

KENSINGTON GARDENS LAKEWOOD HOMEOWNERS ASSOCIATION, INC.

City of Dallas, Dallas County, Texas

IMPORTANT NOTICES TO BUYERS

1. STATUTORY NOTICE, required by Section 5.012 Texas Property Code:

NOTICE OF MEMBERSHIP IN HOMEOWNERS / PROPERTY OWNERS' ASSOCIATION CONCERNING PROPERTY IN KENSINGTON GARDENS LAKEWOOD

As a purchaser of property in the residential community in which this property is located, you are obligated to be a member of a property owners' association. Restrictive covenants governing the use and occupancy of the property and dedicatory instruments governing the establishment, maintenance, and operation of this residential community have been or will be recorded in the Real Property Records of the county in which the property is located. Copies of the restrictive covenants and dedicatory instrument may be obtained from the county clerk (after they are recorded).

You are obligated to pay assessments to the property owners' association. The amount of the assessments is subject to change. Your failure to pay the assessments could result in enforcement of the association's lien on and the foreclosure of your property.

Section 207.003, Property Code, entitles an owner to receive copies of any document that governs the establishment, maintenance, or operation of a subdivision, including, but not limited to, restrictions, bylaws, rules and regulations, and a resale certificate from a property owners' association. A resale certificate contains information including, but not limited to, statements specifying the amount and frequency of regular assessments and the style and cause number of lawsuits to which the property owners' association is a party, other than lawsuits relating to unpaid ad valorem taxes of an individual member of the association. These documents must be made available to you by the property owners' association or the association's agent on your request.

2. Subdivision Name. Although marketed and known as "Kensington Gardens Lakewood Homeowners Association, Inc.," the subdivision is platted as town of Dallas. The deed to your home will describe a lot and block in town of Dallas, Dallas County, Texas.
3. Homeowners Association. Kensington Gardens Lakewood is a residential neighborhood with a mandatory Homeowners Association. Every home is a member of Kensington Gardens Lakewood Homeowners Association, Inc. (the "HOA"). Until most of the lots are sold, the developer of the HOA controls the HOA.
4. Developer is not Megatel Homes, Inc. The "declarant" or developer of Kensington Gardens Lakewood Homeowners Association Inc. is CADG Shady Side, LLC, which created the subdivision and subjected it to the governing documents. Megatel Homes, Inc. is a homebuilder in Kensington Gardens Lakewood. Megatel Homes is not the declarant or developer of Kensington Gardens Lakewood Homeowners Association.

continued
KENSINGTON GARDENS LAKEWOOD
HOMEOWNERS ASSOCIATION, INC.

5. **Governing Documents.** The ownership of every home in Kensington Gardens Lakewood is subject to a number of documents which govern many aspects of ownership and residency in Kensington Gardens Lakewood such as the subdivision plat, the Declaration of Covenants, Conditions & Restrictions for Kensington Gardens Lakewood (the "Restrictions"), and Bylaws and Articles of Kensington Gardens Lakewood Homeowners Association. (*Copies of recorded documents are available from your title company and from the county clerk, and may be viewed on the HOA manager's website at www.essexhoa.com.*) The initial documents may be amended, and additional documents may be adopted.
6. **Assessments.** Homeowners are obligated to pay assessments (*sometimes called "dues."*) to the HOA. The amount of your assessment is determined by the HOA's board of directors and is subject to change. Based on the initial projected annual budget for Kensington Gardens Lakewood, each home will be assessed \$380.00 per year for maintenance, management, insurance, and reserves. Your obligation for assessments begins when you close on the sale of your home, at which time you will pay the HOA once a year.
7. **Initial Contribution & Fees.** To help fund the initial reserves of the HOA, at time of closing each home buyer will make a one-time non-refundable contribution of \$250.00 to the HOA. At time of closing, each home buyer also pays \$275 to Essex, the HOA's managing agent, for transfer-related fees.
8. **Who Maintains What?** The HOA maintains common areas, strip between alley wall and Sante Fe Trail (this area is two feet wide (2') from the west increasing to twenty feet wide (20') in the middle then decreasing to one foot (1') wide on the east. See attached plat), and the small non-irrigated open space / park located on the south east side of Shady Side Lane. You maintain your home and property.
9. **Phases.** There are two phases in Kensington Gardens Lakewood. Phase Two on the south west quadrant will have private streets and street lights that will be maintained and operated by the HOA.
10. **Architectural Controls.** Although you own your home and lot, the Restrictions severely limit what you can do on the outside of your property. Please read the Restrictions.
11. **Much More.** These are only some of the highlights of what is important about Kensington Gardens Lakewood. If you do not understand the Governing Documents, please obtain competent legal counsel. The sales staff is not authorized to comment on these legal documents.
12. **Preparer.** This disclosure was prepared by Essex Association Management, L.P. on behalf of Declarant, CADG Shady Side, LLC, for the benefit of its prospective homebuyers.
13. **Contact.** For more information about Kensington Gardens Lakewood, the HOA, or assessments, please contact Essex Association Management, L.P. by calling (972)428-2030 or e-mail info@essexhoa.com.

**Plat
Phase 1**

**Kensington
Gardens
Lakewood**

Preliminary Plats

Phase 2

**Private streets and street lights
maintained by the HOA**

Kensington

Gardens

Lakewood

2015 Budget

**Kensington
Gardens
Lakewood**

Kensington Gardens Lakewood

2015 Proposed Budget

(Total of 60 Lots at completion / full build-out)

	2015
INCOME	
Assessments (15 @ \$380.00 Annually)	\$ 5,700.00
CAP Fees 7 @ \$250ea	\$ 1,750.00
TOTAL INCOME	<u>\$ 7,450.00</u>
EXPENSES	
UTILITIES	
Water-	
Electricity	
TOTAL UTILITIES	<u>\$ -</u>
GROUNDS & INFRASTRUCTURE	
Landscape Maintenance Contract	\$ 4,800.00
Annual Color Changes & Mulch	\$ 1,000.00
Common Area Maintenance & Repairs	\$ 500.00
TOTAL GROUNDS & BUILDING	<u>\$ 6,300.00</u>
GENERAL & ADMINISTRATIVE	
Administrative Expenses (all inclusive)	\$ 250.00
Management Fees (\$500/mo)	\$ 6,000.00
Legal / Professional Fees (Filing, Recordings)	\$ 500.00
Tax Preperation	\$ 275.00
Meeting Expenses / HO Functions	\$ 450.00
Violation / Property Inspections	\$ 150.00
TOTAL GENERAL & ADMINISTRATIVE	<u>\$ 7,625.00</u>
INSURANCE, AUDITS & TAXES	
General Liability	\$ 1,800.00
D & O	
Property Taxes	\$ 50.00
TOTAL INSURANCE	<u>\$ 1,850.00</u>
TOTAL EXPENSES	<u>\$ 15,775.00</u>
NET OPERATING SURPLUS / (DEFICIT)	<u>\$ (8,325.00)</u>