

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
(Phases 1B, 1C-1)**

FOR

**VIRIDIAN MUNICIPAL MANAGEMENT DISTRICT PUBLIC
IMPROVEMENT DISTRICT**

Dated as of:

March 26, 2013

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
(Phase 1A)**

This **DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS** (Phases 1B, 1C-1) (as it may be amended from time to time, this "Declaration") is made as of March 26, 2013, by HC LOBF Arlington, LLC, a Texas limited liability company ("Landowner").

RECITALS:

- A. The Landowner holds record title to certain real property located in Tarrant County, Texas, which is subject to assessment.
- B. The Board of Directors (the "Board") of the Viridian Municipal Management District (the "District"), upon a petition requesting the establishment of a public improvement district covering a portion of the land within the District to be known as Viridian Municipal Management District Public Improvement District (the "PID") by the then current owners of more than 50% of the appraised value of the taxable real property and more than 50% of the area of all taxable real property within the area requested to be included in the PID, created such PID, in accordance with the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "PID Act").
- C. The Board has adopted assessment orders (including all exhibits and attachments thereto, the "Assessment Orders") and the Service and Assessment Plans included as exhibits to the Assessment Order (as amended from time to time, the "Service and Assessment Plan"), and has levied the assessments (together, as amended from time to time, the "Assessments") on certain parcels identified in Exhibit A (the "Assessed Parcels"), which Assessments may be pledged as the security for the payment of bonds to be issued for the purpose of paying the costs of constructing certain public improvements (the "Public Improvements") or may be used to reimburse the developer of the District for the costs of constructing certain public improvements and providing certain supplemental services as identified in the Assessment Orders and the Service and Assessment Plans that will benefit the Assessed Parcels. The Assessment Orders and the Service and Assessment Plans setting forth the Assessments for Phase 1B, 1C-1 are available from the Viridian Municipal Management District.

NOW, THEREFORE, the Landowner hereby declares that the Assessed Parcels are and shall be subject to, and hereby imposes on each Assessed Parcel, the following covenants, conditions and restrictions:

I.

DISTRICT AND ASSESSMENT MATTERS

1. **Acceptance and Approval of Assessments and Lien on Assessed Parcels:**

- (a) The Landowner accepts the Assessments levied on each Assessed Parcel.
- (b) The Assessments for each Assessed Parcel (including any reassessment, the expense of collection, and reasonable attorney's fees, if incurred) are (a) a first and prior lien (the "Assessment Lien") against the Assessed Parcel for which it is assessed, superior to all other liens or claims except for liens or claims for State, county, school district or municipality ad valorem property taxes whether now or hereafter payable, and (b) a personal liability of and charge against the then-current owner of any Assessed Parcel to the extent of such party's ownership regardless of whether any or all of the owners are named. The Assessment Lien is effective from the dates of the Assessment Orders until the Assessments are paid and may be enforced by the District in the same manner as an ad valorem property tax levied against real property may be enforced by the District. The owner of any Assessed Parcel may pay, at any time, the entire sum of each or both Assessments levied against any such Assessed Parcel. Foreclosure of an ad valorem property tax lien on an Assessed Parcel will not extinguish the Assessments or any unpaid but not yet due annual installments of the Assessments, and will not accelerate the due date for any unpaid and not yet due annual installments of the Assessments.
- (c) It is the clear intention of the Landowner in making this Declaration, that the Assessments, including any annual installments of the Assessments (as such annual installments may be adjusted, decreased or extended), are covenants that run with the Assessed Parcels and specifically binds the Landowner, its successors and assigns.
- (d) In the event of delinquency in the payment of any annual installment of the Assessments, the District, in accordance with applicable State law, is empowered to order institution of an action in State court to foreclose the related Assessment Lien, to enforce personal liability against the then-current owner of the Assessed Parcel for the Assessments, or both. In such action, in accordance with applicable State law, the Assessed Parcel subject to the delinquent Assessments may be sold at judicial foreclosure sale for the amount of such delinquent property taxes and Assessments, plus penalties, interest and costs of collection.

2. **Third Party Beneficiary:** The District is a third party beneficiary to this Declaration and may enforce the terms hereof.

3. **TEXAS PROPERTY CODE SECTION 5.014:**

The following is the current form of statutory notification required by Texas Property Code Section 5.014 to be delivered by the seller of residential property that is located in a

public improvement district established under Chapter 372, Local Government Code, to the purchaser of such residential property:

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO THE VIRIDIAN MUNICIPAL MANAGEMENT DISTRICT, TARRANT COUNTY, TEXAS CONCERNING THE ASSESSED PARCEL

As the purchaser of this parcel of real property, you are obligated to pay assessments to the Viridian Municipal Management District, for improvement projects and supplemental services undertaken by a public improvement district under Subchapter A, Chapter 372, Local Government Code. The amount of the assessments against your property is based on your lot type and its associated square footage. More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the Viridian Municipal Management District.

The amount of each of the assessments against your property may be paid in full at any time together with interest to the date of payment. If you do not pay the assessments in full, they will be due and payable in annual installments (including interest and collection costs).

Your failure to pay the assessment or the annual installments could result in the foreclosure of your property.

If the form of statutory notification is amended or modified at any time after the date hereof, such amended or modified notification shall be deemed to be incorporated herein by reference.

II.

AGREEMENTS OF LANDOWNER

A. Affirmation and Acceptance of Agreements and Findings of Benefit. The Landowner hereby ratifies, confirms, accepts, agrees to, and approves:

(i) the creation and boundaries of the PID, and the boundaries of each Assessed Parcel, and the location and development of the Public Improvements in the PID for which the Assessments are being made as set forth in the Service and Assessment Plans for Phases 1B and 1C-1 (the "Service and Assessment Plans");

(ii) the determinations and findings as to benefits by the District in the Assessment Orders and the Service and Assessment Plans; and

(iii) the Assessment Orders and the Service and Assessment Plans.

B. Acceptance and Approval of Assessments and Lien on Assessed Parcels. The Landowner consents to, agrees to, acknowledges and accepts the following:

(i) the right, power and authority of the Board to adopt the Assessment Orders and the Service and Assessment Plans;

(ii) each Assessment levied on each Assessed Parcel as shown in the Service and Assessment Plans (including interest and collection costs as identified in the Service and Assessment Plans and as updated from time to time as set forth in the Service and Assessment Plans, the "Assessment Rolls");

(iii) the Public Improvements and supplemental services specially benefit the Assessed Parcels in an amount in excess of the Assessments levied on each Assessed Parcel, as such Assessments are shown on the Assessment Roll;

(iv) each Assessment is final, conclusive and binding upon such Landowner, regardless of whether such Landowner may be required to pay Assessment under certain circumstances pursuant to the Service and Assessment Plans);

(v) the then-current owner of each Assessed Parcel shall pay the Assessment levied on the Assessed Parcel(s) owned by it when due and in the amount required by and stated in the Service and Assessment Plans and the Assessment Orders;

(vi) delinquent installments of the Assessments shall incur and accrue interest, penalties, and attorney's fees as provided in the PID Act;

(vii) the then-current owner of an Assessed Parcel may pay at any time the entirety of each Assessment, with interest that has accrued on the Assessment, on any Assessed Parcel;

(viii) The "Annual Installments" of the Assessments (as such term is defined in the Service and Assessment Plans and Assessment Rolls) may be adjusted, decreased and extended in accordance with the Service and Assessment Plan. The then-current owner of each Assessed Parcel shall be obligated to pay its revised amounts of the Annual Installments, when due, and without the necessity of further action, assessments or reassessments by the District, the same as though they were expressly set forth herein;

(ix) such Landowner has received all notices required to be provided to it under the PID Act prior to the Effective Date; and

(x) that any right or condition imposed by any development agreement, or other agreement, with respect to the Assessments have been satisfied, and that such Landowner shall not have any rights or remedies against the District under any development agreement or reimbursement agreement, or under any law or principles of equity concerning the Assessments, with respect to the formation of the PID, approval of the Service and Assessment Plans and the District's levy of the Assessments; provided, however, that the foregoing shall not impair any of the Landowner's other rights, if any, against the District under any development agreement or reimbursement agreement.

C. Mandatory Payment of Assessments. The Landowner agrees and acknowledges that the owner of an Assessed Parcel may have an obligation to pay an Assessment in full as described the Service and Assessment Plans.

D. Notice of Assessments. The Landowner further agrees as follows:

(i) This Declaration shall be recorded along with a Notice of Creation of Special Assessment District and Imposition of Special Assessment to be provided by the District in the records of the County Clerk of Tarrant County, with copies of the recorded documents delivered to the District promptly after receipt thereof by the recording party, as a lien and encumbrance against the Assessed Parcels, and the Landowner hereby authorizes the District to so record such documents against each Assessed Parcel;

(ii) reference to this Declaration shall be included on all recordable subdivision plats by the party filing such plats and such plats shall be recorded in the Real Property Records of Tarrant County, Texas;

(iii) in the event of any subdivision, sale, transfer or other conveyance by an owner of an Assessed Parcel of the right, title or interest of such owner in an Assessed Parcel or any part thereof, the Assessed Parcel or any such part thereof shall continue to be bound by all of the terms, conditions and provisions of this Declaration and any purchaser, transferee or other subsequent owner shall take such Assessed Parcel subject to all of, and shall assume the obligations of the owner of the Assessed Parcel pursuant to, the terms, conditions and provisions of this Declaration, and the transferring owner shall have no liability for obligations first arising and/or accruing from and after the date of sale, transfer or conveyance with respect to such portion of the Assessed Parcel sold, transferred or conveyed;

(iv) any Builder (as such term is defined below) shall, for the purpose of constructing residential properties on an Assessed Parcel that are eligible for "homestead" designations under Texas law, comply with, the Homebuyer Education Program described on Exhibit B attached to this Agreement. Such compliance obligation shall terminate as to each Assessed Parcel if, and when, (i) a final certificate of occupancy for a residential unit on such Assessed Parcel is issued by the City of Arlington, Texas and/or the District, and (ii) there is a sale of an Assessed Parcel an individual homebuyer, it being the intent of the undersigned that the Homebuyer Education Program shall apply only to a Builder but not to subsequent sales of such residence and Assessed Parcel by an individual home buyer after the initial sale by a Builder. For purposes of this provision, a "Builder" shall be defined as a commercial builder who is in the business of constructing and/or selling residences to individual home buyers.

IV.

MISCELLANEOUS

A. Parties in Interest; Successors and Assigns

This Declaration shall be binding on the Landowner's successors and assigns; provided, however, that this Declaration is made solely for the benefit of the District, the Landowner and each subsequent owner of an Assessed Parcel, and is not assignable other than in the case of the sale or disposition of an Assessed Parcel (to the extent of the Assessed Parcel(s) so conveyed. The Landowner expressly agrees and acknowledge that the District and the Landowner are express third party beneficiaries of this Declaration and shall be entitled to pursue any and all remedies at law or in equity to enforce the obligations imposed by this Declaration. There are no other third party beneficiaries of this Declaration.

B. Amendments.

This Declaration may be amended only by written instrument executed by the District and the Landowner.

C. Effective Date; Termination.

This Declaration shall become and be effective (the "Effective Date") upon the date first set forth above. This Declaration shall terminate and be of no further force and effect upon the payment in full of the Assessments.

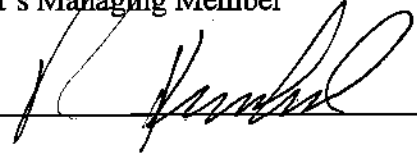
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EXECUTED by each Landowner on the respective dates stated below.

LANDOWNER

HC LOBF Arlington, LLC, a Texas limited liability company

By: CIP HC Viridian DEV, Inc.,
It's Managing Member

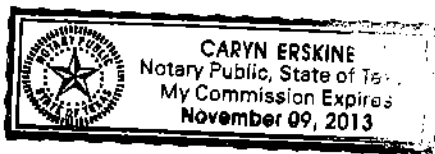
By: 

Name: Robert Kembel

Title: Director

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, the undersigned authority, on this day personally appeared Robert Kembel, Director of CIP HC Viridian DEV, Inc., a Texas corporation, as Managing Member of HC LOBF Arlington, LLC, a Texas limited liability company, and acknowledged to me that he executed the same on behalf of said limited liability company.




Notary Public in and for the State of Texas

EXHIBIT A

LANDOWNER'S ASSESSED PARCELS PHASES 1B, 1C-1

Exhibit A

Lots 11-40 inclusive Block 4

Lots 113-119 inclusive Block 4

Lots 1-24 Inclusive Block 47]

Lots 1-13 inclusive Block 48

Lots 1-32 inclusive Block 49

Lots 1-68 Inclusive Block 50

Lots 1-24 Inclusive Block 51

Lots 1-25 Inclusive Block 52

Of Viridian Village 1B Replat, an Addition to the city of Arlington, Tarrant County, Texas, according to the plat there of recorded under instrument File No. D213075490

And

Lots 1-15 Inclusive block 29

Of Viridian Village 1C-1, an Addition to the city of Arlington, Tarrant County, Texas, according to the plat there of recorded under instrument File No. D212313248

EXHIBIT B

HOMEBUYER EDUCATION PROGRAM

As used in this Exhibit B, the recorded Notice of Creation of Special Assessment District and Imposition of Special Assessment prepared by the District and the Declaration of Covenants, Conditions and Restrictions to which this Exhibit C is attached are referred to as the "Recorded Notices."

1. A Builder for an Assessed Parcel shall attach the Recorded Notices and the final Assessment Roll for such Assessed Parcel (or if the Assessment Roll is not available for such Assessed Parcel, then a schedule showing the maximum 30 year payment for such Assessed Parcel) as an addendum to any residential homebuyer's contract.
2. A Builder for an Assessed Parcel shall provide evidence of compliance with 1 above, signed by such residential homebuyer, to the District.
3. A Builder for an Assessed Parcel shall prominently display signage in its model homes, if any, located within the Property substantially in the form of the Recorded Notices.
4. If prepared and provided by the District, a Builder for an Assessed Parcel shall distribute informational brochures about the existence and effect of the PID in prospective homebuyer sales packets.
5. A Builder shall include Assessments in estimated property taxes, if such Builder estimates monthly ownership costs for prospective homebuyers for an Assessed Parcel.

NOTICE OF CREATION OF SPECIAL ASSESSMENT DISTRICT AND IMPOSITION OF SPECIAL ASSESSMENTS

The Viridian Municipal Management District (the "District") has created the Viridian Public Improvement District (the "Viridian PID") pursuant to Subchapter A, Chapter 372, Texas Local Government Code, as amended. This property, as a property within the boundaries of the Viridian PID is subject to assessments levied by the District for improvement projects and supplemental services benefitting property within the Viridian PID. Information concerning the amount of the assessments on this property, the due dates of the annual installments of the assessments and any other provisions relating thereto can be obtained by contacting the District at 214-281-9090, Attention: Clay Crawford.

The assessments, with interest, the expense of collection, and reasonable attorney's fees, if incurred, are: (1) a first and prior lien against the property assessed; (2) superior to all other liens and claims except liens or claims for state, county, school district, or municipality ad valorem taxes; and (3) a personal liability of and charge against the owners of the property regardless of whether the owners are named. The lien is effective from the date of the District order levying the assessment until the assessment is paid. The lien runs with the land and that portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien. The assessment lien may be enforced by the District in the same manner that an ad valorem tax lien against real property may be enforced by the governing body. Delinquent installments of the assessment shall incur interest, penalties, and attorney's fees in the same manner as delinquent ad valorem taxes.

The owner of assessed property may pay at any time all or any part of the assessment, with interest that has accrued on the assessment, on any lot or parcel. Information regarding the payoff amount of the assessments can also be obtained by contacting the District