

(c) **Liability.** Public liability insurance shall be secured by, the Association with limits of liability of not less than one million dollars per occurrence and shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be necessary or desirable.

(d) **Policy Terms.** The Association shall make every reasonable effort to ensure that all policies purchased by the Association contain clauses, endorsements or agreements providing:

(1) for waiver of subrogation;

(2) that no policy may be canceled, invalidated, or suspended as a result of or on account of the conduct of any director, officer or employee of the Association or its duly authorized agent without prior demand in writing delivered to the Association to cure the default or defect caused by such conduct and the allowance of a reasonable time thereafter for the Association to effect such cure;

(3) that the "other insurance" clause in any such policy excludes individual Owner's policies

(4) that no policy may be canceled or substantially modified without at least thirty (30) days prior written notice to the Association; and

(5) for a deductible of no greater than \$5,000.00 per occurrence, unless a greater deductible per occurrence has been specifically approved by the Board of Directors.

(e) **Premiums.** Premiums for insurance policies purchased by the Association shall be paid by the Association and shall be charged to Owners as part of the Maintenance Assessments described in Article 6 above.

(f) **Proceeds.** All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees, as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Board; provided, however, that no mortgagee having an interest in such losses shall be prohibited from participating in the settlement negotiations, if any, related thereto. Upon the payment of proceeds to the Association under any policy, the sole duty of the Association, as insurance trustee, shall be to receive such proceeds as are paid and to hold the same in trust for the purpose stated herein and for the benefit of the Owners and their mortgagees in the following shares:

(1) Proceeds on account of damage to the Common Area and facilities held for the Association.

(2) Proceeds on account of damage to Lots shall be held in undivided shares for the Owners of such damaged Lots in proportion to the cost of repairing damage suffered by each Owner, which cost shall be determined by the Board.

(3) In the event a mortgagee or lender loss payable endorsement has been issued for any Lot, the share of the Owner shall be held in trust for the mortgagee and the Owners as their interests may appear.

**Section 9.2 Distribution of Insurance Proceeds.** Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

(a) **Expense of the Trust.** All expenses of insurance trustees shall be first paid or provisions made therefor.

(b) **Reconstruction or Repair.** The remaining proceeds shall be paid to defray the cost incurred by the Association of performing or obtaining the performance of the repairs, reconstruction or replacement of damaged improvement(s) or other property, excluding interior finish-out of a Residence and replacement of fixtures and personal property of the Owner, and the Association shall ensure that all mechanic's liens, materialman's liens or other such liens which may result from such reconstruction, replacement or repair work are waived, satisfied or otherwise removed. Any proceeds remaining after defraying such costs shall be distributed as provided in Section 9.1(f).

In the event that the proceeds are insufficient to fully restore, repair or replace the loss or damage, the Association may levy Special Assessment to cover the deficiency.

**Section 9.3 Owner's Responsibility for Insurance.** The Association does not insure an Owner or any Occupant's personal property, including interior finish-out and fixtures. Each Owner and Occupant is responsible for insuring his or her personal property and interior finish-out, including without limitation, furnishings, fixtures, vehicles and stored items. Notwithstanding the foregoing, the Board may establish minimum insurance requirements, including types and minimum amounts of coverage, to be individually purchased and maintained by Owners as deemed necessary or desirable by the Board, to reduce potential risks to the Association or other Owners. The Board may demand production from an Owner of whatever documentation it deems necessary to verify that Owner has fulfilled its obligation as created herein. If an Owner fails to purchase and maintain insurance as required by the Board, the Board may obtain such coverage on behalf of the Owner who will be obligated for the cost thereof as a Special Individual Assessment which shall be secured by the lien created in Article 6 hereof.

**ARTICLE 10**  
**MISCELLANEOUS PROVISIONS**

**Section 10.1 Term and Renewal.** These Covenants shall commence on the date hereof and shall continue in effect for a period of thirty (30) years. Thereafter these Covenants shall automatically renew for subsequent periods of ten (10) years each unless Owners owning at least seventy-five percent (75%) of the Lots elect to terminate these Covenants by written instrument recorded in the Real Property Records of Dallas County, Texas.

**Section 10.2 Enforcement.** The terms, provisions and condition of this Declaration shall be enforceable by Declarant, the Association, and each Owner. The Board shall have the power and authority to impose reasonable fines (which shall not exceed \$500.00 for each individual fine) for violation of this Declaration or any rule or regulation of the Association, which shall constitute a lien upon the Lot of the violating Owner as provided in the Declaration, and to suspend the Owner's right to vote or any Person's right to use of the Common Area. Each day the violation continues to exist shall constitute a separate violation. If any Occupant, guest, or invitee of a Lot violates the Declaration or a rule or regulation of the Association and a fine is imposed, the fine shall first be assessed against such Occupant, guest, or invitee; provided, however, if such Occupant, guest, or invitee does not pay the fine within thirty (30) days after written demand for payment from the Association, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration or any rule or regulation of the Association shall not operate as a waiver of the right of the Board to do so thereafter.

**Section 10.3 Easement for Encroachments, Access, Maintenance and Utilities.** Each Owner grants to the Association, the Board, the Declarant and the other Owners a general easement for the maintenance of any minor encroachments of Common Area facilities over adjoining Lots and for access to and from each Owner's Lot through driveways, rights of way and easements as reflected on the Plat for the purpose of giving effect to the provisions of these Covenants.

**Section 10.4 Amendment of Declaration.** These Covenants may be amended by Declarant as provided in Section 8.1. In addition, the Declaration may be amended at any time and in any respect with the approval of Owners owning at least seventy percent (70%) of the Lots; provided, however, that no such amendment shall be effective unless joined in by Declarant until such time as Declarant no longer owns a Lot.

**Section 10.5 City Provisions.** All construction within the Property shall also comply with all applicable City or ordinances and regulations. If any ordinance or regulation imposed by the City imposes more demanding, extensive or restrictive requirements than those set forth in this Declaration, such requirements shall govern. No ordinance or regulations adopted by the City shall lessen the requirements set forth in these Covenants.

**Section 10.6 Notices.** Any notice required to be given to any Owner under the terms of this Declaration shall be deemed to have been properly delivered when deposited with the United States Postal Service, postage prepaid, properly addressed to the addressee. Each Lot Owner's address for purpose of notice hereunder shall be deemed to be the Residence located on its Lot.

**Section 10.7 Indemnification.** Neither the Declarant, including any of its officers, directors, employees or agents, nor any officer, director or agent of the Association shall be liable to any Person, Owner or any person claiming by or through any Owner or otherwise for any act or omission in the performance of the duties of such Declarant or officer, director or agent of the Association except only if such act or omission should be judicially declared to constitute fraud or intentional willful misconduct. The Association shall and does hereby agree to indemnify and hold harmless the Declarant, including any of its officers, directors, agents or employees, the officers, directors and agents of the Association against all claims, demands, actions and proceedings and all expenses in connection therewith arising from the good faith exercise of their duties pursuant to this Declaration.

**Section 10.8 Severability.** If any of the terms hereof or any supplement or amendment hereto is found to be invalid by a court of competent jurisdiction, then such invalidity shall not affect the other provisions of these Covenants, which shall be in full force and effect and shall be interpreted to be as restrictive as possible to preserve as much of the original provisions as allowed by law.

**Section 10.9 Acceptance by Owners of Rights and Obligations.** By the recording of a deed or other conveyance transferring all or part of an interest in a Lot subject to this Declaration, the person or entity to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all the provisions of the Declaration, the Certificate of Formation and Bylaws of the Association, including any rules or regulations adopted or promulgated by the Association, whether or not mention thereof is made in said deed.

**Section 10.10 Disclosure by Declarant.** Attached hereto as Exhibit E are summaries of certain disclosures made to all purchasers of a Residence from Declarant and/or homebuilder(s), who, having made such disclosures to such purchasers of a Residence and having attached such summaries to this Declaration, shall be deemed to have fully made such disclosures to any Person acquiring title to any Lot and is hereby fully released and forever discharged by any Owner of a Lot from any further duty or obligation to make such disclosures.

**Section 10.11 Arbitration of Disputes Involving Declarant.**

(a) ANY AND ALL DISPUTES ARISING HEREUNDER BETWEEN AN OWNER AND DECLARANT, SHALL BE SUBMITTED TO BINDING ARBITRATION AND NOT TO A COURT FOR DETERMINATION. ARBITRATION SHALL COMMENCE AFTER WRITTEN NOTICE IS GIVEN FROM EITHER PARTY TO THE OTHER, SUCH ARBITRATION SHALL BE ACCOMPLISHED EXPEDITIOUSLY IN

DALLAS COUNTY AND SHALL BE CONDUCTED IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA"). THE ARBITRATION SHALL BE CONDUCTED BY THREE (3) ARBITRATORS, ONE OF WHOM SHALL BE APPOINTED BY THE OWNER AND ONE OF WHOM SHALL BE APPOINTED BY DECLARANT. THE THIRD ARBITRATOR SHALL BE APPOINTED BY THE FIRST TWO ARBITRATORS. THE ARBITRATORS SHALL BE SELECTED FROM A LIST OF ARBITRATORS SUBMITTED BY THE AAA. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. ARBITRATION SHALL NOT COMMENCE UNTIL THE PARTY REQUESTING IT HAS DEPOSITED ONE THOUSAND FIVE HUNDRED AND NO/100 U.S. DOLLARS (\$1,500.00) WITH THE ARBITRATORS AS A RETAINER FOR THE ARBITRATORS' FEES AND COSTS. THE PARTY REQUESTING ARBITRATION SHALL ADVANCE SUCH SUMS AS ARE REQUIRED FROM TIME TO TIME BY THE ARBITRATORS TO PAY THE ARBITRATORS' FEES AND COSTS, UNTIL THE PREVAILING PARTY IS DETERMINED OR THE PARTIES HAVE AGREED IN WRITING TO AN ALTERNATIVE ALLOCATION OF FEES AND COSTS. EACH PARTY SHALL PAY HIS/HER OWN LEGAL FEES AND COSTS AND ANY OTHER FEES INCURRED IN CONNECTION WITH AN ARBITRATION PROCEEDING WHICH ARISES OUT OF OR RELATES IN ANY WAY TO THIS AGREEMENT PROVIDED, HOWEVER, THAT THE ARBITRATION PANEL SHALL AWARD THE ARBITRATORS' FEES AND COSTS TO THE PREVAILING PARTY IN ITS ARBITRATION JUDGMENT.

**Section 10.12 Notice of Sale, Lease or Acquisition.** In the event an Owner sells or leases such Owner's Lot, the Owner shall give to the Association, in writing, within thirty (30) days of the effective date of such sale or lease, the name of the purchaser or lessee of the Lot and such other information as the Board may reasonably require. Upon acquisition of a Lot, each new Owner shall give the Association, in writing, the name and mailing address of the Owner and such other information as the Board may reasonably require. This requirement also applies to all Persons acquiring title to a Lot at a foreclosure sale.

**Section 10.13 Occupants Bound.** All provisions of the Declaration and of any rules promulgated by the Board which govern the conduct of Owners within the Property and provide for sanctions against Owners shall also apply to all tenants, Occupants, guests and invitees of any Lot. Any lease on any Lot shall be deemed to provide that the tenant and all Occupants of the leased Lot shall be bound by the terms of this Declaration, the Bylaws and the rules of the Association. An Owner is responsible for providing the tenant with a copy of this Declaration and all other documents pertaining to the Association, and for notifying the tenant of any changes thereto. Failure by the tenant or his invitees to comply with the Declaration, any rule or regulation of the Association or applicable law is deemed to be a default under the lease. When the Association notifies an Owner of the tenant's violation, the Owner will promptly obtain the tenant's compliance or exercise the rights as a landlord for tenant's breach of the lease. If the tenant's violation continues or is repeated, and if the Owner is unable, unwilling or unavailable to obtain the tenant's compliance, then

the Association shall have the power and right to pursue remedies of a landlord under the lease or state law for default under the terms of the lease, including eviction of the tenant. The Owner of a Residence which is leased shall be liable to the Association for any expenses incurred by the Association in connection with the enforcement of this Declaration or any rules and regulations of the Association against the tenant. The Association does not assume any duties as a "landlord" under the lease or state law, and is not liable to Owner for any damages, including lost rents, suffered by Owner in relation to the Association's enforcement efforts against Owner's tenant.

**Section 10.14 Homestead.** By acceptance of a deed thereto, the Owner and spouse thereof, if married, of each Lot shall be deemed to have waived any exemption from liens created by this Declaration or the enforcement thereof by foreclosure or otherwise, which may otherwise have been available for reason of the homestead exemption provisions of Texas law, if for any reason such are applicable. This section is not intended to limit or restrict in any way the lien or rights granted to the Association by this Declaration, but to be construed in its favor.

**Section 10.15 Soil Movement.** Each Owner acknowledges that the failure or excessive movement of any foundation of any Residence can result in the diminished value and overall desirability of the entire Property. Each Owner agrees and understands that the maintenance of the moisture content of the soils on each Lot is necessary to preserve the structural integrity of each Residence in the Property. Each Owner also acknowledges that the long term value and desirability of the Property is contingent upon each Owner maintaining its Residence so that no structural failure or excessive soil movement occurs within the Property.

**EACH OWNER IS HEREBY NOTIFIED THAT THE SOIL COMPOSITION IN NORTH TEXAS IN GENERAL AND THE PROPERTY IN PARTICULAR AND THE CONDITION OF THE LOTS MAY RESULT IN THE SWELLING AND/OR CONTRACTION OF THE SOIL IN AND AROUND THE LOT IF THE OWNER OF THE LOT DOES NOT EXERCISE THE PROPER CARE AND MAINTENANCE OF THE SOIL REQUIRED TO PREVENT SOIL MOVEMENT.**

If the Owner fails to exercise the necessary precautions, damage, settlement, movement or upheaval to the foundation and structural failure may occur. Owners are highly encouraged to install and maintain proper irrigation around their Residence or take such other measures to ensure even, proportional, and prudent watering around the foundation of the Residence.

By each Owner's acceptance of a deed to any Lot, each Owner, on behalf of Owner and Owner's representatives, successors and assigns, hereby acknowledges that Declarant and all builders shall not be responsible or liable for, and Owner shall assume all risk and consequences of, any damage, settlement, movement or upheaval to the foundation, structural failure, or any damage to any other part of the Residence caused by Owner's failure to exercise proper care and maintenance of the soil required to prevent soil movement, and hereby releases and forever discharges, all builders and Declarant and their respective shareholders, members, officers, directors, partners,


employees, agents, representatives, affiliates, attorneys, successors and assigns, of and from any and all claim for the relief and causes of actions, liabilities, damages and claims whatsoever, known or unknown, direct or indirect, arising from or relating to Owner's failure to exercise proper care and maintenance of the soil required to prevent soil movement, including but not limited to, any damage caused by or related in any fashion to the failure or improper or uneven watering of the Lot, planting or improper vegetation near the foundation, or any action by any Owner that affects the drainage of any Lot.

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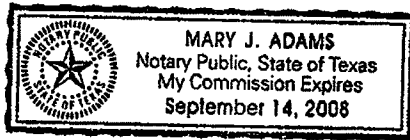
Executed by Declarant as of the date set forth above.

HUNTER VALLEY, LP,  
a Texas limited partnership

By: HUNTER B, LLC  
a Texas limited liability company,  
General Partner


By:   
Scott Rohrman, Manager

STATE OF TEXAS     §  
                              §  
COUNTY OF DALLAS §



BEFORE ME, personally appeared Scott Rohrman, Manager of Hunter B, LLC, a Texas limited liability company and general partner of Hunter Valley, LP, a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 25<sup>th</sup> day of May,  
2006.

  
Notary Public in and for the State of Texas



**EXHIBIT A**  
**Legal Description**

Lots 1-9, Block A, Lots 1-16, Block B, Lots 1-16, Block C, Lots 1-38, Block D, and Lot 21-R, Block H, of HUNTER VALLEY, an addition to the City of Irving, Dallas County, Texas according to the Map or Plat thereof recorded in Document Number 200600297571, Dallas County Deed Records.

**EXHIBIT B**  
**Plat**





**FINAL PLAT**  
**HUNTER VALLEY**  
**BLOCKS A THROUGH D AND BLOCK H**

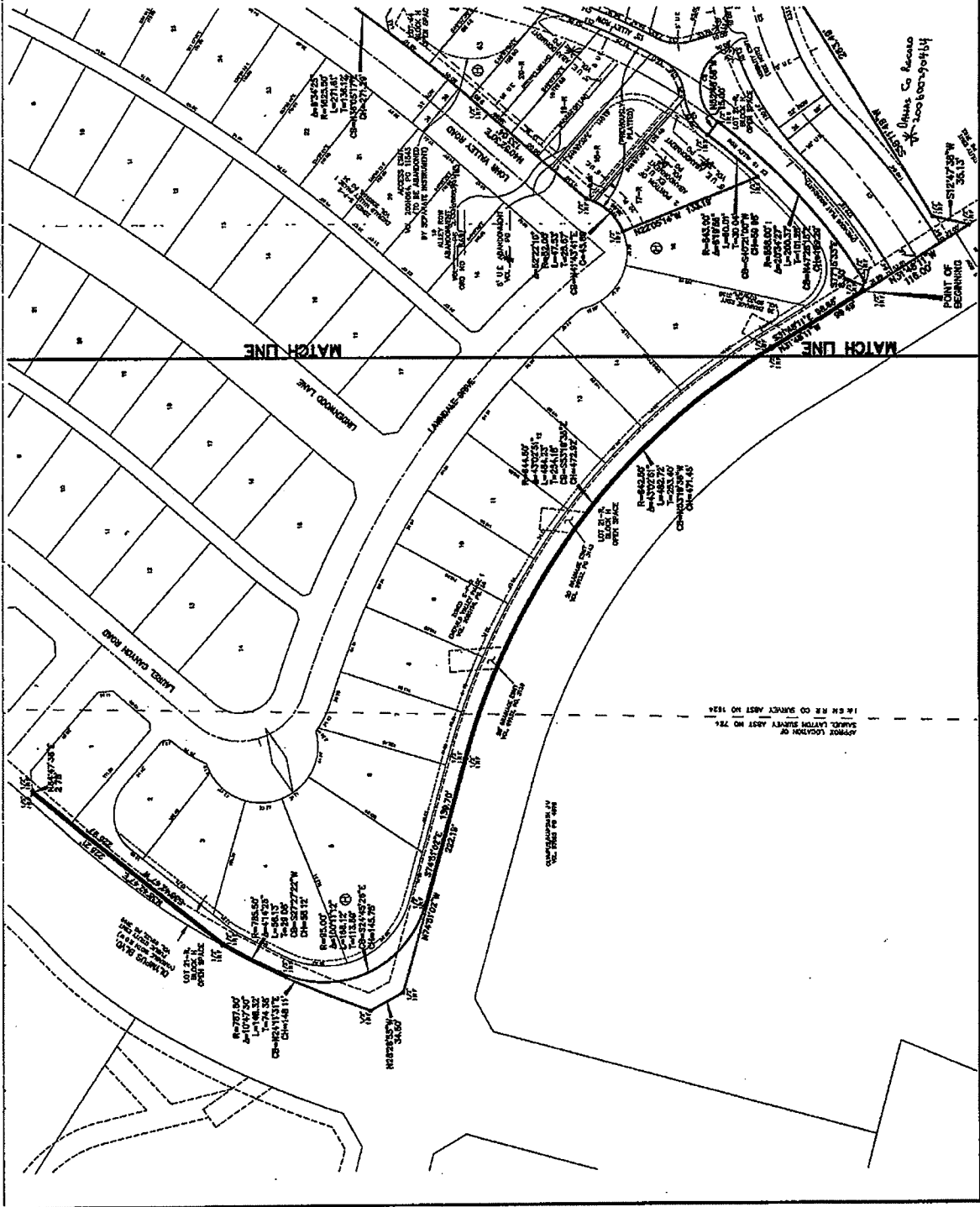
BERNARD VALLEY, INC. A DIVISION OF H. LOTS 17-21  
 1838 W. STATE HIGHWAY, SUITE 100  
 DALLAS, TEXAS 75220  
 OWNER

ACRES, LANE STATE & A L.P.  
 10000 W. STATE HIGHWAY 800  
 DALLAS, TEXAS 75220  
 OWNER

HUNTER VALLEY, L.P.  
 10000 W. STATE HIGHWAY, SUITE 100  
 DALLAS, TEXAS 75220  
 OWNER

JONES & BOND, INC.  
 17000 STATE HIGHWAY, SUITE 200  
 DALLAS, TEXAS 75220  
 SURVEYOR  
 (972) 248-7978

BY SINGLE FAMILY LOTS June 24, 2008 Sheet 2 of 2



APPROX. LOCATION OF  
 BOUND. LAYERS SURVEY ASST. NO. 214  
 I & M R. CO. SURVEY ASST. NO. 1924



**EXHIBIT C**  
**Certificate of Formation**