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Tradition. Community. Home.

VINTAGE TOWNSHIP NEIGHBORHOOD DECLARATION

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Declarant: Vintage Land Company, Ltd.

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Vintage Land Company, Ltd., a Texas limited partnership (the "Founder") makes this Vintage Township Neighborhood Declaration as of the 17th day of February, year of 2006.

STATEMENT OF PURPOSE

Vintage Township is a mixed-use community in the City of Lubbock, Texas, and is being developed as a new "traditional neighborhood". The Founder records this Vintage Township Neighborhood Declaration (the "Neighborhood Declaration") and establishes the Vintage Town Assembly, Inc. (the "Assembly") to enhance community life, to institute and enforce certain covenants and restrictions, to provide for further maintenance of the Residential Neighborhood and Neighborhood Commons, including identified streets, alleys, parks, walks and utility facilities, and to allow for self-governing of Vintage Township by its Owners.

A separate declaration for the Commercial District within Vintage Township (the "Commercial Declaration") has been or will be recorded to create a business owners association (the "Commercial Association") and to regulate and maintain the commercial portions of Vintage Township. The plan for Vintage Township and the relationship between the various recorded instruments is described in the Community Development Agreement.

This Neighborhood Declaration is intended to provide for the needs of residential property wherever located within Vintage Township.

DECLARATION

The Founder hereby establishes the Potential Neighborhood as all of that property in the City of Lubbock, described on Exhibit A and submits to this Neighborhood Declaration that portion of the Potential Neighborhood described in Exhibit B (the "Residential Neighborhood").

The Founder hereby declares that this Neighborhood Declaration, including Appendix I of this Neighborhood Declaration, shall run with the land and be binding upon all parties having any right, title or interest in the Residential Neighborhood, and which shall inure to the benefit of every Owner in the Residential Neighborhood or any portion of it and to the benefit of the Founder.

Except to the extent expressly provided in this Neighborhood Declaration and any Supplemental Declaration, all of the rights, powers, and duties of the Assembly and the Owners, who are Members of the Assembly, including the Owner's voting rights, shall be governed by the Articles and Bylaws of the Vintage Township Assembly, Inc. The Assembly shall also have all of the rights, powers, and duties provided in the Texas Property Code Annotated.

1 Overview

Recognizing the need to rethink how we build our neighborhoods and the need to create communities with a sustainable character, Stellar Development Company set out to discover what made some neighborhoods better *places* than other neighborhoods. Stellar sought to answer the question of why the character and values of some neighborhoods actually increase over time as opposed to other neighborhoods that start out as the latest subdivisions only to slowly and steadily lose their appeal and values.

Lubbock has long been home to those who live and thrive on the West Texas spirit of faith, family and traditional values. Yet, over time, some felt the growth of our area had strayed from those traditions.

Wider streets meant faster traffic – and ultimately unsafe play areas for our children. Divided neighborhoods separated us from friends and family – and reliability on vehicular transportation became more and more of a necessity, rather than a luxury. We began to realize that as a society, we were in fact evolving *away* from tradition, community and the home-grown values so many of us appreciate.

Over several years, the Stellar Development Company visited a great many communities and towns across the country, seeking answers on how to create sustainable, long-term value and places of character. During this work, Stellar formed Vintage Land Company, Ltd. to act as the developer of this community. Vintage Land Company engaged nationally and internationally recognized experts in various fields of work to assist in this quest.

The vision was to create a community where a broad range of families and individuals would discover a truly special place to live, work and play - a community based on tradition, a place where community is emphasized and a neighborhood that truly feels like home.

The result is Vintage Township, a 320 acre master planned community. Vintage Township is a traditional neighborhood development (“TND”) designed on the principles of New Urbanism which emphasize compact, mixed-use, pedestrian friendly designs. When completed, Vintage Township will comprise more than 1,500 homes, including single family detached and attached houses, and owned and rental multi-family units. Some apartments may be located above shops and offices; others may be in multifamily buildings of varying sizes. Eventually Vintage Township will incorporate retail space, for shops which will meet the needs of the residents of Vintage Township and the City of

Lubbock. Similarly, Vintage Township's commercial space will provide employment for the residents of the town and its environs.

The approach to creating Vintage Township is unprecedented and is based on inclusion and collaboration, rather than the vision of a single person or entity. Individuals, groups, organizations and government agencies were brought together to give their input before a single plan was drawn. A week-long charrette, or design workshop, took place early on, as well as numerous other workshops seeking input and addressing important issues. Through this unique approach, Vintage Township has become a community designed by nationally acclaimed experts as well as our own local citizens.

Vintage Township is designed for current and future generations, and we know our work has just begun. As a resident of this great community, your input will become an important part of its continued success. After all, some of Vintage Township's greatest involvement has been the input from our own community. From the very beginning, Vintage Township has been about *people*, and who better to decide on a new community than the very *people* themselves?

The community governance of Vintage Township is met primarily by two separate entities, each of which is established by a separate recorded declaration:

- Under the terms of the Neighborhood Declaration, the Vintage Town Assembly, Inc. (the "Assembly") maintains all of the Assembly common areas, or "Neighborhood Commons," including open space, paths, parks and recreational facilities. The Assembly also helps preserve neighborhood harmony by facilitating neighborhood discussion, stimulating an understanding of the neighborhood goals and enforcing the covenants when necessary.
- Vintage Township Commercial Association, Inc. (the "Commercial Association") meets the special needs of the commercial properties within Vintage Township. As provided by the Vintage Township Commercial Declaration, the Commercial Association provides commercial-type maintenance and services appropriate to the Commercial District including maintaining all of the Commercial District common areas or "Commercial Commons," which include open space, paths, parks and recreational facilities. The Commercial Association may also function as a merchants' association for advertising and business development.

Membership in the Associations may change from time to time as the use of a property changes. The owners of all property within Vintage Township will be members of one association or the other, and subject to either the Neighborhood Declaration or the Commercial Declaration.

There are several reasons why this separation is built into the documents. First, the Associations have different interests and focus. Second, residential and non-residential property owners' associations are sometimes subject to different laws and tax treatment.

Despite this legal separation, the entire community is united in several ways. The provisions of the Community Development Agreement, particularly the architectural control provisions, are intended to facilitate a completion of the master plan and allow Vintage Township to retain its design principles as it matures.

In addition to the Assembly and the Commercial Association, the community will benefit from the Vintage Township Institute, Inc. (the "Institute"), a nonprofit corporation organized as a charitable institution under Section 501(c)(3) of the Internal Revenue Code. The Institute seeks to:

- Promote a vital cultural life in Vintage Township for the benefit of residents and visitors alike;
- Encourage and support the development of programs that strengthen community, promote civility and foster good citizenship;
- Promote awareness, education and celebration of the history and traditions for the local community; and
- Research and provide education regarding the impact of the built environment on society and the promotion of quality urban planning, architecture and community governance.

While each entity operates independently, certain entities may work together and may enter into contractual agreements. The chart at the end of this chapter describes some of the roles and characteristics of the different entities.

Design Purpose and Community Benefits

As mentioned above, this community is a "TND" – a "traditional neighborhood development". That means that it has been specially designed to encourage pedestrianism – walking. Increasing pedestrianism has numerous benefits:

- Residents' health increases and obesity decreases;
- Community interactions increases so that neighbors get to know one another;
- Vehicular traffic declines because people can go to parks, restaurants and churches without getting in their cars;
- Streets and parks become safer because of the number of people using them, and
- Children and older citizens, who may not be able to drive, can safely walk.

Many of the traits that people seek out in a neighborhood – a feeling of community, a sense of place or safe conditions for their children – spring from this emphasis on pedestrianism and can only be collectively achieved through TND design.

In order to encourage people to walk, a number of conditions must be created. It must be safe to walk. There must be worthwhile destinations within walking distance, and the journey must be pleasant. Important elements of TND's, working in concert, create these conditions. The Founder must initially create these elements. It will be the community's responsibility to preserve them.

TNDs create safer streets in a number of ways. They use a network of smaller, connected streets rather than smaller streets feeding into bigger streets that feed into yet bigger streets that will be difficult for pedestrians to cross. Thus, it is important not to close off connections. TNDs use more narrow streets than conventional development with lower design speeds to force vehicles to slow down and also allow pedestrians to cross streets quickly. Cars parked along the sides of streets in TNDs also cause traffic to slow and reduce the visual impacts of having numerous parking lots. Pedestrians also feel safer with a barrier between them and traffic. Street trees provide a similar barrier, besides increasing the beauty of streets and providing comfortable shade. Alleys or lanes often provide the primary means of vehicular access to homes and businesses in TNDs. This means that there are fewer driveways and parking lot entrances for pedestrians to navigate. Houses and businesses in a TND typically are closer to the street, increasing safety by the many "eyes on the street." Similarly, parks and open spaces are normally surrounded by residences, providing 24-hour security.

When correctly designed, almost every residence in a TND is within a five-minute walk from some significant destination. Typically, TNDs have greater densities near their cores in order to maximize the number of people who can easily reach the stores and restaurants or other destinations that often locate in these areas. These areas are supposed to be vibrant and attractive, so they may have somewhat more light, a little more noise later into the evening and tighter parking conditions than other parts of the neighborhood. This is a cost of their being worthwhile destinations. Other communal destinations such as parks, amphitheaters, churches or schools have different neighborhood interactions. It is these destinations that give the community its character. Similarly, the parks and common areas of TNDs are usually open to the public, including people outside the TND. In this way a TND gives something back to the surrounding neighborhood. This also makes these destinations richer interactions in the larger community, beyond the edge of the TND.

Finally, the journey of the pedestrian must be pleasant and interesting. Sidewalks and trails often tie the TND together although sometimes streets are so small that no sidewalks are necessary. Along these paths, houses and shops pull up close to the street,

providing interesting visual stimulus. Porches and stoops are encouraged in order to increase neighborly interactions. The typical TND creates a “building wall” along the street made up of the fronts of houses, shops and other buildings, and the community uses an architectural code to assure that the shared public area of the street is beautiful and interesting.

The benefits of pedestrianism are many. The design elements of TNDs that deliver those benefits can be accidentally destroyed through inattention. A through street is closed. The fire chief strips the parking off of a street. A parking lot is constructed up on a street. A park is closed to the public. The TND features and the design principles of Vintage Township must be protected through the years in order to continue to produce the desired benefits and it is the residents’ responsibility to ensure this protection.

The vision for Vintage Township is grand and will take several years to achieve. However, the long-term success of the community depends on you and your involvement in this great community. Welcome to Vintage Township!

How the *Vintage Township Neighborhood Declaration* Works

This Neighborhood Declaration looks significantly different from most property owners’ association documents. It is based on the premise that communities have personalities just like people, and that the personality is usually established at the beginning of the community’s life. Typical documents, which tell everyone what they have to do and what they can’t do, teach property owners to enforce rules. This document takes a different approach by teaching people the principles behind running their community and by encouraging civility and pathways of communication within the community.

This Neighborhood Declaration begins with an overview of the community and ends with a look at the future. In between are four chapters concerning Community Life, Physical Surroundings, Architectural Standards and Finance. Each of these four middle chapters has two parts. The first part considers the issue from a community-wide viewpoint, while the second part brings the issue to the level of the resident.

Although the meanings of most words should be apparent from the context, definitions are provided in Chapter 7.

Appendix I concerns development issues and is an integral part of the Neighborhood Declaration during the community’s early years. The Appendix may be excised from the Neighborhood Declaration after the Founder no longer has any control over the development.

Most chapters contain three types of information: Descriptive text, "Quick View" and "Dialogue."

The text that begins each chapter provides the philosophical framework that the Residential Neighborhood needs to make decisions. Not every issue and concern can be anticipated, and the text does not try to cover every possible situation. Instead, the text helps the community through the decision-making process.

Quick View outlines some of the basic issues discussed in the chapter in the format of a table or grid. Although it sometimes summarizes information presented in the text, Quick View may also present new information. Quick View helps to define roles and to draw distinctions between related ideas.

Dialogue begins the process of interpretation in the form of questions and answers. The Dialogue is never intended to contradict the text or Quick View, but it may fill in some of the gaps. The Dialogue initially provided in this Neighborhood Declaration is expected to expand as the community faces new issues. Usually, Dialogue will be in the form of a new policy adopted by the Board of Directors ("Board"). It is our hope that legal advice only rarely will be required to help interpret these documents. The Board should compile the questions and answers it has approved and record this running Dialogue at least annually. Once adopted, succeeding Boards should give Dialogue due consideration as precedent. However, the Board is free to reconsider Dialogue and adopt new answers if warranted. When that happens, the Board is encouraged to include in the new Dialogue the reason for the revision.

Vintage Township relies on the covenants – agreements between neighbors – set out in this Neighborhood Declaration. By taking title to property within Vintage Township, Owners agree to these covenants, which are legally binding and enforceable against both the Owner and the property.

We hope that an association that follows the guidance outlined in this Neighborhood Declaration will avoid many of the disputes and conflicts that can divide a neighborhood. However, in the event of legal action, the descriptive text and Quick View portions of this Neighborhood Declaration, including information set out in table form, are to be interpreted as legally binding. As Quick View often abbreviates information from the descriptive text, any apparent conflict should be resolved in favor of the descriptive text. Dialogue is not binding but should be given appropriate consideration in the resolution of disputes.

Quick View: The Assembly, Commercial Association and The Institute

	Town Assembly	Commercial Association	Institute
Purposes	Work to maintain the Neighborhood Commons, support the covenants, and help prevent or resolve conflicts between neighbors.	Work to maintain and support the Commercial Commons and prevent or resolve conflicts between commercial neighbors or commercial and residential neighbors.	Foster the arts, education and cultural and community events as well as charitable activities.
Legal Status	Non-profit corporation	Non-profit corporation	Non-profit corporation intended to have tax status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.
Members	All individuals or entities owning residential property within Vintage Township.	Commercial property Owners.	Open on a voluntary basis to all residents of Vintage Township plus additional, non-resident contributors, such as, but not limited to, commercial property owners and commercial tenants. Members are not entitled to vote.
Primary Source of Funds	Assessments on residential property within Vintage Township, secured by a lien on the Parcel.	Assessments on commercial property within Vintage Township, secured by a lien on the Parcel.	Donations, Institute Contributions assessed on property transfers, voluntary membership dues and revenue from programs.

Dialogue

Q. Why does Vintage Township need a Assembly?

The most obvious answer is that Vintage Township has certain common areas that must be maintained. However, the Assembly also fulfills the fundamental need to build working relationships between the Owners of the community.

Q. How does the Assembly interact with the other two entities?

All three entities are intended to be an integral part of Vintage Township and are expected to cooperate on their common interests.

The Assembly and the Institute have different functions and are funded differently. While the Assembly focuses on covenant enforcement and physical maintenance and appearance, the Institute fills social, educational and cultural needs. Aside from the transfer fee paid upon re-sales of the property, residents are not required to support the Institute individually. Instead, the Institute will rely upon voluntary contributions, dues from voluntary members, support from the Assembly, support from the Commercial Association, and fees generated by its programming. The Assembly and the Institute will work together to protect the architectural integrity of the community over the long term, to work on long-range planning and to represent the voice of Vintage Township in outside matters that may impact the Residential Neighborhood.

The Assembly and the Commercial Association have clearly defined membership and duties. However, the two associations will cooperate and communicate informally when matters arise. In addition, both constituencies can be members of the Institute and can work to build community life through the Institute.

2.1 Community Life, Part I: The Assembly

All Owners of Parcels in the Residential Neighborhood are automatically Members of the Assembly during the period of their ownership. Membership in the Assembly is a legal right and obligation attached to the property. New Parcel owners become Members in the Assembly upon transfer of title to the land. As set forth in the Assembly's Articles of Incorporation, when Owners vote on matters addressed in this Neighborhood Declaration, each Owner has one vote. Owner votes on matters set forth in the Bylaws or Articles may be on a different basis, as provided in those documents.

This Chapter contains some of the most important provisions concerning Assembly operation and voting procedure. Additional provisions are contained in the Assembly's Bylaws and Articles.

Assembly Operation

The operation of the Assembly relies on the following individuals:

- The Board of Directors ("Board"). Most decisions about the Assembly are the responsibility of the Board, acting on the Owners' behalf. Unless specifically provided otherwise, the Board has the authority to act on behalf of the Assembly and to make all decisions necessary for the operation of the Assembly, the care of the Neighborhood Commons and the enforcement of covenants contained in this Neighborhood Declaration. The Founder initially appoints the directors. Owners begin electing some of the directors when at least 100 Parcels in the Residential Neighborhood have been sold to Owners other than the Founder or its designated entities.
- President. The President, who is appointed by the Founder during the Period of Founder Control and elected by the Board thereafter, is the chief executive of the Residential Neighborhood and is empowered to make decisions within the scope of authority described by the Board and this Neighborhood Declaration. The President executes the details of projects authorized by the Board and handles matters that arise between Board meetings, within the scope of authority established in the Bylaws or by the Board. The President must be a Member of the Board. Candidates for President must be sitting on the Board with time remaining equal to the term of the President's office.

- Chancellor(s). The Chancellor(s) is not an officer of the Board. However, if the Board chooses to select Chancellor(s), they may play an important role in the life of the Residential Neighborhood. The Chancellor(s) may mediate disputes among Owners or Occupants related to the requirements of the Vintage Township Design Code, or any rules giving the Board, Owners and Occupants a forum to work out differences and find solutions. Depending on the circumstances, the Chancellor(s) may act individually or as a panel. If disputes cannot be resolved by mediation, the Chancellor(s) may make recommendations to the Board. The Board determines the number of Chancellors and selects them.

The Board will also elect a Vice President, a Secretary, a Treasurer and other such officers as described in the Bylaws. These officers have the following responsibilities:

- Vice President. A Vice President takes the place of the President and performs the duties of the President whenever the President is absent or unable to act. If neither the President nor a Vice President is able to act, the Board shall appoint some other Member of the Board to act in the place of the President on an interim basis. A Vice President also performs such other duties as required by the Board or by the President and, except as specified, has all of the general powers and duties of a Vice President of a corporation organized under Chapter 22, Nonprofit Corporations, of the Texas Business Organizations Code Annotated, as amended from time to time. If there is more than one Vice President, the Board determines which Vice President acts.
- Secretary. The Secretary (i) keeps the minutes of all meetings of the Assembly and of the Board; (ii) has charge of such books and papers as the Board directs; (iii) maintains a register listing the place to which all notices to Owners and Mortgagees are to be delivered; (iv) upon request delivers statements of all unpaid assessments applicable to a particular parcel to be conveyed; (v) executes notices of delinquent assessment(s); (vi) executes notices of and releases of liens for delinquent assessments; and (vii) performs the duties of a Secretary described in the Bylaws and Chapter 22, Nonprofit Corporations, of the Texas Business Organizations Code Annotated, as amended from time to time.
- Treasurer. The Treasurer is responsible for managing (i) the Assembly's funds and securities; (ii) keeping full and accurate financial records and books of account showing all receipts and payments; (iii) preparing all required financial data; (iv) depositing money and valuables in the appropriate bank or other institution as designated by the Board; and (v) in general, performing of all the duties of a treasurer of a corporation organized under Chapter 22, Nonprofit Corporations, of the Texas Business Organizations Code Annotated, as amended from time to time.

The President and Directors are not paid for their services; however, they are reimbursed for actual expenses. If one or more Chancellors are hired by the Board rather than elected, the

Chancellors would be paid for service to the Assembly on terms negotiated by the Board. Chancellors may be hired on a part-time or as-needed basis.

Election Procedure

The Board regulates election procedure and sets policy concerning voter registration and the casting of ballots. The Bylaws contain additional provisions concerning the election procedure.

Elections, Casting Votes. Once the Owners have the right to elect Class A Directors, then the Owners directly elect the relevant directors to the Board.

- The Board. An Owner may cast his votes for as many candidates as there are Directors to be elected. An Owner is not required to use all his votes; however, no cumulative voting shall be permitted. For example, if there are three seats to be filled and the Owner has one vote, the Owner may cast one vote each for one, two or three candidates, but shall not cast more than one vote for any particular candidate. If the Owner is eligible to cast two votes, the Owner may cast two votes a piece for each of up to three candidates. The candidates receiving the highest number of votes shall be declared elected. Directors may be elected by a plurality; a majority is not required.

Board Meetings

The Board usually meets on a monthly basis, but may meet more or less often depending on the community's needs. The Board must meet quarterly. Notice of Board meetings is to be posted or Owners otherwise notified of the meeting schedule. Owners are welcome to attend Board meetings, but their right to participate in discussion may be limited by meeting rules established and published by the Board. The Board may go into executive session to discuss certain issues including possible or pending litigation and personnel matters.

Voting. Voting at a Board meeting requires presence of at least a majority of the Directors, in person or by telephone conference or, if allowed by law, by proxy. While face to face meetings are beneficial and should be conducted when practicable, it may be difficult at times to get a quorum of Directors together in a timely manner. If permitted by law, any action required to be taken by vote of the Board may be taken in the absence of a meeting (or in the absence of a quorum at a meeting) by obtaining the written approval of a majority of the Board or by unanimous consent. With the approval of all Directors and if permitted by law, meetings may be conducted by telephone. Rules about quorums and voting procedures are provided in the Bylaws and may be affected by applicable statutes.

Neighborhood Meeting and Voting

Although the elected Board makes most decisions, election of the Board and certain other decisions require the participation of all Owners. Notice of each annual or regularly scheduled meeting of the Assembly must be sent or delivered personally at least 10 but not more than 60 days before each meeting. The notice must state the time and place of the meeting.

Notice of any other Neighborhood Meetings must also be sent at least 10 but not more than 60 days before such a meeting. This notice must state the time, place and purpose of the meeting. Notice of any meeting at which Owners are to vote on amendments to the Articles, a plan of merger, a proposed sale of assets or the dissolution of the Assembly under Sections 22.105, 22.251, 22.252 or 22.302 of the Texas Business Organizations Code Annotated must be made in accordance with Texas law.

Rules about notice of meetings for amending articles of incorporation and other actions, quorums and voting procedures are provided in the Bylaws and may also be affected by applicable statutes.

For those decisions requiring Owners' approval, a Neighborhood Meeting provides a public opportunity for discussion and voting. As a convenient reference and not as a limitation, actions which may under the terms the Neighborhood Declaration require a vote of the Owners, or assent in writing, include the following:

- Election of the Board Chapter 2, Part I
- Repeal of Rules and Regulations adopted by the Board..... Chapter 2, Part II
- Conveyance or dedication of the Neighborhood Commons Chapter 3, Part I
- Approval of General Assessments when increased more than 15%..... Chapter 5, Part I
- Approval of Zone expenses Chapter 5, Part I
- Repeal of additional services Chapter 6
- Amendment or termination of Neighborhood Declaration..... Chapter 6

Records

The Board must keep a record of all Board meetings and other Assembly meetings. For each action taken, the record should state the vote and a description of the action approved and, where applicable, the reasons why the action was considered necessary and a summary of the information on which the decision was based. Any Owner has the right to review the Assembly's records, at reasonable times, and can make copies or pay to have copies made for a reasonable fee. To the extent permitted by law, certain records may not be made available to Owners if genuine privacy considerations exist.

The Assembly should use available technology for effective, timely communication to Owners.

Use of Professional Management

The Board may hire a professional manager, either an individual or a management company, for the Assembly. Some typical duties of the manager are as follows:

- Determining day-to-day maintenance needs and dispatching personnel or service providers as necessary (although major contracts would go through the Board and possibly a bidding process as well),
- Supervising vendors, employees and service providers and making payment to them,
- Collecting assessments (including past-due notices as necessary),
- Keeping the books and records of the Assembly and preparing budgets and financial statements (and working with an accountant as necessary),
- Mailing or posting notices of meetings, election information and other communications to Owners, and
- Answering inquiries from Owners (and referring some questions to the Board or its attorney as necessary).

In contrast, Board members are not paid (except to be reimbursed for expenses). The Board selects the manager and must work with the manager and provide guidelines. Board members make such policy decisions as adopting the budget and determining assessment levels, making significant employment decisions and approving major contracts. They decide what major repair or replacement projects will be undertaken and the general level of service to be provided.

Founder's Right to Complete Vintage Township

The Founder has the right to conduct all activities necessary to complete Vintage Township. Neither the Assembly, nor its Board, has the authority to take any position against the provisions of the Community Development Agreement, this Neighborhood Declaration, supplemental declarations, or any of the Founder's subdivision plats or development plans. The Assembly shall also not use any of its material or financial resources to oppose the development activities of the Founder, so long as such activities are consistent with the Community Development Agreement, this Neighborhood Declaration, supplemental declarations, approved subdivision plats, the Design Code, and any other development plan approved by the City of Lubbock. This provision is not intended to diminish the right of any individual to express opinions, nor of the Assembly to pursue any remedy against any alleged breaches of agreements or representations by the Founder.

2.2 Community Life, Part II: Neighbors

This Neighborhood Declaration doesn't have long lists of rules. Instead, the concept is simple: neighbors shouldn't create unreasonable disturbances or unsafe conditions *and* neighbors should tolerate a certain amount of activity, noise, pets and exuberant children as part of a vibrant community.

Use of the Parcel

Residential and Business Uses. Vintage Township is intended as a mixed-use community where, in addition to single and multi-family residences, offices, retail and civic uses thrive. Non-residential uses are subject to the Commercial Declaration and the Community Development Agreement. These commercial and civic uses are an integral part of a pedestrian-friendly community and allow people to obtain some goods and services and interact without having to use an automobile. Businesses must use reasonable measures to dispose of garbage properly and to minimize the impact of noise and odor on the surrounding area. However, residents near businesses need to recognize that a certain amount of noise and odor may be unavoidable.

Home-based Businesses. Subject to the City of Lubbock Code, a home-based business that does not generate significant noise, odor, parking demand or traffic is permitted in the Residential Neighborhood. The Board may establish reasonable hours of operation for home-based businesses that are visited by individuals.

Garage Sales. Garage sales, estate or yard sales, sample sales and similar kinds of sales activity from residential Parcels is permitted on an occasional basis in accordance with the City of Lubbock Code. The holding of frequent sales from a particular residence will be considered a business and may be regulated, limited or prohibited by the Assembly.

Leasing. Residential Parcels or separate residential units within a Parcel, such as an outbuilding apartment (auxiliary structure as described in the Vintage Township Planned Development Ordinances), may be rented, so long as the Occupants comply with the covenants for neighborhood life contained in this chapter. The Assembly may establish a minimum lease term. Tenants may use the Assembly's recreational facilities through a limited number of recallable recreational memberships. An Owner may lease a house or an outbuilding on a Parcel to a third party if the Owner continues to actually occupy the other building, but not otherwise. For example, the outbuilding cannot be rented to a different party than the renter of the main

building, but the Owner may live in the main house and rent the outbuilding, or vice versa. The Assembly may prohibit the leasing of any Parcel or residential unit within a Parcel while the Owner is in default in the payment of Assessments and may attach rentals if the Parcel or residential unit within the Parcel is leased while the default exists.

Safety and Appearance

Generally. Each Owner must keep his Parcel in good order and repair and free from debris. The Vintage Township Design Code or the Assembly may regulate placement and maintenance of garbage and trash containers and fuel or gas storage tanks (including the prohibition of such tanks) and other matters affecting the attractiveness or safety of Parcels.

Signage. No sign, advertisement or notice of any type (other than those specifically approved under the Vintage Township Sign Code, which is part of the Vintage Township Design Code, shall be erected or displayed on any Parcel. Political campaign signs are permitted, subject to reasonable regulation.

Vehicles: The Vintage Township Design Code or the Assembly may regulate or prohibit the parking of trailers, recreational vehicles, nonfunctioning, oversized or excessive number of vehicles or equipment.

Sports Equipment: Play structures, such as basketball hoops and swing sets, must be kept in good repair and their location may be limited, in accordance with the Vintage Township Design Code, to back yards or alleys. The Assembly may regulate or prohibit large play structures such as skateboard ramps that are visible from outside the Parcel.

Temporary Structures: The Vintage Township Design Code may prohibit or regulate construction trailers, tents, shacks, barns, sheds or other structures of a temporary character that are visible from outside the Parcel. However, reasonable occasional use of tents for festive occasions or children's backyard camping is part of life and should be enjoyed.

Pets

Pets are welcome so long as the pets do not cause an unsafe condition, unreasonable disturbance or annoyance or public nuisance. The Assembly may regulate the number, type and size of pets (including particular breeds of dogs deemed to create unreasonable danger) and may prohibit the keeping of animals other than customary household pets, which it may define. The Assembly may designate specific areas within the Neighborhood Commons where pets may be walked, may prohibit pets on other areas, may require pet owners to collect and dispose of animal waste and may require pets to be on leash.

Rules and Regulations

The writing of rules is one way to address specific issues that arise within the community. The Assembly may adopt or amend Rules and Regulations interpreting or expanding upon the basic principles of this Chapter and other portions of this Neighborhood Declaration, including but not limited to, rules about vehicles, sports equipment, temporary structures and satellite dishes. Rules should strive to address the problem in the least restrictive way. A copy of the current Rules and Regulations will be made available upon request.

Separate Rules and Regulations may also be enacted by the Founder under the Community Development Agreement. Copies of these Rules and Regulations will be made available upon request.

Each Owner, by accepting a deed to a Parcel in Vintage Township, acknowledges and agrees that the use and enjoyment and marketability of his Parcel can be affected by rulemaking action taken under this Neighborhood Declaration and that the Rules and Regulations may change from time to time.

Limitations on Assembly Rulemaking Authority. The Assembly's rulemaking authority must comply with the following:

- Similarly situated persons shall be treated similarly; however, the Rules and Regulations may vary by area and land use.
- The right to display religious and holiday signs, symbols, and decorations inside structures shall not be abridged, except that Rules and Regulations may regulate the time, place, and manner of displaying those items visible from outside the structure.
- No Rules and Regulations shall regulate the content of political signs; however, Rules and Regulations may regulate the time, place, and manner of posting such signs and establish design criteria, to the extent not addressed by the Design Code.
- No Rules or Regulations shall interfere with the freedom of persons to determine the composition of their households, except that the Assembly shall have the power to require that all Occupants be members of a single housekeeping unit and to limit the total number of Occupants permitted in each dwelling on the basis of the size and facilities of the dwelling and its fair use of the Neighborhood Commons.
- No Rules or Regulations shall interfere with the activities carried on within the confines of structures, except that they may restrict or prohibit any activities that create monetary costs for the Assembly or other Owners, that pose a danger to the health or safety of Occupants of other Parcels, that generate excessive noise or traffic, that create unsightly

conditions visible from outside of the structures, or that create an unreasonable source of annoyance to persons outside of the structure,

- No Rules or Regulations shall alter the allocation of financial burdens among the Owners to the detriment of any Owner over that Owner's objection expressed in writing to the Assembly. Nothing in this provision shall restrict the right of the Board of Directors to increase the amount of Assessments as provided in Chapter 5 of this Neighborhood Declaration.
- No Rules or Regulations shall prohibit leasing or transfer of any Parcel, or require consent of the Assembly or the Board of Directors for leasing or transfer of any Parcel; provided that Rules and Regulations may require a minimum initial lease term of up to twelve (12) months and may require inclusion of specific language for the protection of the Assembly in each lease. Notwithstanding anything in this provision to the contrary regarding Rules and Regulations, any restrictions on leasing set forth in this Neighborhood Declaration shall apply in the Residential Neighborhood.
- No Rules or Regulations shall require an Owner or an Occupant of any Parcel to dispose of personal property that was maintained in or on his Parcel prior to the adoption of such Rules or Regulations if such personal property was in compliance with all Rules and Regulations previously in force. This exemption shall apply only during the period of the Owner's ownership or Occupant's residency of the Parcel, and shall not apply to subsequent Owners or persons who take title or occupancy after adoption of the Rules or Regulations.
- The Assembly's Rules and Regulations shall not apply to Parcels owned by the Founder or members of the Vintage Township Builders Guild during the Period of Founder Control, to the extent that such Rules and Regulations would interfere with their ability to develop, market, or sell such Parcels, as determined in the sole discretion of the Founder.

Effective Date. Rules and Regulations of the Assembly take effect immediately upon approval by the Board, or at a later date selected by the Board. If requested by at least 10% of the Owners, a special meeting must be called and, if a quorum is present, any rule or regulation may be repealed by majority vote of the Owners, present in person or by proxy. Rules and Regulations of the Founder are effective upon their adoption by the Founder and may not be repealed by the Owners during the Period of Founder Control. During the period in which the Founder owns any Parcel in Vintage Township, the Board shall not adopt Rules and Regulations that conflict with the Design Code or address matters of architectural control without prior written approval by the Founder.

The Board should review the Rules and Regulations adopted by the Assembly regularly and remove or amend those that are unnecessary or overly restrictive. The Board may not remove or amend Rules and Regulations of the Founder during the Period of Founder Control.

The Rules and Regulations, as adopted from time to time, and whether adopted by the Assembly of the Founder, are incorporated by reference into this Neighborhood Declaration. In the event of a conflict between any provisions in the Rules and Regulations and this Neighborhood Declaration, the provisions of this Neighborhood Declaration control.

Role of the Chancellor

When covenant enforcement issues occur within Vintage Township, the Board may choose to hear and decide those issues. However, the Board may choose to establish Chancellors to mediate conflicts. If the Board chooses to select Chancellors, then the following is a description of the role of such Chancellors.

Chancellor Process. When problems with covenant enforcement arise, the Board or any Owner or Occupant may file a request with the Board for a Chancellor to hear the issue. The Board may authorize, in advance, categories or types of issues that may be heard by the Chancellor without first coming to the Board. The Board has the authority to approve or deny the use of a Chancellor to attempt to mediate agreement. If requested by the Board or the Chancellor to which the case is assigned, and if there is more than one Chancellor, the case will be heard by more than one Chancellor, sitting as a panel. The Chancellor or panel will notify the resident who is believed to be in violation, as well as the Owner of the Parcel, if different, and set a convenient date for a mediation session.

Mediation Session. The object of the mediation session is to hear the various viewpoints and to attempt to reach an agreement that is acceptable to all parties. Sessions must be conducted with tact, dignity and respect. The Chancellor or panel has the discretion to decide if the complaining party should participate in the mediation session.

Agreement. The Chancellor or panel is to evaluate whether the resident has caused an unreasonable disturbance or other violation, and, if so, to help reach a resolution within the general principles set out in this Chapter. If the parties reach agreement, the agreement is to be summarized in writing and signed by the parties. The Chancellor's office is to keep a copy of the agreement. The Chancellor or panel has the right to consider whether the same problem has arisen in the past and whether the Owner or resident has complied with previous agreements in evaluating the current agreement. If agreement is not reached, or if the parties do not comply with the agreement, the Chancellor or panel may make a report and recommendation to the Board for further action.

Enforcement

Each Owner and the Owners' family members, guests and tenants are required to abide by the covenants contained in this Neighborhood Declaration, which are covenants running with the land, and any Rules and Regulations adopted by the Assembly and the Founder. Each Owner is responsible for assuring such compliance, and any violation by family members, guests or tenants may be considered to be a violation by the Owner. If the Chancellor cannot resolve a violation, the Board is empowered, on behalf of the Assembly, to take necessary legal steps to enforce the covenants contained in this Neighborhood Declaration.

If the Chancellor determines that the problem is not satisfactorily resolved, the Board will notify the Owner of the date of the Board meeting at which the matter will be discussed. After hearing the report from the Chancellor and giving opportunity for the Occupant (and Owner, if different) to be heard, the Board may take any of the following actions:

- Fines. The Board has the right to assess fines up to the maximum allowed by law and may restrict the resident's use of the Neighborhood Commons for up to sixty (60) days or until the violation is remedied, whichever is longer. However, the primary goal of this Chapter is not to punish but to resolve problems. The Assembly may suggest or approve agreements and suspend payment of a fine if the agreement is honored. Fines shall be charged against the Parcel as an Individual Parcel Assessment. Any fines collected shall be contributed to the general fund of the Assembly.
- Pets. If the Board finds that a pet causes an unsafe condition, unreasonable disturbance or annoyance or public nuisance, it may require the Owner or Occupant to take steps to cure or limit the offensive condition. If such steps are ineffective, if the resident or Owner fails to cooperate or if the pet is considered to create an unsafe condition or unreasonable disturbance or annoyance, the Assembly may require that an Owner or Occupant permanently remove the pet from the Residential Neighborhood.
- Corrective Action for Enforcement Rights. If the Board determines that any Owner is in violation of this Neighborhood Declaration, the Vintage Township Design Code, or applicable Rules and Regulations, or has failed to maintain any part of a Parcel (including the yard and any wall, fence, or building for which the Owner is responsible) in a clean, attractive and safe manner, in accordance with the provisions of this Neighborhood Declaration, the Vintage Township Design Code or applicable Rules and Regulations, the Board shall notify the Owner of its findings and may assess fines. If the violation continues for ten (10) days after notice to the Owner, the Assembly shall have the right without liability to enter the Parcel to correct, repair, restore, paint and maintain any part of such Parcel, including but not limited to landscaping, and to have any objectionable items removed from the Parcel. The Board may reduce or eliminate the time for notice if it believes the condition creates a hazard. All costs related to such action are to be

assessed to the Owner as an Individual Parcel Assessment. The Board may also assess a management fee for activities that it must take to correct, repair, restore, paint or maintain any part of such Parcel on behalf of an Owner. If, in accordance with this section, authorized agents of the Association enter upon any Parcel to abate or remove a violation or breach of this Neighborhood Declaration, the Vintage Township Design Code, or the Rules and Regulations, neither the Person entering the Parcel nor the Person directing the entry shall be deemed liable for any manner of trespass for such action. This paragraph shall not apply to Parcels so long as they are owned by the Founder.

- Tenant Violations. If, after notice to both the Owner and Occupant and opportunity for a hearing, the Board determines that a tenant has violated this Neighborhood Declaration or Rules and Regulations, the Assembly may assess fines against the Owner. In addition, if the violation continues for ten (10) days after notice to the Owner of the findings, or if the Occupant materially violates the same covenant more than once in any one-year period, the Assembly shall have the right to evict the tenant, except Occupants who are members of the Owner's family. Each Owner by acceptance of a deed irrevocably appoints the Assembly as its agent and attorney-in-fact in such an eviction action. All costs related to such action shall be charged to the Owner as an Individual Parcel Assessment.
- Additional Remedies. All remedies listed in this section are non-exclusive and may be applied cumulatively. The Assembly shall also have the right to bring suit to enforce the covenants contained in this Neighborhood Declaration, including the right to an injunction and to recover damages for any violation
- Failure to Enforce Not a Waiver of Rights. No delay or failure on the part of an aggrieved Person to invoke any available remedy in respect to a violation of any provision of this Neighborhood Declaration shall be held to be a waiver by the Person of (or an estoppel of that Person to assert) any right available to such Person upon recurrence or continuance of such violation or the occurrence of a different violation, nor shall there be imposed upon the Founder, the Association, the Association's board or any Architectural Review Board a duty to take any action to enforce this Neighborhood Declaration.

Initiation of Litigation by the Assembly

The Assembly shall not initiate any judicial or administrative proceeding without prior approval by Owners entitled to cast 75% of the total votes other than those of the Founder in the Assembly. However, no such approval shall be required for the following actions or proceedings:

- Initiated during the Period of Founder Control;

- Initiated to enforce the provisions of this Neighborhood Declaration, including collection of assessments and foreclosure of liens;
- Initiated to challenge ad valorem taxation or condemnation proceedings;
- Initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or
- To defend claims filed against the Assembly or to assert counterclaims in proceedings instituted against it.

Quick View: The Chancellor, the Board and the President

	<i>The Chancellor...</i>	<i>The Board..</i>	<i>The President...</i>
General Duties	Hears and mediates covenant issues.	Makes major policy decisions concerning Assembly operation, maintenance of the Neighborhood Commons and budgeting decisions.	Makes day-to-day decisions within a scope of authority established in the Bylaws or by the Board.
Role in Covenant Enforcement	Brings the parties together to discuss possible covenant violations and mediates an agreement. If the agreement is not reached or is ineffective, the Chancellor may present the problem to the Board.	Has the power to enforce the covenants through fines, clean-up of Parcels (billed to the Owner), or legal action if necessary. Has the power to approve the use of Chancellor(s) to mediate agreement.	Carries out decision of Board.
Special Qualifications	None. Not required to be Owner or Occupant.	Class A Members must be Owners.	Must be a member of the Board.
Term of Office	If elected, a two-year term. No limit on number of terms.	Staggered two-year terms except during the period of Founder control.	One-year term except during the period of Founder control.

Dialogue

Q. If I don't like the Chancellor's decision, is there a right of appeal?

The Chancellor(s) operate primarily as mediators. If they are unable to facilitate the reaching of an agreement between the residents, Owner or Owners in question, they may make a recommendation to the Board. The affected Occupants and Owners have the opportunity for a hearing before the Board. The decision of the Board is final, subject to any subsequent court action.

Q. Why are there special provisions concerning tenants?

A. Special provisions concerning tenants are necessary because these covenants run with the land. Under real property law, the Assembly's only power of enforcement is against those who have taken title to property. The Assembly has no direct relationship with the tenant except as granted by the Owner. By taking title subject to this Neighborhood Declaration, the Owner is considered to have granted his or her rights of enforcement to the Assembly.

3.1 Physical Surroundings, Part I: The Neighborhood Commons

Much of the open space, recreational areas and other commonly used portions of the Residential Neighborhood will be owned by the Vintage Township Public Improvement District (the "PID"). The Assembly may be responsible for maintenance of the PID-owned areas. If the Assembly owns any such commonly used areas, they will be called the Neighborhood Commons. In most cases, the Assembly will hold title to the Neighborhood Commons in fee simple. In other cases, the Assembly's ownership may be in the form of easements, leases or other rights. Similarly, open space, recreational and other commonly used portions of the Commercial District not owned by the PID may be owned by the Commercial Association and are known as the Commercial Commons. The Commercial Association may also have an easement, lease, or other rights in the Commercial Commons.

Community Areas

Most of the Neighborhood Commons in Vintage Township are intended for the mutual benefit and enjoyment of the community. The Neighborhood Commons of Vintage Township may include parks, open space, paths, recreation areas, and stormwater management facilities, and sidewalks, street trees, tree/furniture zones, designated on-street parking zones and street lighting that are not dedicated to the City of Lubbock or, if dedicated, require a higher level of maintenance than the City provides. Neighborhood Commons may include areas that are privately owned, areas that are publicly owned but maintained by agreement with the Founder and areas that are owned by the Assembly. Neighborhood Commons shall be maintained in accordance with the environmental standards set forth in the Vintage Township Design Code. Areas shall become Neighborhood Commons if they are shown on the survey referenced in Exhibit A as Neighborhood Commons or if shown as such in any Supplemental Declaration. The boundary or character of a Neighborhood Commons may be changed by Supplemental Declaration.

Use of the Neighborhood Commons

Every Owner has, and is hereby granted, a non-exclusive easement for appropriate use and enjoyment of the Neighborhood Commons. This easement passes with title to the Owner's Parcel and is automatically extended to Occupants provided that (i) the Owner of the property that they occupy shall be responsible for the manner of such use, and (ii) the Owner may withdraw

consent for such use by written notice to the Assembly. The easement is subject to the Assembly's right of regulation in accordance with this Neighborhood Declaration and is also subject to any limitations that may be contained in the conveyance of that portion of the Neighborhood Commons to the Assembly.

Open-Air Markets, Festivals and Other Events. Vintage Township is intended to be a vibrant community with activity that brings people together. The Board may permit use of portions of the Neighborhood Commons for various events. The following are examples:

- Farmers' Market or other open-air market.
- Festivals, parades, block parties or other events intended to enrich and enliven the community.
- Private parties, weddings and events.

As part of these events, the Board may rent or assign space for pushcarts, kiosks, stands or temporary sales structures and may permit the erection of tents and banners. Such uses may be only for special events or on a recurring basis. However, other than where specified in this Neighborhood Declaration, no contract shall be for a period of longer than a year, including all renewal options. Any revenue from events is to benefit the Assembly, the Institute or other charitable or community-enriching organization.

Rules of Usage of Community Areas. Use of Neighborhood Commons must be in accordance with this Neighborhood Declaration, the Rules and Regulations, and for the use of parks, the following:

- a. An Owner or Occupant must arrange for the use of parks for any gathering, class, party, wedding or event through the Assembly. The Assembly may approve the functions in accordance with the Rules and Regulations and has the right to require evidence of compliance with the requirements of this Neighborhood Declaration and the Rules and Regulations and the right to bar use of the parks by anyone not complying with these provisions in advance or during an event. The Assembly may bar any Owner or Occupant from event use of the parks for a period of up to one (1) year for a violation of this Neighborhood Declaration. After two (2) violations and an opportunity to be heard before the Board, an Owner or Occupant may be permanently barred by the Assembly. The Assembly may charge a reasonable scheduling fee to cover costs associated with its duties under this section.
- b. Any Owner or Occupant conducting an event in a park must take the steps necessary to prevent the event from precluding reasonable use by others of the park; provided that portions of the park may have limited access for up to six (6) hours in a day, or such other time as approved by the Assembly.

c. Any Owner or Occupant conducting an event in a park must take the steps necessary to prevent the event or people arriving or departing from the event from unreasonably interfering with traffic around the park or damaging cars parked adjacent to the park. Any Owner or Occupant conducting an event in a park must take the steps necessary for the removal of all trash, signs, tables, chairs or other property associated with the event promptly following the event and for generally restoring the park to its pre-event condition.

d. Any Owner or Occupant conducting an event in a park shall be responsible for providing proper trash and recycling receptacles and rest room facilities for the event and for the prompt removal of these receptacles and facilities after the event and the proper disposition of trash and recyclables.

e. Any Owner or Occupant conducting an event in parks shall not charge a fee for access to the park, though fees may be charged for concessions or otherwise in accordance with the Rules and Regulations and applicable law.

Club Membership. The Assembly may permit limited use and access to non-Owners of all or a portion of the Neighborhood Commons and amenities, such as swimming pools, a snack bar, a weight room, and tennis courts, through the sale of recallable club memberships or other fees. Any such revenue is to benefit the Assembly. Occupants in the Commercial Districts are allowed to use the Assembly amenities, provided that they pay a fee to use the facilities that is equal to the fee (or portion of a larger fee) that the Assembly Owners are charged to use the same amenities.

Damage or Destruction of Neighborhood Commons. If any Neighborhood Commons or Improvements on a Neighborhood Commons is damaged or destroyed by an Owner or Occupant of a Parcel within Vintage Township, or by family members, guests (but not including individuals in Vintage Township as customers or clients of the Owner) or agents of the Owner or Occupant, the Owner shall be liable for such damage or destruction and the Owner must, within fifteen (15) days after it occurs, repair the damage in a good and workmanlike manner and restore any damaged Neighborhood Commons, Improvement or facility to its existing state before the damage or destruction occurred. In circumstances where the Assembly or the Founder determines that a shorter response period is appropriate, the fifteen (15) day period may be shortened. If the Owner does not repair the damage as described above, then the Founder or the Assembly may repair the damage at the Owner's expense. The Owner may also be charged a management fee if the Assembly is required to repair the damage on behalf of the Owner because the Owner does not repair the damage. If the damage is unsightly or dangerous as determined by the Founder or the Assembly at its sole discretion, the Founder or the Assembly has the right to repair the damage immediately and charge the Owner responsible for the damage for the cost of the damage plus a management fee after the repair has been completed. After thirty days written notice and an opportunity to be heard by the Board, the cost of the repairs becomes a Special Assessment on the Parcel of the Owner and constitutes a lien on the Owner's Parcel. This lien is collectible in the same manner as other Assessments set out in the

Neighborhood Declaration. The Founder or the Assembly may bring an action for damages, specific performance, declaratory decree or injunction, or any other remedy at law or in equity to enforce the provisions of this Section.

Delegation of Use; Sale. Any Owner may temporarily delegate his right of enjoyment in the Neighborhood Commons to any Occupants of the Owner's Parcel and to its customers, invitees or guests, subject to the terms of this Neighborhood Declaration and any Rules and Regulations established from time to time. This right cannot be conveyed except as an appurtenance to Parcels within Vintage Township. The Founder, the Assembly, or any owner of a portion of the Neighborhood Commons may dedicate or convey all or any part of such area to any public agency or authority with the consent of the Founder or, if the Founder no longer owns any property within Vintage Township, then with the consent of the Board.

Limitation of Liability. The Assembly is not an insurer of safety and makes no warranty and assumes no liability for any loss or injury.

Maintenance and Capital Improvements

The Assembly is responsible for the management, control and improvement of the Neighborhood Commons. At a minimum, it must keep the Neighborhood Commons clean and in good repair. The Assembly may also make capital improvements to the Neighborhood Commons and may modify the uses of the Neighborhood Commons. Any changes to the Neighborhood Commons must be approved in accordance with the architectural review standards of Chapter 4.

To the extent reasonably necessary, the Assembly has, and is hereby granted, an easement over each Parcel for maintenance of the Neighborhood Commons. The Assembly also has, and is hereby granted, an easement with respect to any improvements constructed on the Neighborhood Commons that unintentionally encroach on a Parcel, whether due to any minor deviation from the subdivision plat of Vintage Township or the settling or shifting of any land or improvements.

The Assembly is also responsible for maintaining certain parkways within Vintage Township as described in the Design Code.

Roads, Utilities, Drainage

The Assembly manages the various systems within the community that are part of the Neighborhood Commons. The Assembly has the benefit of certain easements, and also has the power to grant easements to others, such as granting to a utility company rights for utility installation and maintenance. The following are some of the Assembly's rights and responsibilities:

Common Road Regulation. To the extent permitted by law and City regulations, the Assembly may make Rules and Regulations concerning driving and parking within the Residential Neighborhood and may construct traffic calming devices as approved by the Board, with Founder approval during the Period of Founder Control, post speed limit or other traffic signs and take any other reasonable measures to discourage excessive speed and encourage safe driving on the Common Roads. While parking requirements for all uses in Vintage Township are set forth in the Zoning Ordinance, additional parking requirements, such as limiting parking duration or requiring decals for Owners or Occupants, may be set forth in an Owner's deed, in a Supplemental Declaration filed on a Parcel, or in the Rules and Regulations. Each Owner, Occupant, and their tenants and guests shall comply with all applicable parking requirements. Any failure to comply shall be a violation of this Neighborhood Declaration as well as a violation of the document creating the parking requirement. To the extent permitted by local government, the Assembly may enforce any violation in accordance with Chapter 2 and may tow offenders.

Surface Water or Stormwater Management System. The Assembly has the power to maintain proper drainage within the Residential Neighborhood. In the exercise of this power, the Assembly shall have a blanket easement and right on, over, under and through the ground within the Residential Neighborhood to inspect, maintain and correct drainage of surface water and other erosion controls. This easement includes the right to cut or remove any vegetation, grade soil or take any other action reasonably necessary for health or safety or to comply with governmental requirements. The Assembly shall notify affected Owners and Occupants (except in an emergency) and shall restore the affected property to its original condition as nearly as practicable.

Utility Easements. The Assembly has a blanket easement upon, across, over, through and under the Residential Neighborhood for access, installation, replacement, repair and maintenance of all public and private utility and service systems. These systems include, but are not limited to, water, sewer, irrigation, drainage, telephone, electricity, television, security, cable or communication lines and other equipment. By virtue of this easement the Assembly may install and maintain facilities and equipment, excavate for such purposes and affix and maintain wires, circuits and conduits. However, the exercise of this easement must not unreasonably disturb each Owner's reasonable use of his Parcel. If authorized by majority vote of the Board, the Assembly may assign all or a portion of its rights under this paragraph to one or more utility providers.

Police Powers. The Assembly has a blanket easement throughout the Residential Neighborhood for private patrol services and for police powers and services supplied by local, state and federal governments as needed to lawfully carry out their duties, including clearing emergency vehicle access. The reservation of such easement does not imply that any such service shall be provided.

Purchase or Conveyance of Neighborhood Commons

Purchase of Neighborhood Commons. The Assembly may acquire additional Neighborhood Commons. The decision to acquire additional Neighborhood Commons (other than that added by the Founder), whether by purchase or lease or other means, shall be authorized by 60% of the Board. If the purchase or lease is costly enough to be considered a substantial capital expense, it must be approved as described in Chapter 5.

Sale or Long-Term Lease of Neighborhood Commons. As described elsewhere in this chapter, the Board may rent or assign space in the Neighborhood Commons on a short-term basis for open-air markets, festivals, parties, weddings and other events and may dedicate part or all of the Neighborhood Commons to the public. Although it would be unusual, the Assembly may sell, donate or grant long-term leases for small portions of the Neighborhood Commons or exchange parts of the Neighborhood Commons for other property inside or outside Vintage Township when the Board finds that it benefits the community in at least one of the following two ways:

- The conveyance is intended to benefit the community in ways other than the revenue, if any, to be derived from the transaction. For instance, the Assembly may convey or exchange property if necessary to improve access to Vintage Township or to improve utility service. The Assembly may also convey property to the Institute or other community-oriented organizations.
- The revenue to be derived is significant and the use and appearance of the Neighborhood Commons is not significantly impaired. For instance, the Assembly might sell or lease small amounts of space for cellular telephone transmission equipment, subject to design approval in the architectural review process and required approvals by the City.

Any decision to donate, sell, exchange or lease any portion of the Neighborhood Commons must be approved by 60% of the Board and for as long as the Founder owns any Parcels in Vintage Township, the Founder. A transaction for sale, exchange or lease for a term of more than one year, including all tenant renewal options, cannot be completed until thirty days after notice to Owners. If requested by at least 10% of the Owners within the 30-day period, a special meeting must be held. Notice requirements for special meetings are described in Chapter 2 and in the Bylaws. If a quorum is present in person or proxy, the decision to purchase, sell, exchange or lease may be rescinded by a two-thirds (2/3) vote of the Owners present. Any contract with a third party for the purchase, sell, exchange or lease of the Neighborhood Commons should be contingent upon this right of rescission, unless the Board has previously passed a resolution describing the intended transaction and giving 30-days notice.

Except as specifically permitted by this Neighborhood Declaration, the Neighborhood Commons cannot be rented or sold.

Corrective Instruments. The Assembly, by approval of 60% of the Board, may also execute corrective instruments, settle boundary line disputes and resolve other title matters concerning the Neighborhood Commons.

Dedication and Condemnation

Dedication is the voluntary conveyance of title to a municipality or other governmental entity, while condemnation is the taking of property by a government or other authority having the power of eminent domain. Any dedication or conveyance is subject to acceptance by the applicable governmental agency.

Dedication. If any portion of the Common Roads has not previously been dedicated to the public, the Board may, by majority vote, cause the Assembly to convey title to or dedicate the Common Roads to the appropriate public authority. Any other dedication of the Neighborhood Commons must be approved in the same manner as a conveyance of the Neighborhood Commons.

Condemnation. If all or any part of the Neighborhood Commons is taken by, or an offer is accepted in lieu of condemnation from, any authority having the power of eminent domain, all compensation and damages shall be paid to the Assembly. The Board shall have the right to act on behalf of the Assembly with respect to any negotiation or litigation relating to the offer or taking.

Association Insurance and Reconstruction

Insurance can protect the Association's assets and financial security. However, insurance is a large and sometimes volatile item in the Association's budget. At least once each year, the Board should review types of insurance and terms and limits of coverage for insurance held by the Association. Changes in replacement costs or anticipated liabilities can make existing insurance coverage inadequate. In rare cases, if coverage becomes too expensive, the Association may make a decision to drop certain coverage or to take a higher deductible.

Types of Insurance. The following are examples of insurance the Association should consider:

- **Property and Casualty Insurance.** The Board shall obtain property and casualty insurance for Neighborhood Commons including structures or other improvements that can and should be insured for damage or other loss. Some policies provide coverage for "all risks" (or "perils") not excluded. Others insure against loss from named perils such as fire, vandalism, malicious mischief, earthquake and wind. If it is available, the Board should consider obtaining flood insurance (if in a flood-prone area). Care should be taken that sufficient coverage is obtained to comply with any co-insurance percentage

provided for in the policy. Preferably, the policy should stipulate an "agreed value" of the property to avoid the problems presented by a co-insurance provisions altogether.

- Commercial General Liability. The Board shall obtain commercial general liability insurance in such amounts as the Board determines, insuring against liability arising out of, or incident to, the membership and use of the Community Areas and any topographic conditions or water access located on or adjoining the Neighborhood. It should seek to extend the coverage to walkways. This insurance should provide that the acts of any given insured, if excluded from coverage, should not preclude coverage for the named insured or other insureds not involved in the acts or behavior triggering the exclusion.
- Director Liability Insurance. The Board may obtain liability insurance insuring against liability for actions taken by members of the Board, officers of the Association and advisory members in the performance of their duties. The Board may also obtain fidelity insurance for its employees.
- Other Coverage. The Board shall obtain and maintain workman's compensation insurance if and to the extent necessary to meet the requirements of law and such other insurance as the Board may determine or as may be requested from time to time by a majority vote of the Owners.

Repair and Reconstruction after Fire or Other Casualty. If improvements to the Neighborhood Commons are damaged, the Board shall arrange for and supervise prompt repair and restoration of the improvements. The Board obtains funds for repair or reconstruction first from the insurance proceeds, second from reserves for the repair and replacement of such improvements and third from any Special Assessments that may be necessary.

3.2 Physical Surroundings, Part II: Private Domains

The design for Vintage Township is intended to maximize land usage and sense of community by providing gracious squares and parks while offering intimate and private yards and gardens for individual use. Vintage Township follows principles of traditional neighborhood design, which uses the individual houses and other buildings to form the streetscape. Their facades help form the walls of “outdoor rooms” - comfortable spaces where residents can enjoy walking, playing and relaxing.

This chapter enables some of the special design considerations of traditional neighborhood development through easements and other provisions concerning the buildings and lots. A related chapter, Part II of Chapter 2, provides covenants for daily living.

Relationship Between Parcels

As provided by the Vintage Township Design Code, certain buildings within the Residential Neighborhood may be attached townhouses or the dwellings may be detached but placed on or near the property line. The easements in this section are intended to enable reasonable cooperation between neighboring Owners. The Assembly may make rules for maintenance and use of easement areas and shared improvements that are to be uniformly applied to all similarly configured Parcels.

Parcel Lines. The re-subdivision of any Parcel or the separate conveyance of any part of a Parcel other than as an easement is prohibited except if performed by the Founder. The specific consent of the Vintage Township Design Review Board (“DRB”) is required to otherwise modify the boundary lines of any Parcel. Additional approval by the City of Lubbock may also be required.

Structural Party Walls and Other Party Structures. Each Owner grants to the Owner of each adjacent Parcel the right and easement to maintain and to utilize any exterior or interior wall that forms a party wall between them. A wall will be considered a party wall only if it provides structural support for the buildings, or parts of a building, on more than one Parcel. Maintenance of each surface of the party wall shall be the sole responsibility of the Owner whose building faces such surface. Each Owner shall be liable and responsible for repairs if, in connection with that Owner’s use and maintenance of the party wall, or that of his agents or invitees, the Owner or his agents or invitees damages the adjacent Owner’s building or the wall itself. The cost of any other repairs to the party wall shall be shared equally by the adjacent Owners.

In addition to party walls described above, each fence, driveway or similar structure that is constructed as a part of the original construction of structures on Parcels, and any part of which is placed on the dividing line between separate Parcels and intended to serve the Parcels, shall be a party structure. The cost of maintaining such party structures shall be shared equally by the Owners of the Parcels served by the party structure. However, each Owner shall be liable and responsible for repairs if, in connection with that Owner's use and maintenance of the party structure, or that of his agents or invitees, the Owner or his agents or invitees damages the party structure.

If an Owner wishes to make a change to any party wall or party structure that may affect the appearance of the wall or structure from the adjoining Owner's side, or in any way may affect the adjoining Owner's use and enjoyment of the wall or structure, the Owner desiring to make the change must obtain written approval of the adjoining Owner, in addition to any approvals that may be required under the Community Development Agreement or the Neighborhood Declaration, prior to undertaking any changes.

Exterior Walls. An exterior wall which supports the building on only one Parcel, or which encloses a courtyard on one Parcel, shall not be considered a party wall. The Assembly may make Rules and Regulations concerning use and maintenance of such walls, including assigning responsibility between the adjoining Owners for painting and repair and granting access over the adjoining Parcel as reasonably necessary to maintain the wall. All such maintenance and repair shall be in accordance with the Assembly's Rules and Regulations.

Yard Easements. To allow the most efficient use of a Parcel while complying with governmental setback requirements, a portion of a Parcel along a lot line may be subject to an easement for use by the adjoining Parcel Owner. The Owner of a Parcel subject to such an easement will usually be the beneficiary of a similar easement burdening another Owner's Parcel, unless the Parcel is a corner lot or is larger than the adjoining Parcel. Such easements may be designated on the plat, in the Vintage Township Design Code or recorded in the deed from the Founder to the first Owner of the burdened Parcel. Such easement area may be up to four feet wide and shall run along a boundary line. Subject to regulation under the Vintage Township Design Code, the beneficiary of such an easement shall have the use and maintenance responsibility for the easement area and, subject to this Chapter 3, may place fences, patios and other non-permanent fixtures (but not primary structures or above ground HVAC equipment, decks, or other permanent fixtures) upon the easement area.

Roof Overhang; Footings; Encroachments. For certain building types, such as side yard houses, which are to be built along a property line, the Vintage Township Design Code may permit roofs, gutters, soffits, downspouts and other features to overhang this property line and may allow footings and rain leaders to intrude into the adjacent property. To the extent allowed by the Vintage Township Design Code and local governmental regulations, the adjacent property shall be subject to an easement for such intrusion. However, roofs, gutters, downspouts and rain

leaders may not discharge water onto the surface of the adjacent property as a point source. Each Parcel is also subject to a one foot wide easement for the benefit of each adjacent Parcel or Neighborhood Commons to accommodate any encroachment due to settlement or shifting of Improvements and to provide for maintenance for such encroachment.

Attached Townhouses or Row Houses Roof. If a townhouse or row house wall or parapet exists along or very near a property line, the Owner of the townhouse or row house to be constructed on the adjacent property shall have the right to flash into the existing building in accordance with industry standards in order to make the new building watertight. This right includes the right to make minor cuts on the existing building and to secure flashing or other materials to the existing building, so long as the structural integrity and water tightness of the existing building is not impaired. The cost of this flashing shall be borne by the Owner of the new building, but the maintenance of this connection shall be a shared expense between adjacent property Owners.

Zero Lot Line Easements. To allow maintenance, construction, or repair of structures on an adjoining Parcel while complying with governmental setback requirements, a portion of a Parcel along a lot line may be subject to an easement for use by the adjoining Parcel Owner. The Owner of a Parcel subject to such an easement will usually be the beneficiary of a similar easement burdening another Owner's Parcel, unless the Parcel is a corner lot or is larger than the adjoining Parcel. Such easements may be designated on the plat, in the Vintage Township Design Code or recorded in the deed from the Founder to the first Owner of the burdened Parcel. Such easement areas may be up to ten feet wide and shall run along a boundary line and may be used by the adjoining Parcel Owner to conduct maintenance, construction, or repair of structures on that adjoining Parcel. The adjoining Parcel Owner shall use best efforts to avoid destruction of vegetation within the easement area. The adjoining Parcel Owner must provide the Owner of the Parcel subject to such an easement with fourteen (14) days prior written notice before using the easement for maintenance, construction or repair activities.

Owner Insurance

The loss of a building due to fire or other casualty affects the entire block. Insurance is necessary to make sure that each Owner has the funds available to rebuild after a casualty.

Parcel Coverage. Each Owner shall obtain casualty insurance for Improvements on its Parcel. Coverage shall be in an amount not less than necessary to comply with the co-insurance percentage stipulated in the policy, but in any event not less than 80% of the value (based upon replacement cost) of the insurable improvements constructed on the Parcel. If requested by the Assembly, an Owner shall provide evidence of such insurance to the Assembly.

Casualty. If fire or other casualty damages or destroys a building or any other Improvements on a Parcel, the Owner of that Parcel shall proceed to rebuild and restore the Improvements to the condition existing immediately prior to such damage or destruction, unless other plans are

approved by the DRB. Construction and restoration must be diligently pursued and completed within a reasonable period of time. If the Owner fails to clear and secure the Parcel within 30 days after a casualty, the Assembly may, in accordance with the provisions of Part I of Chapter 3, remove debris, raze or remove portions of damaged structures and perform any other clean up the Assembly deems necessary to make the Parcel safe and attractive. The cost of such clean-up shall be assessed to the Owner as an Individual Parcel Assessment.

Quick View: Acquisition and Conveyance of Neighborhood Commons

	<i>Purpose:</i>	<i>Approval Process:</i>
Acquisition of Additional Neighborhood Commons	Benefit to Neighborhood.	Authorized by 60% of the Board. If purchase or lease is costly enough to be considered a significant capital expense, it must be approved as described in Chapter 5.
Grant of Easements	Provision or improvement of utility services.	Board may approve easements to utility providers by majority vote.
Short-Term Rental or Assignment of Portions of Neighborhood Commons	Events such as farmers' markets, festivals, block parties or private parties.	Board approval; term of no more than one year.
Sale, Donation or Long-term Lease of Portions of Neighborhood Commons	Beneficial use for community or significant income without significant impairment of Neighborhood Commons.	Sixty percent (60%) of Board and the DRB and Founder subject to Owners' right of rescission.
Dedication or Condemnation of Portions of Neighborhood Commons	Conveyance to a municipality or other governmental entity.	Board may approve dedication of streets by majority vote and may negotiate regarding condemnation. Other dedication subject to the same approval requirement as for a sale of Neighborhood Commons.

Dialogue

Q. Can an Owner get permission to have a private party on the Neighborhood Commons?

The Board will set policy from time to time concerning use of the Neighborhood Commons for private parties. If such use is permitted, the Board may limit the number of times an Owner may have a party on the Neighborhood Commons and may establish fees and other requirements for use.

4.1 Architectural Standards, Part I: Vintage Township Design Code; Town Architect; DRB

Improvements within Vintage Township will be designed and built by different homeowners, architects and builders. Each of these individuals will contribute to the shaping of the community.

The Vintage Township Design Code communicates the basic elements that are essential for creation of this residential community. It is intended to conform to “traditional neighborhood” or urban design principles and contains features of both a conventional architectural code and a zoning code. The architectural review process, set out in Part III of the Community Development Agreement, concerns all portions of the Vintage Township Design Code.

Copies of the Vintage Township Design Code are available from the Assembly, DRB or Founder. Because the Vintage Township Design Code may change from time to time, it is important that an Owner obtain approval based on the current version of the Design Code before undertaking any change or improvement of his or her property.

Town Architect

The Founder may appoint a Town Architect, whose job it is to understand, interpret and, when necessary, modify the Code. The Town Architect must have a professional degree in architecture or urban design from an accredited university or comparable qualifications and must have experience or training in traditional neighborhood or urban design, or other qualifications deemed appropriate by the Founder.

Founder and Vintage Township Design Review Board Roles

The community attracts its residents based on the anticipation that it will, in general, be constructed in accordance with the Founder’s vision. The Vintage Township Design Code represents a component of that vision. No Improvement will be made nor building permit for an Improvement sought without written approval of the Improvement by the DRB. The DRB will review Improvements using the Vintage Township Design Code procedures set forth in the Community Development Agreement, as it is amended from time to time. The DRB has the sole and absolute ability to review and approve applications.

4.2 Architectural Standards, Part II: Review Process

Initial construction is dramatic, as each street takes shape. The facades of the buildings and the streetscape landscaping form the community's outdoor rooms, and the community described by the Vintage Township Design Code springs to life.

However, Vintage Township will not be frozen in time. Communities, their needs and their built environments, continue to evolve after initial construction is complete. Homes are enlarged to suit a growing family. A tree falls and must be replaced. Children clamor for swimming pools, basketball hoops and swing sets. A puppy requires a fenced yard. The questions surrounding review of proposed modifications or alterations concern not just design but compatibility with the adjacent properties.

The Community Development Agreement outlines the method for review of both initial construction and modifications to ensure that as Vintage Township matures it continues to follow the vision set out in the Vintage Township Design Code. In the event of any conflict between this Neighborhood Declaration and the Community Development Agreement, the Community Development Agreement shall prevail.

Notice to Owners

The contract for the construction or modification of a home is negotiated between the Parcel Owner and the contractor. Neither the Founder nor the DRB are a party to that contract. Owners are ultimately responsible for assuring that the improvements constructed on the Parcel are in accordance with the approved plans and specifications. Because the Vintage Township Design Code and the applicable provisions of the Community Development Agreement may change from time to time, it is important that an Owner obtain or confirm that he or she has the current version of the Design Code and the applicable provisions of the Community Development Agreement before undertaking any change or improvements of his or her property. For the Owner's benefit, **contracts should require the contractor to build or modify the improvements in accordance with plans and specifications approved by the DRB.** Receipt of the DRB's Certificate of Completion indicating compliance with the approved plans and specifications should be a condition of final payment on the contract.

Enforcement

In addition to the enforcement provisions in the Community Development Agreement, if any construction or installation is begun which has not been approved or which deviates from approved plans and specifications, the Board may by majority vote approve any of the following actions on behalf of the Assembly:

- Require the Owner to resolve the dispute through binding arbitration,
- Seek an injunction requiring the Owner to immediately stop construction and remove or correct any improvements that are not in compliance with approved plans, and preclude the Owner's contractors, subcontractors, agents, employees, or other invitees of the Owner from continuing or performing any further activities on the Parcel.
- Bring suit seeking other remedies, including any combination of damages, specific performance, declaratory decree and/or permanent injunction or other remedy at law or in equity.

If the Assembly brings suit and the court finds that the construction was not approved or that the construction deviated from the approved plans or specifications, then the Assembly shall also be awarded reasonable attorney's fees and costs, even if the relief requested is not granted.

The DRB may require the builder or Owner to post a deposit from which the DRB may deduct published fines and costs of rectifying the deviation for failure to comply with the approved plans and specifications and rules for builder conduct. The collection of a fine shall not in any way diminish the available remedies at law or equity.

Failure to enforce any provision of this Chapter shall not be deemed a waiver of the right to do so at any time thereafter.

Quick View: The Town Architect and the DRB

	Town Architect	DRB
Role	Helps to interpret the Code. Suggests modifications when appropriate. Sits on the DRB.	Reviews applications for new construction and modifications to existing improvements.
How Selected	Selected by the Founder.	The Town Architect is a member and the Founder may select a representative. Once the Founder can no longer appoint members of the DRB, or chooses not to appoint the members of the DRB, the members shall be selected as follows: The new DRB shall consist of either three or five members. For a three-member DRB, the Assembly and the Commercial Association shall each appoint one members to the DRB. For a five-member DRB, the Associations shall each appoint two members. The Founder may appoint the final members of the DRB, but if it chooses not to do so, the remaining DRB members shall choose the additional members.
Qualifications	Must have a professional degree in architecture or urban design from an accredited university or comparable qualifications, or qualifications deemed appropriate by the Founder.	No requirements.
Primary Source of Funds	Salary as approved by Board or the Design Review Board.	Application fees are to cover cost of operation. After the period of Founder control, the Assembly funds any deficit.

Dialogue

Q. Is the Town Architect the architect who designed the community?

The architect who designs the Master Plan for the community will not necessarily be named the Town Architect. The Town Architect is not responsible for designing individual houses but can facilitate the design of houses consistent with the overall design vision for the neighborhood.

Q. If it's my house, why can't I do what I want with it?

By taking title to property in the Residential Neighborhood, Owners have agreed to the provisions of this Neighborhood Declaration and other recorded instruments placing certain restrictions on the use of the property. Texas courts have consistently enforced architectural review requirements contained in recorded instruments.

Q. Isn't injunction a harsh remedy?

The right to seek an injunction is the most powerful tool available to the Assembly. Money damages are usually an inadequate remedy for failure to comply with architectural review provisions as it is difficult for the Assembly to prove the financial damage caused by an Owner's failure to comply with architectural review provisions. However, an injunction gives the Assembly the ability to require an Owner to comply with the approved plans and specifications, regardless of a lack of financial damage and regardless of the cost to the Owner of making such a change.

For instance, if an Owner specifies one type of windows in the approved plans and specifications, but then substitutes another during the course of construction, it can be quite expensive for the Owner to remove the incorrect windows and replace them with the correct windows. The power to require that change is the greatest tool the Assembly has to keep the Owner from succumbing to the temptation to substitute unapproved windows. Unless the recorded documents allow this powerful tool, a court might hesitate to grant such a remedy.

5.1 Finance, Part I: The Assembly Budget

The Board is responsible for managing the Assembly's financial affairs. Although the Directors cannot be expected to make perfect decisions, the Directors are required to act in accordance with good faith judgment concerning the best interests of the Assembly.

Accounting

The Assembly has two kinds of accounts: operating funds and reserve funds. Operating funds must be easily accessible and are used for day-to-day expenses. Reserve funds are the Assembly's savings and are to be invested to pay for major repair and replacement of the Neighborhood Commons.

The Assembly must prepare annual statements of its income and expenses, which are to be made available to each Owner. Unless required by law or the Board, annual statements do not need to be audited.

Budget

Financial planning begins with the annual budgeting process. The fiscal year of the Assembly begins January 1 of each year and ends on December 31 of that year, unless the Board selects a different fiscal year. The Board may appoint a committee to undertake the preparation of the budget, including holding hearings for Owners. At least two months before the end of the fiscal year, the Board or its budget committee shall hold a budget meeting to consider the proposed budget for the coming year. Notices of budget meetings are to be posted so that Owners can attend. The budget is adopted by majority vote of the Board. At least two weeks before the fiscal year to which the budget applies, the Board shall send to each Owner a copy of the budget and notice of the amount of the General Assessment each Owner will owe.

Balancing a Budget. Like any budget, the Assembly's budget has two main categories: expenses and income. The Board is responsible for estimating the expenses of the Assembly for the upcoming year and then setting General Assessments—the Assembly's main source of income—at a level high enough to pay for the anticipated expenses. (The Assembly may have other minor income sources, such as interest on its accounts.)

Expenses. Some of the expenses to be included in the budget are mandatory, such as taxes, insurance and required maintenance of the Neighborhood Commons. Anticipated fees for

professional management of the Assembly, accounting services, legal counsel and other professional services should also be included in the budget. In addition, the Assembly must include in its budget support for the Institute in an amount to be determined by the Assembly Board. The Assembly also needs a certain amount of working capital—the cash flow necessary to make sure bills can be paid on time. Reserves, as discussed further below, should be considered. The Board may add to the budget the cost of improvements it would like to make to the community.

Budget Review. If General Assessments on Parcels are to be increased by more than 15% per parcel when compared to the previous year's General Assessment, and review is requested by petitions signed by at least 10% of all Owners requesting review within thirty (30) days after the budget is delivered to Owners, the Board is to call a special meeting to present the budget and to answer any questions. After presentation, the budget is deemed approved unless a quorum of the Owners is present and a majority of the voting interests reject the budget. If the budget is rejected, the Board must approve a new budget within ten (10) days and send a copy to each Owner. If, under the new budget, the General Assessments are to be increased by more than 15% per parcel, then the budget must be reviewed again according to the provisions of this paragraph.

Interim Rules. If the budget is challenged or if for any other reason the Board is late in approving the budget, Owners are not released from their obligation to pay General Assessments whenever the amount of such assessments is finally determined. Until a new budget is approved, each Owner must continue to pay the assessment at the rate established for the previous fiscal year.

Reserves and Deferred Maintenance

Although not required, it is recommended that the Assembly establish reserves for deferred maintenance, which are significant expenses that occur infrequently (in most cases, no more frequently than every five years). Without sufficient reserves, the Assembly will be required to levy a Special Assessment when these major expenses arise. Costs that occur more frequently or that are less expensive can probably be handled as an ordinary expense, although reserves may be established for these costs as well.

Using Reserves. When it is time to perform deferred maintenance, the Board can authorize use of the appropriate reserve fund. Reserve funds are an estimate; sometimes one reserve fund will have excess funds while another will not have enough. If specifically authorized by the Board, reserves set aside for one purpose may be used for another purpose. (For instance, money set aside for resurfacing streets may be used for re-roofing a building.)

Calculating Reserves. The amount of reserve required is based on the life expectancy of the item, its replacement cost and the amount of money already in the fund. Different items will

require different calculations and different reserve funds. Once the amount of the reserve is determined, the reserve funds may be included in the budget and funded each year from General Assessments.

Investing Reserves. Although separated for the Assembly's internal Neighborhood Declaration keeping purposes, the various reserve funds can be deposited in a single bank or investment account, to be invested in a prudent way. Because the reserves are the Assembly's savings, reserves must be kept in an account separate from the Assembly's operating account and must require more than one signature to be accessed.

Excess Reserves. If there is an excess of reserves at the end of the fiscal year, the Board may decide to reduce the following year's assessments for reserves. If 60% of the Board determines (by vote) that a reserve is no longer necessary for its original purpose, the Board may assign all or part of the funds to a reserve for another purpose, or allocate the funds to the Assembly's operating account.

Unanticipated or Extraordinary Expenses

Sometimes extraordinary expenses will arise during the year that the Assembly has no choice but to pay. This may include any unexpected expenditures not provided by the budget or unanticipated increases over the budgeted amounts. If insurance rates rise dramatically, an insurance bill may be much higher than budgeted. A casualty may cause extensive landscape damage that is not covered by insurance. When the Assembly is faced with an expense that cannot be paid from operating funds, it has two choices:

Special Assessment. The Board may impose a Special Assessment for any unusual or emergency maintenance or repair or other expense that this Neighborhood Declaration or the law requires the Assembly to pay, or for deferred maintenance or replacement for which reserves are insufficient. Special Assessments require approval by 60% of the members of the Board. The Board may choose to spread the Special Assessment over a period of up to five years.

Using Reserves. If specifically authorized by the Board, reserves may be used for extraordinary expenses that are not included in the annual budget. However, rebuilding that reserve should be a priority in the next budget. A Special Assessment may be used to pay back the reserve fund.

Capital Improvements

Most of the Assembly's expenses for the Neighborhood Commons are considered maintenance -- repairing and replacing original improvements. However, the Assembly may wish to change or add to the Neighborhood Commons' facilities. Not all capital improvements are expensive. These changes can be as small as a new park bench or as large as a new building. (Conversely, not all major expenses are capital improvements: resurfacing a swimming pool is deferred

maintenance, not a capital improvement.) Alterations and new improvements, except those proposed by the Founder, must go through the architectural review process.

Assembly expenditures for most capital improvements may be approved by the Board without membership approval, however, Founder approval for all capital improvements is required during the Period of Founder Control. Any Substantial Capital Improvement to the Neighborhood Commons approved by the Board must be ratified by a majority of the Owners, and the Founder during the Period of Founder Control. A capital improvement will be considered substantial if the cost to the Assembly of the improvement is more than six percent (6%) of the Assembly's annual budget or if, when added to other capital improvements for the fiscal year, the sum is more than ten percent (10%) of the Assembly's annual budget. If the substantial capital improvement is approved by the Owners, and the Founder during the Period of Founder Control, the Board shall determine whether it is to be paid from General Assessments or by Special Assessments, which the Board may spread over a period of time up to five years.

Zone Expenses

Zones are intended to provide a flexible means for providing additional maintenance or capital improvements to a portion of the Residential Neighborhood that has special needs. Vintage Township has the following zones:

Zone	Lots in Zone
Bungalow #1	Lots #1-7 and Lots #25-30
Townhome # 1	Lots #38 through #44

Zone boundaries may be designated at the time of the addition of the property by Supplemental Declaration or at any later time by the Board. Some expenses apply only to a certain Zone within the Residential Neighborhood:

- Capital Improvements. Any Zone may, by two-thirds (2/3) vote of the Owners within that Zone and approval of the Board, vote to assess all Owners within the Zone for capital improvements to Neighborhood Commons that will primarily benefit that Zone.
- Additional Services. Any Zone may, by majority vote of the Owners within that Zone and approval of the Board, vote to assess all Owners within the Zone for maintenance or services in addition to those normally provided by the Assembly. For front-yard landscape maintenance, the Board may define a Zone by Parcel type and may approve landscape service for that Zone, which shall be effective unless a majority of the Owners within that Zone object in writing to the landscape service.

If the assessment is approved, it will be assessed to and allocated among all Owners within that Zone or designated group as Individual Parcel Assessments.

Zones may be combined for such assessments. If more than one Zone is to vote, the Board shall determine whether approval and assessment is to be by Zone or by the combined group of Zones. If a group smaller than a Zone wishes to be assessed for capital improvements or services, all of those being assessed must agree to the assessment.

Contract for Maintenance

The Assembly may, but is not obligated to, act as agent for an Owner, if so requested by that Owner, to contract for routine maintenance and other services not required to be provided by the Assembly, the cost of which will be assessed to that Owner as an Individual Parcel Assessment. The terms and conditions of all such contracts are at the discretion of the Board.

5.2 Finance, Part II: Assessments

The cost of meeting the Assembly's expenses is divided among all the Owners by the assessments levied on Parcels.

Allocation of Assessments

The common expenses of the Assembly are to be allocated among the Parcels in accordance with the relative values described in the adjacent table. The allocation of the common expenses of the Assembly may be calculated for each Parcel by dividing the relative value assigned that Parcel, as shown in the adjacent table, by the sum of the values of all Parcels within the Residential Neighborhood. These are the Assessment Interests.

A single outbuilding with a studio or one-bedroom apartment is not subject to assessment if the primary residence on the Parcel is assessed at 1.0 or greater.

<i>Parcel Type</i>	<i>Relative Value</i>
Townhome	0.5 per Residential Unit
Multi-family	0.5 per Residential Unit
Cottage (Small or Large)	0.8 per Residential Unit
Village	0.9 per Residential Unit
Neighborhood	1.1 per Residential Unit
Large Neighborhood	1.3 per Residential Unit
Manor	1.5 per Residential Unit
Estate	1.7 per Residential Unit
Special Use Parcel	Determined by the Founder based on anticipated use

If an Owner combines two Parcels or parts of Parcels and uses them as a single Parcel, the Assembly may assess them as a single Parcel or by such other formula as is adopted by the Board and consistently applied.

Exempt Community. The following portions of Vintage Township shall be exempt from the Assessments and liens created herein: (i) all property owned by the Founder except for any Parcel owned by the Founder on which a Building has been constructed, in which case the assessments shall commence on the first day of the month following the date on which the applicable Governmental Entity issues a certificate of occupancy (temporary or permanent) or receives final inspection for the Building, (ii) all properties dedicated to and accepted by a public authority, (iii) all Neighborhood Commons, and (iv) any Parcel deemed exempt pursuant to the

Paragraph below regarding Non-Profit Entities. Collectively, the property referred to in items (i) through (iv) of the preceding sentence shall constitute the "Exempt Community."

Non-Profit Entities. Parcels that are used by non-profit entities primarily for the benefit of residents of the Residential Neighborhood may have a zero allocation. The Founder may grant such exempt status of record at any time up to and including the time of conveyance of the Parcel to someone other than the Founder. Once granted, such exempt status continues so long as the use of the Parcel remains substantially the same. The Board also has the authority to grant exempt status for qualified entities upon terms and conditions established by the Board. Although assessments may be reduced for Parcels owned by certain non-profit entities, the Owners of such Parcels must still meet all Design Code requirements and all other requirements of this Neighborhood Declaration.

Determination by Assembly. The Board, using reasonable discretion, has the authority to determine the type of Parcel and may establish rules for the assessment of unimproved lots, determination of residential and commercial use and other matters relating to assessment. The Assembly's agent may enter and examine buildings at reasonable times for assessment purposes. An Owner shall have the right to a hearing before the Board to appeal an assessment evaluation; however, the decision of the Board after the hearing is final.

Transfer Fees

Certain assessments are paid upon the conveyance of property:

- **Capital Contribution.** At the closing and transfer of title of each Parcel to any Owner other than the Founder or a builder, for resale, the purchasing Owner shall contribute an amount equal to three months' installments of the General Assessment. This contribution is to be deposited in the general funds of the Assembly for start-up expenses of the Assembly and for working capital for the Assembly and shall not be considered as a prepayment of General Assessments.
- **Institute Contribution.** To fund the Institute's arts, cultural and community projects, the seller of a Parcel shall pay an Institute Contribution to the Institute whenever a Parcel is conveyed to a new Owner other than the Founder or its designated entities or a builder for resale, in an amount, as determined from time to time by the Board of the Assembly, up to one percent (1%) of the purchase price. If the seller fails to pay the Institute Contribution, the buyer shall be responsible for this contribution. A conveyance from the Founder or its designated entities to a new Owner shall not subject the seller or the buyer to the requirement to pay the Institute Contribution. A conveyance from a builder who purchased a Parcel for resale shall not be subject to the requirement to pay an Institute Contribution upon resale of the Parcel to a new Owner. After establishment of the Institute, the Assembly shall, if requested by the Institute, collect the Institute

Contribution as agent for the Institute. The Institute shall have authority to enforce collection of Institute Assessments in the same manner as the Assembly may enforce collection of General and Special Assessments. This provision relating to the Institute Contribution shall not be amended unless by an affirmative vote of eighty percent (80%) of the Owners within the Residential Neighborhood.

The Capital Contribution (if then applicable) and Institute Contribution are not required to be paid by an institutional first mortgagee who acquires title as the result of a foreclosure or deed in lieu, but shall be paid by a third-party purchaser at foreclosure or upon the conveyance by the mortgagee to a subsequent Owner.

The Institute. Neither the Founder nor the Assembly shall have any obligation to maintain the Institute after it is created. If the Institute ceases to exist, then the Assembly may elect to: (i) continue to collect the Institute Contribution, but utilize the collected funds for arts, cultural and community projects; (ii) direct the funds to another charitable organization having a similar purpose as the Institute; or (iii) discontinue collection of the Institute Contribution.

Collection of Assessments

Each Owner is required to pay all Assessments (General Assessments, Special Assessments, Individual Parcel Assessments, Zone Assessments, Capital Contribution and Institute Contributions) assessed to that Parcel. If more than one Person owns a Parcel, each titleholder (e.g., the husband and the wife) is joint and severally liable for the payment of all Assessments. The Assembly has the right to institute reasonable policies concerning late fees and interest, which such Owner is also required to pay.

Owners pay Assessments in the manner and on the dates the Board established. At Closing on each Lot, Owners shall be required to either provide a credit card number against which the Board may charge Assessments or identify a bank account from which the Board may draw Assessments. The Board may require advance payment of Assessments at closing of the transfer of title to a Parcel and may impose special requirements, including pro-rated monthly or quarterly payments for Owners with a history of delinquency. If the Board elects, Assessments may be paid quarterly or in monthly installments. Unless the Board establishes otherwise, Assessments shall be paid in monthly installments.

Collection Costs. If any Assessment is still delinquent ten (10) days after the Assembly has delivered a warning letter to the Owner's last known address, the Assembly has the right to also charge the Owner with the Assembly's collection costs, including a reasonable attorney's fee, whether or not suit is brought. The Assembly may also establish late fees for delinquent payment of assessments.

Legal Remedies. The obligation to pay Assessments and costs is both a personal obligation of each Owner and a lien on the Parcel. (The past-due Assessments, plus late-fee, interest to the time of collection and the Assembly's attorney's fees and other collection costs are called the "Assessment Charge.") The Assembly may bring an action at law against the Owner or Owners personally obligated to pay the Assessment Charge, or may foreclose the lien in the manner permitted by the Texas Property Code, or both.

- **Personal Obligation.** The Assessment Charge shall be the personal obligation of each person or entity that was the Owner of the Parcel at the time when the Assessment Charge was levied, and of each subsequent Owner. No Owner may waive or otherwise escape liability for the Assessment Charge by abandonment of the Parcel.
- **Creation of Lien.** The Assessment Charge shall also be a continuing lien upon the Parcel against which the Assessment Charge is made. This lien, in favor of the Assembly, shall secure the Assessment Charge which is then due and which may accrue subsequent to the recording of the claim of lien and prior to entry of final judgment of foreclosure. Any subsequent Owner of the Parcel shall be deemed to have notice of the Assessment Charge. The lien shall be prior to all other subsequent liens and encumbrances except (i) real estate tax liens on that parcel, (ii) liens and encumbrances recorded prior to the recordation of the Neighborhood Declaration, and (iii) sums unpaid on and owing under any mortgage or deed of trust recorded prior to the perfection of the lien for Assessments. The provisions of this paragraph do not affect the priority of mechanics' and materialmen's liens.

The Assembly may bid for an interest in any Parcel foreclosed at such foreclosure sale, may acquire a Parcel, and may subsequently hold, lease, mortgage and convey the acquired Parcel.

Other Remedies. The Assembly shall have the right to suspend the voting rights and, subject to Section 209.006 of the Texas Property Code, the right to use of the Neighborhood Commons by an Owner, and may prohibit the leasing of the Parcel for any period during which any Assessment against the Parcel remains unpaid. The Assembly may also suspend any services that it provides to the Parcel until the past due and unpaid Assessments are paid in full.

Subordination of Lien to Mortgages. The lien upon each of the Parcels securing the payment of the Assessment shall be prior to all other liens except (i) real estate tax liens on such Parcels and other liens having priority as a matter of law, (ii) liens and encumbrances recorded prior to this Neighborhood Declaration, and (iii) sums unpaid on and owing under any Mortgage recorded prior to the perfection of such lien, whether or not such sums are advanced before or after the filing of the lien notice filed in the Clerk's Office as to such Assessments.

Notice to Purchasers

If there are any Assessments unpaid on the Parcel, you will automatically become liable for those Assessments when you accept a deed. **You should contact the Assembly before purchasing a Parcel to make sure no Assessments are owed.** You should also inquire about Special Assessments which may have been assessed but which are not yet owed.

The Treasurer of the Assembly, or managing agent if one has been employed by the Board, upon request of any Owner or contract purchaser, will furnish a certificate signed by a member of the Board or individual designated by the Board stating whether assessments are paid to date by that Owner and whether any Special Assessments have been levied. Such a certificate, when signed by the appropriate individual designated by the Board, may be relied upon by a good faith purchaser or mortgagee. The Assembly may charge an amount for such statements in accordance with the Texas Property Code.

Notice to Owners

The Vintage Township Public Improvement District ("PID") also has the right to levy assessments on Owners within Vintage Township. Such assessments are controlled by the PID and must be paid as directed by that entity. PID assessments are not to be paid to the Assembly and the Assembly shall take no responsibility for PID assessment payments that are sent to the Assembly.

Quick View: Types of Assessments

	<i>What it's for....</i>	<i>How it's assessed...</i>
General Assessments	All of the regular, budgeted expenses of the Assembly, including the establishment of reserves.	Annually, payable in installments, based on the budgeted expenses of the Assembly.
Special Assessments	Substantial Capital Improvements approved by the Owners, or any unusual or emergency maintenance or repair or other expense that the Assembly is required to pay and for which there is not enough money in the reserves.	As needed. At the discretion of the Board, payment of a Special Assessment may be spread over a period of time, up to five years.
Individual Parcel Assessment	Any special services to that Parcel or any other charges designated in this Neighborhood Declaration as an Individual Parcel Assessment.	As needed.
Zone Assessments	Any services for a particular Parcel in a specific Zone.	As needed.
Capital Contribution	Start-up expenses and working capital for the Assembly.	Payment equal to three months General Assessments upon sale to first Owner.
Institute Contribution	Funding of the Institute's art, cultural and community activities.	Payment of up to 1% percent of the purchase price every time the Parcel is conveyed, other than certain conveyances to the Founder, builders or mortgagees.

Dialogue

Q. If I don't believe the Assembly is doing a good job, can I withhold assessments?

A. No. Dissatisfaction with the Assembly is not a legal defense to an assessment collection case. Other avenues, such as discussion at meetings, volunteering for committees or running for the Board, are available to improve the Assembly's performance.

Q. Is the Capital Contribution for capital improvements?

A. No. The terminology is confusing, but the drafters chose to keep the two meanings of “capital” because both are commonly used in community associations. The Capital Contribution goes to the “working capital” or capital reserves of the Assembly—the cash flow the Assembly needs to be able to pay bills while waiting to collect assessments.

Q. Can a company owned or controlled by a Director do business with the Assembly?

A. There is no prohibition against such contracts. However, when the Board considers the contract, the Director should disclose the interest in the company. In addition, a majority of the remaining uninterested Directors must authorize, approve, or ratify the contract (except that a single Director may not authorize, approve, or ratify such a transaction) and the terms of such contracts must be fair and reasonable—in general, comparable to what would be charged by an outside company.

6 The Future

It's impossible to envision all the things that might happen as Vintage Township grows and matures. This Neighborhood Declaration tries to give the residents the tools and flexibility they need to confront issues as they arise.

Additional Assembly Powers

To the extent permitted by law, the Assembly may, but is not obligated to, provide the following services or engage in the following activities:

- Provide water, sewer, irrigation systems, drainage, telephone, electricity, television, security, cable television or communication lines and other utility services; supply of irrigation water; garbage and trash collection and disposal; laundry equipment or service;
- In areas other than the Neighborhood Commons, provide natural systems management, insect and pest control, improvement of vegetation and wildlife conditions, pollution and erosion controls;
- Emergency rescue, evacuation or safety equipment; fire protection and prevention; lighting of common roads which are not dedicated roads; restricted or guarded entrances, traffic and parking regulation and security patrols within the Residential Neighborhood;
- Transportation; day care and child care services; landscape maintenance; and recreation, sports, craft and cultural programs in areas other than the Neighborhood Commons; and newsletters or other information services;
- Maintenance of easement areas, public rights-of-way and other public or private properties other than the Neighborhood Commons located in the Residential Neighborhood if their deterioration would affect the appearance of or access to the Residential Neighborhood; and
- Any other service allowed by law to be provided by a property owners' association organized under the Texas Property Code.

The Board may, by majority vote, initiate or terminate any of the above services, which shall take effect sixty (60) days after notice to the Owners, except in an emergency. As determined by the Board depending upon the nature of the service, the cost of any such additional service may be part of the common expenses of the Assembly, may be assessed as an Individual Parcel

Assessment to affected Parcels or may be provided on a fee-for-service or other reasonable basis as determined by the Board. If requested by petitions signed by at least 10% of the Owners, a special meeting may be called and, if a quorum is present, the Board' action to initiate or terminate an additional service under this section shall be repealed by majority vote of the Owners.

Amendment

The Founder may amend this Neighborhood Declaration (i) to conform to the requirements of the Federal Home Loan Mortgage Corporation, Veterans Administration, Federal National Mortgage Assembly or any other generally recognized institution involved in the guarantee or purchase and sale of mortgages, (ii) to conform to the requirements of institutional mortgage lenders or title insurance companies, (iii) to clarify the Neighborhood Declaration's provisions or correct errors or inconsistencies, (iv) to subject additional property to this Neighborhood Declaration or in connection with Supplemental Declarations or to withdraw property from the Residential Neighborhood, (v) to change a name pursuant to the Community Development Agreement, or (vi) to conform to any law then in effect.

The Founder may amend this Neighborhood Declaration without approval by the Owners or the Board during the period of time that the Founder has the right to appoint a majority of the directors of the Board. This Neighborhood Declaration may also be amended at any time by an instrument signed by the President or Vice President and Secretary of the Assembly, certifying approval in writing by Owners representing two-thirds (2/3) of the voting rights, with the following limitations:

- Provisions concerning voting rights and allocation of assessments cannot be amended without the consent of two-thirds (2/3) of each category of affected Parcel Owners.
- Rights reserved to the Founder may not be amended without the specific consent of the Founder.

Any amendment takes effect upon its recordation in the public records of the Office of the County Clerk of Lubbock County, Texas.

Duration

The covenants and restrictions contained in this Neighborhood Declaration shall run with and bind the Residential Neighborhood and shall inure to the benefit of and be enforceable by the Founder, the Assembly and its Board, and all Owners of the Assembly, their respective legal representatives, heirs, successors or assigns for twenty-five (25) years, and shall be automatically extended for each succeeding twenty five-year period unless an instrument signed by Owners representing 80% of the voting rights in the Assembly shall have been recorded, agreeing to terminate the Neighborhood Declaration as of a specified date.

This Neighborhood Declaration may also be terminated in any of the following ways:

- The Neighborhood Declaration may be terminated at any time by the consent in writing of three-quarters (3/4) of all Owners.
- Dedication of Neighborhood Commons. The Neighborhood Declaration may be terminated by consent in writing by Owners representing at least three-quarters (3/4) of the voting rights in the Assembly, if the Neighborhood Commons have been accepted for dedication or taken by eminent domain by the appropriate unit of local government (except that footpaths between two Parcels may be divided evenly between the adjacent Parcel Owners in accordance with this Chapter) or another successor entity organized under the same principles and standards as set forth in this Neighborhood Declaration.

7 Definitions

Affiliate of the Founder. The “Affiliate of the Founder” means any Person directly or indirectly controlling, controlled by or under common control with the Founder. “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise, and the beneficial ownership of shares representing 10% or more of the votes entitled to be cast by a Person’s voting shares.

Articles. “Articles” are the Articles of Incorporation of the Assembly.

Assessments. “Assessments” is the collective term for the following Assembly charges, all as further described in Chapter 5:

- **General Assessment.** The “General Assessment” is the amount allocated among all Owners to meet the Assembly’s annual budgeted expenses.
- **Individual Parcel Assessment.** An “Individual Parcel Assessment” is a charge made to a particular Parcel Owner for charges relating only to that Parcel.
- **Special Assessment.** A “Special Assessment” may be charged to each Parcel for capital improvements or emergency expenses.
- **Zone Assessment.** A “Zone Assessment” is a charge made to a particular Parcel for expenses relating only to Parcels in that Zone.
- **Capital Contribution.** With certain exceptions as described in Chapter 5.2, a “Capital Contribution” is paid upon sale to the first Owner, for start-up expenses and working capital for the Assembly.
- **Institute Contribution.** An “Institute Contribution” to benefit the Institute is paid upon each sale other than to the Founder or its designated entities, a builder, or the resale of a Parcel from a builder to a new Owner.

Board. “Board” is the Board of Directors of the Assembly.

Building. “Building” shall have the meaning set forth in the building code for the City of Lubbock, Texas

Bylaws. The term “bylaws” refers to the bylaws of the Assembly, as amended from time to time.

Certificate of Completion. The DRB issues a “Certificate of Completion” in recordable form upon correction of all deficiencies noted in the Certificate of Substantial Conformance.

Certificate of Substantial Conformance. The DRB issues a “Certificate of Substantial Conformance” when the primary building and landscaping are completed in substantial compliance with the approved plans and specifications. The certificate describes any minor areas of deficiency that need to be corrected.

City. The “City” is the City of Lubbock, Texas.

Clerk’s Office. The “Clerk’s Office” is the Office of the County Clerk of Lubbock County or such other place in the City of Lubbock where real estate documents and records relating to title to real estate are maintained.

Commercial Property. “Commercial Property” is a Parcel used for office or other retail use, and does not include a live/work Parcel, the Residential Units of a mixed-use Parcel, or a home office on an otherwise Residential Parcel.

Common Roads. “Common Roads” are the streets and alleys located within the Residential Neighborhood that are intended for automobile traffic. Most of the Common Roads are intended to be dedicated to the public. Any Common Roads not dedicated to the public shall be part of the Neighborhood Commons.

Community Development Agreement. The “Community Development Agreement” is the Vintage Township Community Development Agreement, recorded in the Office of the County Clerk of Lubbock County, Texas, as amended from time to time. The Community Development Agreement establishes architectural control, reserves certain rights to the Founder and places other restrictions on the use of Vintage Township.

DRB. The “DRB” is the Vintage Township Design Review Board.

Founder. The “Founder” is Vintage Land Company, Ltd., a Texas limited partnership and its successors as Founder.

Improvements. “Improvements” mean any Buildings, underground installations, slope alterations, lights, roads, driveways, utility facilities and lines, parking areas, fences, satellite dishes, rooftop installations, screening walls and barriers, retaining walls, stairs, decks, windbreaks, plantings, planted trees or shrubs, poles, signs, loading areas and any Structures or landscaping improvements of every type and kind.

Including. Wherever the term “including” occurs in this Neighborhood Declaration, it shall be interpreted broadly and without limitations as “including but not limited to”.

Lot. “Lot” means any portion of Vintage Township now or hereafter designated as a Lot or parcel of land (other than Neighborhood Commons, dedicated public roads, or other areas dedicated to public use) on a recorded plat of subdivision or resubdivision of Vintage Township or on a governmental approved site plan, and a unit in a condominium. If no plat is recorded, a Lot is each parcel of land (other than Neighborhood Commons, dedicated public roads, or other areas dedicated to public use) conveyed as a separate parcel of real estate, and includes any Improvements now or hereafter constructed on the Lot.

Member. Each adult owner of property in the Residential Neighborhood in Vintage Township is a “Member” of the Assembly.

Mortgagee. A “Mortgagee” is the holder of a mortgage.

Assembly. “Assembly” is Vintage Township Assembly, Inc., a Texas non-profit corporation.

Neighborhood Commons. “Neighborhood Commons” comprises real property within the Residential Neighborhood as designated on a plat or specifically conveyed to the Assembly, for the common use and enjoyment of all Owners. “Neighborhood Commons” also include any improvements on that real property, all utilities, utility easements and other easement rights or personal property for the Owner’s common use, and any other property of any type specifically designated as Neighborhood Commons. The Neighborhood Commons may include areas dedicated to the public to the extent that the Assembly agrees to maintain, or is required to maintain, such property.

Neighborhood Declaration. The “Neighborhood Declaration” is this Vintage Township Neighborhood Declaration, as recorded in the records of the Office of the County Clerk of Lubbock County, Texas, as amended from time to time.

Occupant. “Occupant” means any Person who occupies and/or who is entitled to use a part of Vintage Township as Owner, lessee or licensee, or in any other capacity other than as the beneficiary of an easement.

Owner. “Owner” is the record owner, whether one or more persons or entities, of fee simple title to any Parcel. Owners shall not include those having such interest merely as security for the performance of an obligation, or condominium associations (but shall include the condominium Owners individually).

Parcel. A "Parcel" means any plot or parcel of land designated for separate ownership or occupancy in the Neighborhood other than a common area, and a unit in a condominium association.

Period of Founder Control. The "Period of Founder Control" under the Neighborhood Declaration is that period during which the Founder may appoint the majority of the Directors on the Board.

Person. A "Person" is any natural person, corporation, partnership, trust, limited liability company, or other entity

PID. The "PID" is the Vintage Township Public Improvement District.

Residential Property. "Residential Property" is all property that is subject to the Neighborhood Declaration, plus additions and less withdrawals made according to the terms of the Neighborhood Declaration.

Residential Unit. A "Residential Unit" is an individual dwelling unit such as a single-family residence, townhouse or other attached dwelling (such as each half of a duplex unit), an apartment or condominium unit, or a residential dwelling within a mixed-use building.

Rules and Regulations. The "Rules and Regulations" mean any Rules and Regulations adopted from time to time by the Founder or the Assembly to implement the objectives of this Neighborhood Declaration.

Special Use Parcel. A "Special Use Parcel" is a Parcel of unconventional size, shape, location or use that calls for special design considerations. Typically, a Special Use Parcel will be used for commercial purposes, multi-family residential or community or recreation facilities.

Structure. "Structure" shall have the meaning set forth in the building code for the City of Lubbock, Texas.

Substantial Capital Improvements. "Substantial Capital Improvements" are those Improvements the cost of which exceed six percent (6%) of the Assembly's annual budget, or if when added to other capital Improvements for the fiscal year, the sum is more than ten percent (10%) of the Assembly's annual budget. Substantial Capital Improvements must be approved as described in Chapter 5.1 of this Neighborhood Declaration.

Supplemental Declaration. "Supplemental Declaration" is any instrument that may be recorded by the Founder or the Assembly as provided in the Neighborhood Declaration.

Vintage Township. "Vintage Township" is the community described in the Community Development Agreement, as amended from time to time.

Vintage Township Commons. The "Vintage Township Commons" comprises both the Neighborhood Commons and the Commercial Commons.

Vintage Township Design Code. The "Vintage Township Design Code" or "Design Code" establishes the plan for the development of Vintage Township through its regulation of land use, architecture and environment. The Design Code is originally adopted by the Founder and the City of Lubbock and may be amended from time to time in accordance with this Neighborhood Declaration. The Design Code included, without limitation, the urban regulating standards, the thoroughfare standards, the architectural standards, the landscape standards, and the sign standards for Vintage Township. The Design Code may also include other design guidelines, as developed, approved, and used from time to time. The Design Code does not need to be recorded to be effective but shall be available from the DRB.

Vintage Township Design Review Board. The Vintage Township Design Review Board or "DRB" is the panel established by the Community Development Agreement to review and approve modifications to Parcels and to perform other tasks described in this Neighborhood Declaration and the Community Development Agreement.

Wheeled Transport. "Wheeled Transport" means bicycles, scooters, skateboards, roller skates, roller blades, tricycles, wheelchairs, Segway Human Transport, wagons, baby strollers and similar means of transportation, working on wheels or tracks, whether or not motorized; but not including motorcycles, motorized go carts, all terrain vehicles or mini-bikes.

Zone. "Zones" are smaller areas within the Residential Neighborhood of distinct building type or character. Owners of property within a Zone may be assessed for maintenance of property primarily serving that Zone.

Zoning Ordinance. "Zoning Ordinance" means any applicable ordinances, regulation or provision enacted by the applicable governing body of the City of Lubbock, Texas regulating, restricting, permitting or prohibiting the use of land and the construction of Improvements thereon and, for the purpose of this definition, shall include the conditions and provisions of any special or conditional use permit affecting any portion of Vintage Township or any other government-controlled or directed process affecting any portion of Vintage Township.

8. Miscellaneous Provisions and Signatures

Authority. This Neighborhood Declaration shall be administered by the Founder, the Association or by any managing agent for Vintage Township designated by the Founder.

Effect of Invalidation. If any provision of this Neighborhood Declaration (including any attachment, exhibit, or items incorporated by reference) is held to be invalid or unenforceable by any court, the invalidity of such provision shall not affect the validity of the remaining provisions of this Neighborhood Declaration, which shall continue unimpaired and in full force and effect and shall be construed to the fullest extent practicable as if such invalid or unenforceable provision had not been included in this Neighborhood Declaration.

Interpretation. This Neighborhood Declaration shall be interpreted for the mutual benefit and protection of the Owners and Occupants of Vintage Township and in furtherance of the basic goals of this Neighborhood Declaration. Any discrepancy, conflict or ambiguity which may be found herein shall be resolved and determined by the Founder or the Assembly (to the extent the Founder's rights under this Neighborhood Declaration have been assigned to the Assembly) and, in the absence of an adjudication by a court of competent jurisdiction to the contrary, such resolution and determination shall be final. This Neighborhood Declaration and rights of the Owners within Vintage Township shall be governed by the laws of that State of Texas.

Exhibits and Appendices. All Exhibits and Appendices attached to this Neighborhood Declaration are incorporated by reference and made a part of this Neighborhood Declaration.

Captions; Capitalized Terms; Gender. The paragraph headings and captions appearing in this Neighborhood Declaration are inserted only as a matter of convenience and for reference and in no way limit or otherwise affect the scope, meaning or effect of any provisions of this Neighborhood Declaration. Terms that are capitalized in this Neighborhood Declaration shall have the meaning set forth in Chapter 7 of this Neighborhood Declaration unless the context plainly makes such meaning inappropriate. Whenever the singular number is used in this Neighborhood Declaration, the same shall also include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context requires.

Community Cooperation. Owners of property in Vintage Township shall cooperate to utilize the Community Areas for the benefit of Vintage Township. The Owners are encouraged to conduct events and undertakings to build a sense of community as well as to participate with surrounding neighborhoods in creating a "place" for Owners and their neighbors.

Compliance with Zoning Laws. All Owners shall comply with the Zoning Ordinance and all other applicable federal, state, and local laws including the City of Lubbock noise and nuisance ordinances.

Constructive Notice and Acceptance. Each Owner, Occupant or other Person, by acceptance of a deed conveying title to a part of Vintage Township, or the execution of a contract for the purchase thereof, or the acceptance of a lease or license therefore, or the taking possession thereof, whether from the Founder or other Owner or lessee, shall for itself, his successors and assigns, be deemed to (i) accept such deed, contract, lease, license or possession upon and subject to each and all of the provisions of this Neighborhood Declaration, and (ii) covenant, to and with the Founder, and the other Owners to keep, observe, comply with and perform the requirements of this Neighborhood Declaration, whether or not any reference to this Neighborhood Declaration is contained in the instrument by which such Person acquired his or her interest. Owners agree to refer to this Neighborhood Declaration in deeds, leases and licenses covering any portion of Vintage Township and to make this Neighborhood Declaration binding upon all Owners and Occupants.

Notice to the Founder. Any and all notices or other communication required or permitted by this Neighborhood Declaration, or by law to be served on or given to the Founder must be in writing and shall be deemed appropriately served and given when the notice or communication is personally delivered, or in lieu of such personal service, on the third business day after it is deposited in the United States mail, first class, postage prepaid, certified or registered mail, return receipt requested, addressed to the Founder as follows:

Vintage Land Company, Ltd.
5214 68th Street, Suite 402
Lubbock, TX 79424
Attn: Paul Stell

with copies to: Mark Thompson
Baker Brown & Thompson
5010 University, Suite 443
Lubbock, TX 79413

or to such other address as the Founder may specify by Supplemental Declaration executed by the Founder without need for the consent of any other Owners.

Notice to Owners. Notice to any Owner (other than the Founder) or Occupant or to any Mortgagee shall be deemed duly served when personally delivered to the Person to whom it is directed, or in lieu of such personal service, on the third business day after it is deposited in the United States mail, first-class postage prepaid, certified or registered mail, return receipt requested, addressed to (i) the Owner or Occupant at the address as shown in the applicable County or City tax records, or to such other address as designated by the Owner or Occupant, in writing to the Founder, as applicable; and (ii) to such Mortgagee at the address designated by the Mortgagee in writing to the Founder.

Waiver. Neither the Founder, nor the DRB, nor the Assembly or its Board nor their successors or assigns shall be liable for damages to any Owner, lessee, licensee, or Occupant by reason of

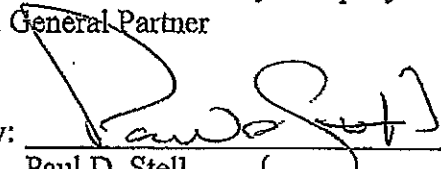
any mistake in judgment, negligence, nonfeasance, action or inaction in the administration of the provisions of this Neighborhood Declaration, the Vintage Township Design Code or the Rules and Regulations or for the enforcement or failure to enforce this Neighborhood Declaration, the Vintage Township Design Code or the Rules and Regulations or any part thereof; and every Owner or Occupant, by acquiring an interest in Vintage Township, agrees that he, she or it will not bring any action or suit against the Founder, the DRB or its members, the Assembly or its Board to recover damages or to seek equitable relief on account of their enforcement or non-enforcement of this Neighborhood Declaration.

Re-recording. Unless this Neighborhood Declaration is terminated, the Assembly shall rerecord this Neighborhood Declaration or other notice of its terms at intervals necessary under Texas law to preserve its effect.

IN WITNESS WHEREOF, the undersigned do hereby make this Vintage Township Neighborhood Declaration, and have caused this Neighborhood Declaration to be executed as of the day and year first above written.

VINTAGE LAND COMPANY, LTD.,
a Texas limited partnership

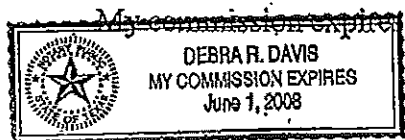
By: VINTAGE LAND GP, L.L.C., a
Texas Limited Liability Company
Its General Partner


By: 
Paul D. Stell
Sole Member

STATE OF TEXAS:

CITY/COUNTY OF Lubbock :

The foregoing instrument was acknowledged before me this 10th day of March, 2006, by Paul Stell as Sole member of Vintage Land GP, L.L.C., a Texas limited liability company and the general partner of Vintage Land Company, Ltd., a Texas limited partnership on behalf of the partnership.




Notary Public

Appendix I:

Early Years

This appendix contains information about how the community is to operate in the earlier years. It gives a timetable for various transitions from complete developer control to independence. When the transition is complete, this appendix is no longer necessary and may be disregarded.

Board

The Assembly is created before the sale of the first Parcel. When the community gets started, the Founder selects the first Board and operates the Assembly because, quite simply, there's no one else there to do it. The Founder also has a major interest in seeing that the Assembly gets off to a good start so that the community is successful. For that reason, the Founder has a lot of control, and the Owners have very little, in the beginning years. However, as the community matures, that responsibility begins to shift—initially, as the first resident is elected to the Board, and later, when control of the Board is delivered to the residents. To allow the Founder to complete the development plan, the Founder retains some rights until development is complete, even though the Founder no longer controls the Board.

	<i>Occurs upon the first of the following...</i>	<i>What Happens Then...</i>
Transition Point I	<ol style="list-style-type: none"> 1. At least 100 Parcels have been purchased by individual Owners other than builders, or 2. Voluntary assent of the Founder. 	Owners elect one member of the Board.
Transition Point II	<ol style="list-style-type: none"> 1. At least 300 Parcels have been purchased by individual Owners other than builders, or 2. Voluntary assent of the Founder. 	Owners elect two members of the Board.
Transition Point III	<ol style="list-style-type: none"> 1. Completion of construction for all Parcels, or 2. Voluntary assent of the Founder. 	The Founder no longer designates a director and all remaining Founder's rights under this Appendix end.

The Neighborhood Commons

At the time that the first Parcels are conveyed to Owners, the Founder will still be developing portions of community, and this development will likely continue for a period of years. The Founder has reserved in the Neighborhood Declaration various easements and rights that it needs

to be able to complete development of the community. The Founder may convey to the Assembly additional Neighborhood Commons as they are completed. The Assembly is required to accept these additional Neighborhood Commons for maintenance.

Architectural Control

To allow the Founder to complete development in accordance with the Founder's vision for the community, the Founder shall have the right to approve all Initial Improvements. No changes can be made in the Vintage Township Design Code without the Founder's consent until completion of Initial Improvements for all parcels.

Finance

Founder's Assessments; Founder's Guarantee. The Founder or its designated entities shall be excused from payment of General Assessments during the Guarantee Period as defined below. The Founder guarantees to Owners that their General Assessments during the Guarantee Period shall not exceed the initial General Assessment (subject to the increases set forth below). The Founder agrees to pay any Assembly expenses incurred during the Guarantee Period and normally paid through General Assessments that exceed the amount produced by the General Assessments during that time. The Guarantee Period shall begin upon the recordation in the Office of the County Clerk of Lubbock County, Texas, of the first deed of conveyance of a Parcel in the Residential Neighborhood and shall end at the conclusion of the third subsequent full fiscal year (so that three (3) full fiscal years are guaranteed). The Guarantee Period shall then be automatically extended for successive six-month periods up to an additional three years unless terminated upon written notice by the Founder to the Assembly at least thirty (30) days before the end of then-current Guarantee Period. During the Guarantee Period, the General Assessments may be increased by up to 15% per year.

Owner's Assessments. Each Owner begins paying annual General Assessments from the time the Parcel is conveyed, prorated to the month of closing. The Owner may be required to pay the remainder of that year's General Assessments in advance. If there is a Special Assessment in effect for that Parcel, it will also be prorated to the month of closing.

Assignment of Developer Rights

The Founder may assign all or any portion of its rights or obligations under the Neighborhood Declaration at any time to a successor or assign, or to the Institute, or the Assembly.

Additional Information

Neither the Assembly nor the Founder makes any representation or assumes any liability for any loss or injury.

Quick View: Roles of the Founder and the Assembly

<i>The Founder...</i>	<i>The Assembly...</i>
Constructs the initial improvements on the Neighborhood Commons.	Maintains the improvements to the Neighborhood Commons and makes capital improvements or replaces improvements as it determines is appropriate.
Installs the initial landscaping on the Neighborhood Commons.	Maintains the landscaping of the Neighborhood Commons at the level of care it determines is appropriate.
Maintains an office and staff as necessary to conduct its sales operations and to fulfill its Founder duties. May hire a Manager to fulfill its duties.	Maintains an office and staff as necessary to manage the Assembly's affairs. May hire a Manager to fulfill its duties.
Prepares the initial estimated budget for the Assembly.	Adopts the initial budget and subsequent budgets.
Collects the Capital Contribution at closing and delivers it to the Assembly.	Collects assessments based on budget.

Dialogue

Q. What is "turnover"?

A. The term "turnover" generally refers to the point at which the Owners elect a majority of the Board. The Association, being a corporate entity, doesn't change, but the control of its Board does.

In the Neighborhood, the change in control of the Association is a gradual process, consisting of three separate transition points, as the Owners gradually grow into roles of more responsibility. Just as various cultures have coming of age ceremonies for their citizens, the Neighborhood could and should celebrate these transition points with appropriate ceremony.

Q. While the Founder designates a majority of the Board, can the Directors vote to have the Assembly contract with companies the Founder owns or controls?

A. There is no prohibition against such contracts, and because the Founder has a strong interest in the community, it may be appropriate for companies controlled by the Founder to perform Assembly work. However, if a director has a conflict of interest as described in Section 22.230 of the Texas Business Organizations Code Annotated, then the contracts should be authorized, approved, or ratified by a majority of the disinterested directors, and the terms of such contracts must be fair and reasonable—in general, comparable to what would be charged by an outside company—and extra care should be taken with the Assembly's Neighborhood Declaration keeping to make payments from the appropriate account.

EXHIBIT A

Potential Neighborhood

The Potential Neighborhood shall include all of the real property described as follows:

METES AND BOUNDS DESCRIPTION of a 321.142 acre tract being the North Half of Section 23, Block E-2, Certificate 1869, Lubbock County, Texas, being further described as follows:

BEGINNING at a railroad spike found at the Northeast corner of Section 23, Block E-2, Lubbock County, Texas;

THENCE S. 00°05'25" W., (Deed S. 00°05'37" W.) along the East line of said Section 23, a distance of 2641.65 feet to a 60d nail with washer set for the Southeast corner of this tract;

THENCE N. 89°56'27" W., at 55.00 feet pass a 1/2" iron rod found in reference, at 5,255.81 feet pass a 1/2" iron rod with cap found in reference, continuing for a total distance of 5295.81 feet (Deed 5295.72 feet) to a 60d nail w/washer set in the West line of Section 23, Block E-2 for the Southwest corner of this tract;

THENCE N. 00°01'19" E., (Deed N. 00°01'24" E.) along the West line of said Section, a distance of 2639.80 feet to a railroad spike found at the Northwest corner of said Section 23, Block E-2 for the Northwest corner of this tract;

THENCE S. 89°57'39" E., along the North line of said Section, a distance of 5298.96 feet to the Point of Beginning.

EXHIBIT B

Description of the Residential Neighborhood

Vintage Township shall include Lots 1 through 111 as described on that certain plat entitled "LOTS 1-111. VINTAGE TOWNSHIP AN ADDITION TO THE CITY OF LUBBOCK, LUBBOCK COUNTY, TEXAS" prepared by Hugo Reed and Associates, Inc., dated March 3, 2006 and duly recorded on March 10, 2006 in Volume 10412, Page 1 of the official public records of Lubbock County, Texas.