privilege of placing or constructing improvements on such resulting site, in which case the side set-back lines shall be measured from the resulting side property lines rather than from the Tract lines as indicated to the Subdivision Plat. To consolidate adjoining tracts, property owners must first present a proposed Survey Replat prepared by a Professional Land Surveying Company to the "ARC" for review and then must obtain written approval from the Woods of Preston Board of Directors. Once the approval has been obtained, the property owner will then need to request hearings and subsequent approvals from the Gunter City Council, Planning and Zoning, and Utility companies for abandonment of associated (drainage & property line) easements. An approved "Replat" of the adjoined tracts would then be filed with the County of Grayson Property Records Division and copies provided to the Woods of Preston Property Owners Association Records.

Section 3.03 Location of the Improvements upon the Tract

Main Dwelling: No building of any kind shall be located nearer than twenty (20) feet from any side property line and no structure shall be located on any Tract nearer than fifty (50) feet from front property line and no nearer than twenty (20) feet from the rear property line of any Tract.

Detached garages, Workshops, and Accessory Buildings: Can be no closer than fifteen (15) feet to the main dwelling, must be placed equal to or behind the rear line of the main dwelling and must meet city ordinance requirements for side/rear lot lines.

Utility Lawn Storage: -Shall be located at either the side of the house behind the front line of the Main Dwelling, or the back of the dwelling, and shall be no closer than five (5) feet from the back-property line.

Section 3.04 Use of Temporary Structures No structure of a temporary character, whether trailer, basement, tent, shack, garage, barn or other accessory building shall be maintained or used on any Tract at any time as a residence, either temporarily or permanently.

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However, owners may temporarily locate motor homes and travel trailers on their tracts, not to exceed fourteen (14) days in any calendar month. Boats, RV's and travel trailers may be stored on Tracts after the residence is constructed and occupied, however, they must be stored at the side or back yard and must be parked no closer than the front line of the Main Dwelling to the street.

Utility Lawn Storage Units are permitted for storing lawn equipment, motor fuels, tools, lawn furniture and miscellaneous garage items. The maximum size shall be 150 sq. feet and must be placed on a stable pad / foundation. Utility Storage Units require "ARC" review and Board of Directors approval with documented authorization.

Section 3.05 Walls and Fences:

Walls and Fences, if any, must be reviewed by the "ARC" and approved by the Board of Directors prior to construction and shall be no closer to the front property line than the front line of the house. **In other words, no walls or fences may run along the front property line or in front of the dwelling.** A maximum height of any fence shall not exceed six (6) feet. Fences must be constructed of wood, brick, stone, painted iron, or decorative metal. Chain link and barb-wire fences are not permitted. All fences must meet the City of Gunter ordinances and Planning and Zoning guidelines.

Retaining walls: Retaining walls are permitted in the front, side, and rear areas on the property for the purposes of soil erosion and aesthetics purposes. Retaining wall plans should be submitted to the "ARC" for review and subsequent written approval from the Board of Directors prior to construction.

Section 3.06 Completion of Construction: Construction of the residence must be completed within twelve (12) months of the initiation of construction. For purposes of this section, initiation of construction is defined as the obtaining of a **building permit**. If this time frame is not complied with, the Board of Directors will contact the property owner to inquire on the status of the construction and get an estimate from the property owner or builder as to when the construction will be completed.

Subject to the property owner circumstances, the Board may allow an additional ninety (90) days for the property owner or builder to complete construction before charging the property owner with penalties.

Penalties may range from \$50.00 to 100.00 per day after the ninety (90) day additional grace period.

If the construction project has been determined to be abandoned by the property owner and or builder, the Board of Directors may initiate a consultation with the Board's attorney to determine all options that would be open to the Board, subject to the school, local, and county ordinances and claims against such property.

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Section 3.06A Propane Tanks All propane tanks must be buried in the ground with only the controls and valves showing above ground and must be located behind the front line of the Main Dwelling.

Section 3.06B Alternative Energy Sources and External Antennas Solar energy panels, wind turbines and antennas are permissible with prior review from the “ARC” and subsequent approval from the Board of Directors. Such improvements are not to exceed thirty-five (35) feet in height from ground grade and must be located behind the rear line of the house.

Section 3.06C Pools All pools are to be set behind the rear line of the house and must be reviewed by the “ARC” and subsequent approval from the Board of Directors prior to construction. Pools must be professionally installed below ground. Above ground pools are strictly prohibited. Spas are allowed but must be professionally built and be set behind the rear line of house.

Section 3.07 Prohibition of Offensive Activities. No Activity, whether for profit or not, shall be conducted on any tract which is not related to single family residential purposes, unless said activity meets the following criteria; (a) no additional exterior sign of activity is present, (b) it is the type of action that usually happens in a home, (c) no additional traffic, that would not be there normally, is created, (d) the entity or activity maintains an office or place of business elsewhere, (e) no hazardous or dangerous materials may be stored in bulk on the Tract, and (f) is lawful.. This restriction is waived regarding the customary sales activities required to sell Tracts or homes in the Subdivision. The discharge or use of firearms is expressly prohibited. Any activity deemed a nuisance, annoyance or that interferes with the quiet use and enjoyment of property the association members is specifically prohibited. The Board of Directors shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance.

Section 3.08 Garbage and Trash Disposal. Garbage and trash or other debris accumulated in this Subdivision shall not be permitted to be dumped at any place within this Subdivision. No Tract shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall be kept in sanitary containers and shall be disposed of regularly. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Upon taking possession of the single-family dwelling, each owner/lessee will be required to contract with the City of Gunter for weekly trash collection. The owner/lessor is solely responsible for the expense of the trash service.

Section 3.09 Junked Motor Vehicles Prohibited. No Tract shall be used as a depository for abandoned or junked motor vehicles. No junk of any kind or character, or dilapidated structure or building of any kind or character, shall be kept on any Tract.

Section 3.10 Signs. No signs, advertisement, billboards or advertising structure of any kind may be erected or maintained on any Tract without the consent in writing of the Board of Directors.

Exceptions:

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One (1) professionally made sign not more than twenty-four inches by twenty-four inches, advertising an Owner's Tract for sale or rent.

During construction of the home, Contractors or Builders are permitted to have one (1) professionally made sign, not more than thirty-six inches wide by thirty-six inches long for advertising purposes, but shall be required to remove said sign upon completion of contracted construction.

Political Campaign Signs – a maximum of two political campaign signs per tract are allowed. Sign owners must receive permission from the tract owner to place a political sign and must remove the sign within 10 days after the election in which the candidate was running for.

No Committee member or Board Member may enter on to a tract or Private Property (Dwelling) without the consent of the property owner to install or remove signage of any kind.

Section 3.11 Animal Husbandry: No hogs, pigs, goats, sheep, cattle, horses, poultry of any kind, or any other kind of animal shall be raised, bred or kept on any tracts except for dogs, cats, or other common household pets regardless of tract size. There shall be no more than four (4) adult dogs per household. Dogs must be kept in a kennel, dog run, fenced area, or tethered leash that confines said dog(s) to that area. Dogs will not be permitted to run loose in the Subdivision. Dogs and cats must be vaccinated for rabies according to State law once a year and registered with Grayson County once a year.

Section 3.12 Mineral Development: No commercial oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted. No derrick or other structures designed for the use of boring for oil or natural gas shall be erected, maintained or permitted upon any Tract.

Section 3.13 Drainage: Natural established drainage patterns of streets Tracts or roadway ditches will not be impaired by any person or persons. Driveway culverts must be installed and will be of sufficient size to afford proper drainage of ditches without backing water up into ditch or diverting flow. Drainage culvert installation is subject to the inspection and approval of the City of Gunter, Texas and must be installed prior to any construction on the Tract.

Section 3.14 Duty of Maintenance. Owners, occupants (including lessees) and builders of any Tract shall jointly and severally have the duty and responsibility, at their Sole cost and expense, to keep that Tract so owned or occupied, including improvements and grounds in connection therewith, in a well-maintained, safe, clean and attractive condition always. Such maintenance includes, but is not limited to the following:

Prompt removal of all litter, trash, refuse and wastes. This includes builders/contractors who must place a dumpster on each Tract that the builder/ contractor is building and place all litter, trash, refuse, waste and debris from building and from personal lunches, snacks, etc. Into said dumpster each day.

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- Lawn mowing in accordance with city code
- Tree and shrub pruning
- Keeping exterior lighting and mechanical facilities in working order
- Keeping lawn and garden areas alive, free of weeds and attractive
- Keeping driveways in good repair
- Complying with all government health and policy requirements
- Repair of exterior damage to improvements

Section 3.15 Enforcement:

If, in the Unanimous Opinion of the Board of Directors any such owner or occupant has failed to comply with any of the foregoing restrictions or has failed in any of the foregoing duties or responsibilities, the Board of Directors shall deliver to such owner or occupant the following notices.

First, a verbal communication of the violation(s) will be delivered with a request to remedy the violation(s). If owner or occupant does not comply with the verbal requests from the Board of Directors within a two (2) week period, then:

Second, a written notice to be delivered by regular mail of such violation(s) will be mailed to owner or occupant, requesting property owner to remedy any violations within an additional two (2) week period, and then:

Third, if owner or occupant still does not comply with the Board's request, then a written notice via certified mail will then be sent to the owner or occupant requesting compliance with the restrictions and remedy any violation within an additional two (2) week period.

All Board actions will be clearly documented in the minutes and time dated on all documentation.

Should any such owner or occupant fail to fulfill this duty and responsibility within the two-week period after the certified letter has been sent, The Board of Directors will call a Special Board Meeting and invite the Property owner / occupant to a Special Meeting to review the specific CCR's the Property owner is in violation and discuss with the property owner how the violation is damaging the Home Owners Association and discuss all possible remedies. The Board of Directors will attempt to negotiate in good faith with the property owner to resolve the violation.

If the property owner or occupant refuses to comply with the Board of Directors request after the first Special Meeting or refuses to meet with the Board of Directors in the Special Meeting. Then the Board will have the following options: The options shall be at the discretion of the Board of Directors, and may include:

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Impose an initial monetary penalty of \$100.00 with an effective date of when the first special meeting took place;

Impose a daily monetary penalty of \$25.00 per day with an effective date of when the first special meeting took place;

After six (6) months on noncompliance, a lien will be placed on the Property Owner's property. Any indebtedness shall be a debt of the Owner or occupant jointly and severally, and shall run with the property and title, or interest therein. All charges shall be a continuing lien upon the property until paid in full.

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ARTICLE 1V

ARCHITECTURAL REVIEW COMMITTEE

Section 4.01 Basic Control

(a) No building or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced or changes made in the design or exterior appearance thereof (excluding, without limitation, painting, staining or siding), or any addition or exterior alteration made thereto after original construction, or demolition or destruction by voluntary action made thereto after original construction, on any Tract in the Subdivision until obtaining of the necessary approval (as hereafter provided) from the Architectural Review Committee (hereafter ARC) and the City of Gunter, Texas (if required by law, rule or other regulation) of the construction plans and specifications for the construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action.

(b) Each application made to the ARC must be accompanied by one set of plans and specification for all proposed construction (initial or alteration) to be done on such Tract, including plot plans showing locations on the tract. Submission of such plans with the application must be delivered by certified mail to the current PO Box as designated in the agreement to verify receipt of plans and application. The ARC shall have up to thirty (30) days to review the submitted plans and send their recommendation to the Board. Under no circumstances shall any construction or alterations of plans proceed without approval from the Board. Upon completion of the ARC review, the ARC will forward the submitted plans to the Board for storage and reference. Upon completion of the Construction/structure(s), the submitted Construction plans will be returned to the property owner if -requested by the owner.

NOTE: A copy of the -Association Application form can be found on the Association website under Architectural Review Committee.

Section 4.02 Architectural Review Committee.

The ARC shall be comprised of Three (3) Woods of Preston homeowners appointed by the Association Board of Directors plus one Association Board Director.

The ARC members will elect a chairperson to serve for a 1year term. The Chairperson will act as the main contact person for the Association Board, the Homeowner, and/or the contractor as applicable. The chairperson will be responsible for coordinating all concerns, requests for approvals to the ARC members. When the reviews are complete the chairperson will send an email to the Association Board of the recommendation. In the result of an appeal by the Homeowner or Contractor, the chairperson will assist the Association Board with all information required for their review. Regarding requests for variances, the ARC will consider, and the Chairperson will submit the ARC recommendations to the Association Board for final determination. Upon completion of any ARC review for a specific project, the Chairperson will provide the Association Board with a copy of all documentation for record retention.

NOTE: A copy of the Association's Various review forms can be found on the Association's website under Architectural Review Committee.

Section 4.03 Effect of Inaction.

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Approval or disapproval as to architectural review matters as set forth in the preceding provisions of this Declaration shall be in writing. In the event that the -Association Board fails to approve or disapprove in writing any plans and specifications and plot plans received by it in Compliance with the preceding provision within thirty (30) days following such submissions, such plans and specifications and plot plan shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance with all such plans and specifications and plot plan and all of the other terms and provisions hereof.

Section 4.04 Effect of Approval.

The granting of the aforesaid approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the -Association Board that the terms and provision hereof shall be complied with if the building and/or other improvements are erected in accordance with said plans and specification and plot plan; and such approval shall not constitute any nature of waiver or estoppel either as to the persons expressing such approval or any other person in the event that such building and/or improvements are not constructed in accordance with such plans and specifications and plot plan, but, nevertheless, fail to comply with the provision hereof. Further, no person exercising any prerogative of approval or disapproval shall incur any liability by reason of the good faith exercise thereof.

Section 4.05 Variance

The ARC will review variance requests for compliance with any of the provision of this Declaration or minimum acceptable construction standards or regulations and requirements as promulgated from time to time by the ARC when circumstances such as topography, natural obstructions, tract configuration, tract size, hardship, aesthetic or environmental considerations may require a variance. The ARC will review and submit their recommendations to the -Association Board for final review. Such variances must be evidence in writing and shall become effective when signed by a majority of the members of the Association Board, Committee, and The City of Gunter (if required), when authorized by law, rule or other regulation. If any such variances are granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance is granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall the granting of any variance by the Association Board affect in any way the Owner's obligation to comply with all governmental laws and the City of Gunter, Texas regulations affecting the property concerned and the Plat.

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ARTICLE V

**THE WOODLANDS OF PRESTON PROPERTY
OWNERS ASSOCIATION**

Section 5.01 Membership: Every person or entity who is a record owner of any Tract which is subject to the Maintenance charge (or could be following the withdrawal of an exemption therefrom) and other assessments provided herein, including contract sellers, shall 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 or those having only an interest in the mineral estate. Owners shall have one membership for each Tract including consolidated Tracts under Article 3.02. Memberships shall be attached to and may not be separated from the ownership of the Tract. Regardless of the number of persons who may own a Tract (such as husband and wife, or joint tenants, etc.) there shall be but one membership for each Tract. Additionally, the Directors of the Association shall also be Members of the Association (as more particularly described in the By-laws). Ownership of the Tracts shall be the sole qualification for membership. The voting rights of the Members are set forth in the Bylaws of the Association. However, the Restrictive Covenants will not be construed as to access the Veterans Land Board or the State of Texas. Any assessments are the personal obligation of the Veteran Purchaser, his/her heirs and assigns. Any lien imposed by the restrictive covenants does not affect the Veterans Land Board's interest in the Property.

Section 5.02 Non-Profit Corporation. THE WOODS OF PRESTON Property Owners Association, Inc., a non-Profit corporation, has been organized and it shall be governed by the Association's Bylaws; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

Section 5.03 Bylaws. The Association has adopted or may adopt whatever Bylaws it may choose to govern the organization or operation of the Subdivision and the use and enjoyment of the Tracts and Common Areas, provided that the same are not in conflict with the terms and provisions hereof.

Section 5.04 Owner's Right of Enjoyment. Every Owner shall have a beneficial interest of use and enjoyment in and to the Common Areas and such right shall be attached to and shall pass with the title to every assessed Tract, subject to the following provisions:

- (a) the right of the Association, with respect to the Common Areas, to limit the number of guests of Owners' and the right of the Association to charge reasonable admission and other fees for the use of any facility situated upon the Common Areas;
- (b) the right of the Association, in accordance with its Bylaws to (I) borrow money for improving and maintaining the Common Areas and facilities only in accordance with Bylaws Section 4.9 (C) and (ii) mortgage said Property, however, the rights of such mortgage of said Property shall be subordinate to the rights of the Owners hereunder;

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ARTICLE VI

MAINTENANCE FUND

Section 6.01 Maintenance Fund Obligation. Each Owner of a tract by acceptance of a deed therefore, whether it shall be expressed in any such deed or other conveyance, is deemed to covenant and agrees to pay to The Association an annual maintenance charge (the “Maintenance Charge”), and any other assessments or charges hereby levied. The Maintenance Charge and any other assessments or charges hereby levied, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Tracts and shall be a continuing lien upon the property against which Each such Maintenance Charge and other charges or assessments are made. Owners who purchase multiple lots and build only one residence will be required to consolidate their multiple lots into one lot, (re-platting through the Grayson County Clerk) **if** they want to make use of the additional lots as yard, storage buildings and/or animal housing.

In recognition of service upon the Board of Directors, Current Board Members shall be exempt from annual property dues/Maintenance Charges during the term year of his or her service, while active on the board. Maintenance Charges for board members who become inactive or are active for a portion of the year will owe a prorated rate for their Maintenance Charge.

Annual Maintenance Charges in the current amount of \$200.00 shall become due the 1st day of January. The amount of Maintenance Charge is subject to change, and shall be determined and implemented in accordance with The Association Bylaws.

Section 6.02 Basis of the Maintenance Charge

(a) The Maintenance Charge referred to shall be used to create a fund to be known as **the “Maintenance Fund”**, which shall be used as herein provided; and each such Maintenance Charge (except as otherwise hereinafter provided) shall be paid by the Owner of each Tract (or residential building site) to The Association. The Maintenance Charge for the year of purchase shall be pro-rated at closing and then shall be paid annually, in advance, on or before the first day of the first month of each calendar year. In the event an Owner obtains consent from the ARC Committee for a Composite Building site pursuant to Section 3.02 hereof, such Composite Building Site shall, for this purpose, be considered one Tract beginning upon the completion of the improvements thereon.

(b) Any Maintenance Charge not paid within thirty (30) days after the due date shall bear interest in accordance with the assessment process set out in Section 9.4 of the Association Bylaws. The Association may bring an action at law against the Owner(s) personally obligated to pay the same, and/or hereinafter place a lien against the Owner’s Tract, in accordance with the Texas Property Code. No Owner may waive or otherwise escape liability for the Maintenance Charge by non-use of any Common Areas or recreational facilities available for use by Owners of the Subdivision or by the abandonment of his Tract. The Association shall be entitled to recover all attorney fees, court costs, interest, and expenses incurred in bringing a legal action, lien, or foreclosure to collect a delinquent Maintenance Charge. Any judgment or lien permitted by law shall be a debt of the

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owner(s) and/or occupant (including lessees) joint and severally, and shall run with the property and title, or interest therein. All judgments or liens, including all attorney fees, court costs, expenses and post-judgment interest awarded therein shall be a continuing lien upon the property until paid in full.

(c) The exact amount of Maintenance Charge applicable to each Tract will be determined by the Board of Directors. All other matters relating to the Maintenance Charge and Collection, expenditures and administration of the Maintenance Fund shall be determined by the Board of Directors of the Association, subject to the provisions hereof.

(d) The Association shall have the further right at any time to adjust or alter said Maintenance Charge from year to year as it deems proper to meet the reasonable operation expenses and reserve requirements of The Association for The Association to carry out its duties hereunder.

Section 6.03 Creation of Lien and Personal Obligation. In order to secure the payment of the Maintenance Charge, and other charges and assessments hereby levied, each Owner of a Tract in the Subdivision, by such party's acceptance of a deed thereto, hereby grants to The Association a contractual lien on such Tract which may be foreclosed on by judicial foreclosure in accordance with the provisions of Chapter 209 of the Texas Property Code (and any successor statute); and each such owner hereby expressly grants The Association a power of sale in connection therewith. The Association shall not seek judicial foreclosure of an Association lien solely for liens consisting of fines, attorney's fees connected to fines, or amounts added to an Owner's account as an assessment for copies or other costs associated with the reproduction of association records. [Texas Property Code Section 209.009]. Following any such foreclosure, each occupant of any such Tract foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by all lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder.

It is the intent of the provisions of this Section 6.03 to comply with the provisions of said Section 209.009 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 209.009 of the Texas Property Code hereafter, the President or any Vice-President of The Association, acting without joinder of any other Owner or mortgagee or other person may, by amendment to this Declaration filed in the Real Property Records of Grayson County, Texas, amend the provisions hereof so as to comply with said amendments to Section 209.009 of the Texas Property Code.

Section 6.04 Notice of Lien. In addition to the right of The Association to enforce the Maintenance Charge or other charge or assessment levied hereunder, The Association may file a claim or lien against the Tract of the delinquent Owner by recording a notice ("Notice of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest and costs of amount of the claim of delinquency, (c) the interest and costs of collection which have accrued thereon, (d) the legal description and street address of the Tract against which the lien is claimed and (e) the name of the Owner thereof. Such Notice of Lien shall be prepared by an attorney, in accordance

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with Section 209.0094 of the Texas Property Code, signed and acknowledged by an officer of The Association or other duly authorized agent of The Association. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts, including any interest, are fully paid or otherwise satisfied. **When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued after the filing of the Notice of Lien have been fully paid or satisfied, The Association acting through its duly authorized officer or agent shall execute and record a notice releasing the lien upon payment by the Owner(s) of a reasonable fee as fixed by the Board of Directors to cover the preparation and recordation of such release of lien instrument.**

Section 6.05 Liens Subordinate to Mortgages. The lien described in this Article VI shall be deemed subordinate to a first lien or other liens of any bank, insurance company, savings and loan association, university, pension and profit sharing trusts or plans, or any other third-party lender, including The Association, which may have heretofore or may hereafter lend money in good faith for the purchase or improvement of any Tract and any renewal, extension, rearrangement or refinancing thereof. Each such mortgagee of a mortgage encumbering a Tract who obtains title to such Tract pursuant to the remedies provided in the deed of trust or mortgage or by judicial foreclosure shall take title to the Tract free and clear of any claims for unpaid Maintenance Charges or other charges of assessments against such Tract which accrued prior to the time such holder acquired title to such Tract. No such sale or transfer shall relieve such holder acquiring title to a Tract from liability for any Maintenance Charge or other charges or assessments thereafter becoming due or form the lien thereof. Any other sale or transfer of a Tract shall not affect The Association's lien for Maintenance Charges or other charges or assessments. The Association shall make a good faith effort to give each such mortgagee sixty (60) days advance written notice of The Association's proposed foreclosure of the lien described in Section 6.01 hereof, which notice shall be sent to the nearest office of such mortgagee by prepaid United States registered or Certified mail, return receipt requested, and shall contain a statement of delinquent Maintenance Charges or other charges or assessments upon which the proposed action is based provided, however, The Association's failure to give such notice shall not impair or invalidate any foreclosure conducted by The Association pursuant to the provision of this Article VI.

Section 6.06 Purpose of the Maintenance Charge. The Maintenance Charge levied by The Association shall be used exclusively for promoting the recreation, health, safety, and welfare of the Owners of the Subdivision and other portions of the Annexable Area which hereafter may become subject to the jurisdiction of The Association. The Maintenance Charge shall be used for any improvement or services in furtherance of these purposes and the performance of The Association's duties described in Article VIII, including the maintenance of any Common Areas, any Drainage Easements and the establishment and maintenance of a reserve fund for maintenance of any Common Areas. The Maintenance Fund may be expended by The Association for any purposes which, in the judgment of The Association, will tend to maintain the property values in the Subdivision, including, but not limited to, providing funds for the actual cost to The Association of all taxes, insurance, repairs, energy charges, replacement and maintenance of the Common Area as may from time to time be authorized by The Association. Except for The Association's use of the Maintenance Charge to perform its duties described in

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this Declaration and in the Bylaws, the use of the Maintenance Charge for any of these purposes is permissive and not mandatory. It is understood that the judgment of The Association as to the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

Section 6.07 Exempt Property. The following property subject to this Declaration shall be exempt from the Maintenance Charge and all other charges and assessments created herein: (a) all properties dedicated to and accepted by a local public authority; (b) the Common Area and; (c) all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas; however, no land or improvements devoted to dwelling use shall be exempt from said Maintenance Charge.

Section 6.08 Handling of Maintenance Charges. The collection and management of the Maintenance Charge or other charge or assessment levied hereunder, shall be performed by The Association, The Association, shall maintain separate special accounts for these funds, and Owners shall be provided at least annually information on the Maintenance Fund.

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ARTICLE VII

DEVELOPER'S RIGHTS AND RESERVATIONS

Deleted

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ARTICLE VIII

DUTIES AND POWERS OF THE PROPERTY OWNERS' ASSOCIATION

Section 8.01 General Duties and Powers of the Association. The Association has been formed to further the common interest of the Members. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has delegated such Powers (and subject to the provisions of the Bylaws), shall have the duties and Powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the members, to maintain, improve and enhance the Common Areas and to improve and enhance the attractiveness, desirability and safety of the Subdivision. The Association shall have the authority to act as the agent to enter into all contracts on behalf of the Members to carry out the duties, powers and obligations of the association as set forth in this Declaration.

Section 8.02 Duty to Manage and Care for the Common Area. The Association shall manage, operate, care for, maintain and repair all Common Areas and keep the same in a safe, attractive and desirable condition for the use and enjoyment of the Members. The duty to operate, manage and maintain the Common Areas shall include, but not be limited to the following: establishment, operation and maintenance of a security system, if any, for the Subdivision; Management, maintenance, repair and upkeep of the subdivision entrances and other common areas.

Section 8.03 Other Insurance Bonds. The Association shall obtain such insurance as may be required by Law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association shall deem necessary or desirable.

Section 8.04 Duty to Prepare Budgets. The Association shall prepare budgets for the Association, which budgets shall include a reserve fund for the maintenance of all Common Areas.

Section 8.05 Duty to Levy and Collect the Maintenance Charge. The Association shall levy, collect and enforce the Maintenance Charge and other charges and assessments as elsewhere provided in this Declaration.

Section 8.06 Duty to Provide Annual Review. The Association shall provide for an annual un-audited independent review of the accounts of the Association. Copies of the review shall be made available to any Member who requests a copy of the same upon payment by such Member of the reasonable cost of copying the same.

Section 8.07 Duties with Respect to Architectural Review Committee Approvals. The Association shall perform functions to assist the Committee as elsewhere provided in Article IV of this Declaration.

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Section 8.08 Power to Acquire Property and Construct Improvements. The Association may acquire property or an interest in property (including leases) for the common benefit of Owners including improvements and personal property. The Association may construct improvements on the Property and may demolish existing improvements. All powers granted to the Association under this section are subject to the provisions of the Association By-Laws.

Section 8.09 Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary and subject to a super majority (2/3) approval by property owners, to protect and enhance the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association.

Section 8.10 Power to Grant Easements. In addition to any blanket easements described in this Declaration, the Association shall have the power to grant access, utility, drainage, and other such easements in, on, over or under the Common Area. All Utility / Drainage Easements must first be approved and granted by the City of Gunter and the appropriate Utility Companies prior to any Association approval.

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ARTICLE IX

GENERAL PROVISIONS

Section 9.01 Term. The provisions hereof shall run with all property in the Subdivision and shall be binding upon all Owners and all persons claiming under them for a period of forty (40) years from the date this Declaration is recorded) after which time said Declaration shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by not less than two-thirds (2/3rds) of the Owners of the Tracts has been recorded agreeing to amend or change, in whole or in part, this Declaration.

Section 9.02 Amendments. This Declaration may be amended or changed, in whole or in part, at any time by the written agreement or signed ballot of two-thirds (2/3rds) of the Owners. If the Declaration amendment is signed by less than (2/3rds) of all the Owners entitled to cast votes such amendment may be adopted if it is subsequently being approved by two-thirds (2/3rds) of such Owners within three hundred sixty-five (365) days after the date the first Owner executed such amendment. The date an Owner's signature is acknowledged shall constitute prima facia evidence of the date of execution of said amendment by such Owner. Those Members / Owners, entitled to cast not less than two-thirds (2/3rds) of all the votes of the Members of the Association may also vote to amend this Declaration, in person, or by proxy, at a meeting of the Members duly called for such purpose, written notice of which shall be given to all Owners at least ten (10) days and not more than sixty (60) days in advance and shall set forth the purpose of such meeting. Notwithstanding any provision contained in the Bylaws to the Contrary, a quorum, for purposes of such meeting, shall consist of not less than fifty percent (50%) of all the Members (in person or by proxy) entitled to vote.

Any such amendment shall become effective when an instrument is filed for record in the Real Property Records of Grayson County, Texas, accompanied by a certificate, signed by a majority of the Board of Directors, stating that the required number of Members executed the instrument amending this Declaration or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called for such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date of filing of the amendment or termination.

Section 9.03 Amendments by the Developer. This section is deleted, language is obsolete

Section 9.04 Severability. Each of the provisions of this Declaration shall be deemed independent and severable and the invalidity or un-enforceability or respective heirs, legal representatives, executors, administrator's successors and assigns.

Section 9.05 Effect of Violations on Mortgages. No violation of the provisions herein contained, or any portion thereof shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights. of the mortgagee under any such mortgage, the holder of any such lien or beneficiary of any such deed of trust, and any such

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mortgage, lien or deed of trust may, nevertheless, be enforced in accordance with its terms, subject nevertheless to the provisions herein contained.

Section 9.06 Terminology All personal pronouns used in this Declaration and all exhibits attached hereto, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural and vice versa Title of Articles and Sections are for convenience only and neither limit nor amplify the provisions of this Declaration itself. The terms "herein", "hereof" and similar terms, as used in this instrument, refer to the entire agreement and are not limited to referring only to the specific paragraph, section or article in which such terms appear. All references in this Declaration to Exhibits shall refer to the Exhibit, attached hereto_

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IN WITNESS WHEREOF, the undersigned, being the President of the Association herein, has hereunto set its hand of this _____ day of

_____, 2018

Don Anderson - President
The Woods of Preston Property Homeowners Association

STATE OF TEXAS
COUNTY OF GRAYSON

This instrument was acknowledged before me on the _____ day of _____, 2018, by Don Anderson, President of The Woods of Preston Property Owners Association on behalf of said Association.

Notary Public, State of Texas
