

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

OWNERS ASSOCIATION AT COUNTRY LAKES, INC.

AFFIDAVIT

032136

THE STATE OF TEXAS §

COUNTY OF DENTON §

KNOW ALL MEN BY THESE PRESENTS;

That WYNNE/JACKSON LAKES DEVELOPMENT LP, is filing an Amended Exhibit D, Design Review Guidelines, to the Declaration of Covenants, Conditions, and Restrictions of the Owners Association at Country Lakes, Inc., which were originally filed in Volume 4913 pages 01428 thru 01432, along with the "certified copy" (original filed copy not available) of the Declaration of Covenants, Conditions, and Restrictions which were originally filed in Volume 4913 pages 01356 thru 01427.

Wynne/Jackson Lakes Development LP, a Texas limited partnership

By: W/J Lakes Development GP, L.P., a Texas limited partnership

By: W/J Lakes GP, LLC, a Texas limited liability company, Its general partner

By:

Frank Murphy
Frank Murphy, Vice President

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on the 11th day of February, 2003, by Frank Murphy, Vice President, of W/J Lakes GP, LLC, a Texas limited liability company on behalf of W/J Lakes Development GP, L.P., a Texas limited partnership, on behalf of Wynne/Jackson Lakes Development LP, a Texas limited partnership.

My commission expires:

3-5-2004

Christine B. Braun
Notary Public, State of Texas

Notary's printed name:

Christine B. Braun

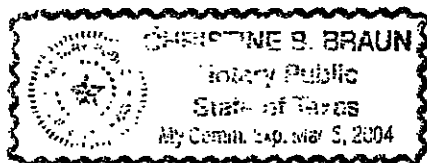


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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
OWNERS ASSOCIATION AT COUNTRY LAKES, INC.

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS is made the ____ day of "____", "____", by Wynne/Jackson Development, LP" a Texas Limited partnership (herein after referred to as "Declarant").

Declarant is the owner of the real property described in Exhibit "A" attached hereto and Incorporated herein by reference. Declarant intends by the Declaration to impose upon the Properties (as defined herein) mutually beneficial restrictions under a general plan of improvements for the benefits of all owners of real property within the Properties. Declarant desires to provide a flexible and reasonable procedure for the overall development of the Properties, and to establish a method for the administration, maintenance, preservation, use and enjoyment of such Properties as are now or hereinafter subjected to this declaration.

Declarant hereby declares that all of the property described in Exhibit "A" and any additional property which is hereafter subjected to this Declaration by Supplemental Declaration (as defined herein) shall be held, sold, used and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of and which shall run with the real property subjected to this Declaration. This Declaration shall be binding on all parties having any right, title, or interest in the described Properties or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof.

This Declaration does not and is not intended to create a condominium within the meaning of the Texas Condominium Act, Tex. Prop. Code Ann, Section 81.001, et seq. (Vernon 1984).

Article I
DEFINITIONS

The terms in this Declaration and the exhibits to this Declaration shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

Section 1. "Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any, which by the terms of this Declaration, any Supplemental Declaration or other applicable covenants, contract, or agreement with any Neighborhood, become the responsibility of the Association,

Section 2. "Articles of Incorporation" or "Articles" shall refer to the Articles of Incorporations of the Owners Associations at Country Lakes, Inc., as filed with the Secretary of State of the State of Texas.

Section 3. "Association" shall refer to Owners Association at Country Lakes, Inc., a Texas corporation, its successors or assigns.

Section 4. "Base Assessment:" shall refer to assessments levied on all Units subject to assessment under Article X to fund Common Expenses for the general benefit of all Units, as more particularly described in Article X, Sections 1 and 2.

Section 5. "Benefited Assessments" shall mean assessments levied in accordance with Article X, Section 6 of this Declaration.

Section 6. "Board of Directors" or "Board" shall be the body responsible for administration of the Association, selected as provided in the By-Laws and generally serving the same role as the board of directors under Texas corporate law.

Section 7. "Builder" shall mean any Person who purchases one or more Units or parcels of land within the Properties for the purpose of construction improvements thereon for resale in the ordinary course of such Person's business.

Section 8. "By-Laws" shall refer to the By-Laws of Owners Association at Country Lakes, Inc., attached hereto as Exhibit "C" and incorporated by reference, as they may be amended from time to time.

Section 9. "Class "B" Control Period" shall refer to the period of time during which The Class "B" Member is entitled to appoint a majority of the members of the Board of Directors, as provided in Article III, Section 2 of the By-Laws.

Section 10. "Common Area" shall mean all real and personal property which the Association now or hereafter owns, leases or otherwise holds possessory or use rights in for the Common use and enjoyment of the Owners, and shall include Exclusive Common Areas, as defined below. The term shall include but not be limited to the following: entry features, landscaped medians and cul-de-sacs, lakes, drainage facilities and other portions of the Properties so designated by Declarant that is or situated within a Unit.

Section 11. "Common Expenses" shall mean the actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Unit Owners, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation of the Association, but shall not include any development cost incurred during the Class "B" Control Period for initial development, original construction, installation of infrastructure, original capital improvements, or other original construction costs unless approved by Voting Members representing a majority of the total Class "A" vote of the Association.

Section 12. "Community-Wide Standard" shall mean the standard of conduct, maintenance or other activity generally prevailing throughout the Properties. Such standard may be more specifically determined by the Board of Director and the New Construction Committee.

Section 13. "Declarant" shall refer to "Wynne/Jackson Lakes Development, LP", a Texas limited partnership, qualified to do business in Texas, or any successor, successor-in-title, or assign who takes title to any portion of the real property described on Exhibits "A" or "B" hereof for the purpose of development and or sale in the ordinary course of such Person's business and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant.

Section 14. "Exclusive Common Area" shall refer to a portion of the Common Area intended for the exclusive use or primary benefit of one or more, but less than all, Neighborhoods as more particularly described in Article II.

Section 15. "Master Land Use Plan" shall refer to the master land use plan for the development of the Country Lakes community prepared by or on behalf of Declarant, as it may be amended from time to time, which plan includes the property described on Exhibit "A" and all or a portion of the property described on Exhibit "B" which Declarant may from time to time anticipate subjecting to this Declaration. Inclusion of property on the Master Land Use Plan shall not, under any

circumstances, obligate Declarant to subject such property to this Declaration, nor shall the exclusion of property described on Exhibit "B" from the Master Land Use Plan bar its later annexation in accordance with Article IX.

Section 16. "Member" shall refer to a Person entitled to membership in the Association as provided in Article III, Section 2.

Section 17. "Mortgage" shall refer to a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.

Section 18. "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

Section 19. "Mortgagor" shall refer to any Person who gives a Mortgage.

Section 20. "Neighborhood" shall refer to each separately developed residential area within the Properties, whether or not governed by a Neighborhood Association (as defined in Section 22 below), in which the Owners of Units may have common interest other than those common to all Members of the Association. For example, and by way of illustration and not limitation, each condominium, townhome development, cluster home development, and single-family detached development may constitute a separate neighborhood, or a Neighborhood may be comprised of more than one housing type with other features in common. In addition, each parcel of land intended for development as any of the above shall constitute a Neighborhood, subject to division into more than one Neighborhood upon development.

Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the By-Laws) or Neighborhood Association having concurrent jurisdiction over the property within the Neighborhood. Neighborhood boundaries may be established and modified as provided in Article III, Section 4, of this Declaration.

Section 21. "Neighborhood Assessments" shall mean assessments levied against the Units in a particular Neighborhood or Neighborhoods, to fund Neighborhood Expenses, as more particularly described in Article X, Sections 1 and 3 of this Declaration.

Section 22. "Neighborhood Association" shall refer to any condominium association or other owners associations having concurrent jurisdiction over any Neighborhood.

Section 23. "Neighborhood Expenses" shall mean and include the actual and estimated expenses incurred or anticipated to be incurred by the Association for the benefit of Owners of Units within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized herein or in Supplemental Declarations applicable to the Neighborhood.

Section 24. "Owner" shall refer to one or more Persons who hold the record title to any Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

Section 25. "Person" shall mean a natural person, a corporation, a partnership, a trustee, or any other legal entity.

Section 26. "Properties" shall mean and refer to the real property described in Exhibit "A" attached hereto, together with such additional property as to hereafter subjected to this Declaration in accordance with Article IX.

Section 27. "Special Assessment" shall mean and refer to assessments levied in accordance with Article X. Section 5 of this Declaration.

Section 28. "Supplemental Declaration" shall mean an amendment or supplement to this Declaration filed pursuant to Article IX which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein. The term shall also refer to an instrument filed by the Declarant pursuant to Article III, Section 4(c) which designates Voting Groups.

Section 29. "Unit" shall mean a portion of the Properties, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use, and occupancy as an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. The term shall include its meaning, by way of illustration but no limitation, condominium units, townhouse units, cluster homes, patio or zero lot line homes, and single-family detached houses on separately platted lots, as well as vacant land intended for development as such, but shall not include Common Areas, common property of Neighborhood Association, or property dedicated to the public. In the case of a structure containing multiple dwellings, each dwelling shall be deemed to be a separate Unit.

In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to contain the number of Units designated for residential use for such parcel on the Master Land Use Plan or the site plan approved by Declarant, whichever is more recent, until such time as a subdivision plat or condominium plat is filed of record on all or a portion of the parcel. Thereafter, the portion encompassed by such plat shall constitute a separate Unit or Units as determined above and the number of Units on the remaining land, if any, shall continue to be determined in accordance with this paragraph.

Section 30. "Voting Group" shall mean one or more Voting Members who vote on a common slate for election of directors to the Board of Directors of the Association, as more particularly described in Article III, Section 4 (c) of this Declaration or, if the context so indicates, the group of Members whose Units are represented thereby.

Section 31. "Voting Members" shall refer to the representative(s) selected by the Members within each neighborhood as provided in Article III, Section 4(b), to be responsible for casting votes attributable to Units in the neighborhood on all matters requiring a vote of the membership (except as otherwise specifically provided in this Declaration and in the By-Laws). The term "Voting Member" shall include any alternate Voting Member acting in the absence of a Voting Member, any Owner authorized to personally cast the vote for its Unit pursuant to Article III. Section 4(b), and the Class "B" Member, so long as such membership exists.

Article II PROPERTY RIGHTS

Section 1. Common Area. Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, subject to

(a) This Declaration and any other applicable covenants, as they may be amended from time to time, and subject to any restrictions or limitations contained in any deed conveying such property to the Association;

(b) The right of the Board to adopt rules regulating the use and enjoyment of the Common Area, including rules restriction use of recreational facilities within the Common Area to the

occupants of Units and their guests and rules limiting the number of guests who may use the Common Area;

(c) The right of the Board to suspend the right of an Owner to use recreational facilities within the Common Area (i) for any period during which any charge against such Owner's Unit remains delinquent, and (ii) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation, of the Declaration, any applicable Supplemental Declaration, the By-Laws, or rules of the Association after notice and hearing pursuant to Article III, Section 22 of the By-Laws.

(d) This right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area pursuant to Article IV, Section 8 hereof;

(e) The right of the Board to impose reasonable membership requirements and charge reasonable admission or other fees for the use of any recreational facility situated upon the Common Area;

(f) The right of the Board to permit use of recreational facilities situated on the Common Area by persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board;

(g) The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred subject to the approval requirements set forth in Article XIV, Section 2 hereof; and

(h) The rights of certain Owners to the exclusive use of those portions of the Common Area designated "Exclusive Common Areas," as more particularly described in Section 2 below.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family lessees, and social invitees, as applicable, subject to reasonable regulation by the Board and in accordance with procedures it may adopt. An Owner who leases his or her unit shall be deemed to have assigned all such rights to the lessee of such Unit.

Section 2. Exclusive Common Area. Certain portions of the Common Area may be designated as Exclusive Common Area and reserved for the exclusive use or primary benefit of Owners and occupants of Units within a particular neighborhood or Neighborhoods. By way of illustration and not limitation and Exclusive Common Area may include recreational facilities, entry features, landscaped medians and cul-de-sacs, lakes and other portions of the Common Area within a particular Neighborhood or Neighborhoods. All costs associated with maintenance, repair, replacement, and insurance of an Exclusive Common Area shall be assessed as a Neighborhood Assessment against the Owners of Units in those Neighborhoods to which the Exclusive Common Areas are assigned.

Initially, any Exclusive Common Area shall be designated as such and the exclusive use thereof shall be assigned in the deed by which the Declarant conveys the Common Area to the Association or on the plat of survey relating to such Common Area; provided, any such assignment shall not be exclusive and shall not preclude the Declarant from later assigning the same Exclusive Common Area to additional Neighborhoods so long as the Declarant has a right to subject additional property to this Declaration pursuant to Article IX, Section 1.

Thereafter, a portion of the Common Area may be assigned as Exclusive Common Area of a particular Neighborhood, or Neighborhoods and Exclusive Common Area may be reassigned, upon the vote of Voting Members representing a majority of the total Class "A" votes in the Association, including a majority of the Class "A" votes within the Neighborhood(s) to which the Exclusive Common Areas are assigned, if applicable, and within the Neighborhood(s) to which the Exclusive Common

Areas are to be assigned. As long as the Declarant owns any property described on Exhibits "A" or "B" for development and/or sale, any such assignment or reassignment shall also require the consent of the Declarant.

The Association may, upon majority vote of the Neighborhood Committee or board of directors of the Neighborhood Association for the Neighborhood(s) to which Exclusive Common Areas are assigned, permit Owners of Units in other Neighborhoods to use all or portions of such Exclusive Common Areas upon payment of reasonable user fees, which fees shall be used to offset the Neighborhood Expenses attributable to such Exclusive Common Areas.

Article III ASSOCIATION FUNCTION, MEMBERSHIP AND VOTING RIGHTS

Section 1. Function of Association. The Association shall be the entity responsible for management, maintenance, repair, cooperation and control of the Common Area. In addition, the Association shall be responsible for the enforcement of this Declaration and such reasonable rules regulating use of the Properties as the Board may adopt, and for administering and enforcing the architectural standards and controls set forth in this Declaration and in the Design Guidelines adopted pursuant to Article XI. The Associations shall perform its functions in accordance with this Declaration, the By-Laws the Articles and Texas law.

Section 2. Membership. Every Owner shall be a Member of the Association. There shall be only one membership per Unit; if a Unit is owned by more than one Person, all co-Owners shall share the privileges of membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 3 of this Article and in the By-Laws and all such co-Owners shall be jointly and serially obligated to perform the responsibilities of Owners. The membership rights and privileges of an Owner who is a natural person may be exercised by the Member or the Member's spouse. The membership rights of an Owner, which is a corporation, partnership or other legal entity, may be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

Section 3. Voting. The Association shall have two classes of membership, Class "A" and Class "B".

(a) Class A. Class "A" Members shall be all Owners except the Class "B" Member, if any.

Class "A" Members shall be entitled to one equal vote for each Unit in which they hold the interest required for membership under Section 1 hereof; there shall be only one vote per Unit. Unless otherwise specified in this Declaration or the By-Laws, the vote for each Unit shall be exercised by a Voting Member representing the Neighborhood of which the Unit is a part, as provided in Section 4(b) of this Article. The Voting members may cast the votes which they represent as they, in their discretion, deem appropriate.

In any situation where a Member is entitled personally to exercise the vote for his Unit and there is more than one Owner of a particular Unit, the vote for such Unit shall be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting. In the absence of such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

(b) Class "B". The sole Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to approve, or withhold approval of, actions proposed under this Declaration and the By-Laws, are specified elsewhere in the Declaration and the By-Laws. Initially, the

Class "B" Member shall be entitled to "3500" votes; this number shall be decreased by one vote for each Class "A" membership outstanding at any given time. The Class "B" Member shall be entitled to appoint a majority of the members of the Board of Directors during the Class "B" Control Period, as specified in Article III, Section 2, of the By-Laws. After termination of the Class "B" Control Period, the Class "B" member shall have a right to disapprove certain actions of the Board of Directors and committees as provided in Article III, Section 3, of the By-Laws.

The Class "B" membership shall terminate and become converted to Class "A" membership upon the earlier of:

- (i) expiration of the Class "B" Control Period pursuant to Article III of the By-Laws; or
- (ii) when, in its discretion, the Declarant so determines and declares in a recorded instrument.

Section 4. Neighborhoods, Voting Members and Voting Groups.

(a) Neighborhoods. Every Unit shall be located within a Neighborhood. In the discretion of the Owner(s) and developer(s) of each Neighborhood, the Units within a particular Neighborhood may be subject to additional covenants and/or the Unit Owners may all be members of a Neighborhood Association in addition to the Association. However, a Neighborhood Association shall not be required except in the case of a condominium or otherwise as required by law. The Owners of Units in any Neighborhood, which do not have a Neighborhood Association, may elect a Neighborhood Committee, as described in Article V, Section 3, of the By-Laws, to represent the interests of such Owners.

Each Neighborhood may request that the Association provide a higher level of service or special services for the benefit of Units in such Neighborhood upon the affirmative vote, written consent, or a combination thereof of the Owners of a majority of the Units within the Neighborhood. In such event, the Association may provide the requested services, if the Board deems it appropriate. The cost of such services shall be assessed against the Units within such Neighborhood as a Neighborhood Assessment pursuant to Article X hereof.

Exhibit "A" to this Declaration, and each Supplemental Declaration filed to subject additional property to this Declaration, shall initially assign the property described therein to a specific Neighborhood by name, which Neighborhood may be then existing or newly created. The Declarant may unilaterally amend this Declaration or any supplemental Declaration from time to time to redesignate Neighborhood boundaries; provided, two or more Neighborhoods previously established shall not be combined without the consent of Owners of majority of the Units in the affected neighborhoods.

The Owner(s) of a majority of the total number of Units within any Neighborhood may at any time petition the Board of Directors to divide the property comprising the Neighborhood into two or more Neighborhoods. Such petition shall be in writing and shall include a plat or survey of the entire parcel which indicates the boundaries of the proposed Neighborhood(s) or otherwise identifies the Units to be included within the proposed Neighborhood(s). Such petition shall be granted upon the filing of all required documents with the Board unless the Board of Directors denies such application in writing within 30 days of its receipt thereof. The Board may deny an application only upon determination that there is no reasonable basis for distinguishing between the areas proposed to be divided into separate Neighborhoods. All applications and copies of any denials shall be filed with the books and records of the Association and shall be maintained as long this Declaration is in effect.

At any meeting of the Owners of Units in a Neighborhood, the provisions of Article II, Section 2, 4, 5, 6, 7, 10, 11 and 13 of the By-Laws shall apply, except that the term "Voting Member" as used in those Sections shall refer to the Class "A" Members within the Neighborhood and references to votes in "the Association" shall refer to the Class "A" votes in the Neighborhood.

(b) Voting Members. The Class "A" Members within each Neighborhood shall elect one Voting Member for each 50 Units within the Neighborhood (rounded up to the nearest 50). On all Association matters requiring a membership vote, each such Voting Member shall be entitled to cast that number of votes determined by dividing the total number of Class "A" votes in the Neighborhood by the number of Voting Members elected from each Neighborhood, except as otherwise specified in the Declaration or the By-Laws. The Class "A" Members within each neighborhood shall also elect one or more alternate Voting Members to be reasonable for casting such votes in the absence of a Voting Member.

The Voting Member(s) and alternate Voting Member(s) from each Neighborhood shall be elected on an annual basis, either by written ballot or at a meeting of the Class "A" Members within such Neighborhood, as determined by the Board; provided, upon written petition signed by Class "A" Members holding at least ten (10%) percent of the Class "A" votes attributable to Units within any Neighborhood, the election for such Neighborhood shall be held at a meeting. The presence, in person or by proxy, of Class "A" members representing at least thirty (30%) percent of the total Class "A" votes attributable to Units in the Neighborhood shall constitute a quorum at any meeting of the Neighborhood.

The Board shall call for the first election of the Voting Member(s) and alternative Voting Member(s) from a Neighborhood not later than one year after the first conveyance of a Unit in the neighborhood to a Person other than a Builder. Subsequent elections shall be held within 30 days of the same date each year. Each Class "A" Member shall be entitled to cast one equal vote for each Unit which it owns in the Neighborhood for each position. The candidate for each position that receives the greatest number of votes shall be elected to serve a term of one year and until a successor is elected. Any Owner of a Unit in the Neighborhood may submit nominations for election or declare himself a candidate in accordance with procedures which the Board shall establish.

Any Voting Member may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the total number of Units owned by Class "A" Members in the Neighborhood which such Voting Member represents.

Until such time as the Board first calls for election of a Voting Member for a neighborhood, the Owners within such Neighborhood may personally cast the votes attributable to their respective Units on any issue requiring a vote of the Voting Members under this Declaration, the By-Laws or the Articles.

(c) Voting Groups. The Declarant may establish Voting Groups for election of directors to the Board in order to promote representation on the Board of Directors for various groups having dissimilar interest and to avoid a situation in which the Voting Members representing similar Neighborhoods are able, due to the number of Units in such Neighborhoods, to elect the entire Board of Directors, excluding representation of others. Each Voting Group shall be entitled to elect the number of Directors, specified in Article III, Section 6 of the By-Laws. Any other members of the Board of Directors shall be elected at large by all Voting Members without regard to Voting Groups.

The Declarant shall establish Voting Groups, if at all, not later than the date of expiration of the Class "B" Control Period by filing with the Association and in the County Clerk Official Records of Denton County, Texas, a Supplemental Declaration identifying each Voting Group and the Units within such group. Such designation may be amended from time to time by the Declarant, acting alone, at any time prior to the expiration of the Class "B" Control Period. Until such time as Voting Groups are

established by the Declarant, or in the event that the Declarant fails to establish Voting Groups, all Units shall be assigned to the same Voting Group.

Article IV RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 1. Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including, without limitation, furnishings, equipment, and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, consistent with this Declaration applicable city ordinances and state laws, and the Community-Wide Standard.

Section 2. Personal Property and Real Property for Common Use. The Association, through action of its Board of directors, may acquire, hold, and dispose of tangible and intangible personal property and real property, subject to such restrictions as are set forth herein, in the By-Laws and in the Articles of Incorporations. The Declarant may convey to the Association Improved or unimproved real estate located within the properties described in Exhibits "A" or "B," personal property, and leasehold or other property interests. Upon conveyance or dedication by the Declarant to the Association, such property shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed of conveyance. The Declarant shall convey the initial common area to the Association prior to the conveyance of a Unit to any person other than a Builder or developer holding title for the purpose of development and resale.

Section 3. Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, in addition to, further defining, or limiting the rights, covenants and restrictions set forth in this Declaration. Such rules and regulations shall be binding upon all Owners, occupants, invitees, and licensees, if any, until and unless overruled, canceled, or modified in a regular or special meeting of the Association by the vote of Voting Members representing a majority of the total Class "A" votes in the association and by the class "B" Members, so long as such membership shall exist.

Section 4. Enforcement. The Association shall be authorized to impose sanctions for violations of this Declaration, the By-Laws, or rules and regulations. Sanctions may include reasonable monetary fines and suspension of the right to vote and to use any recreational facilities within the Common Area. In addition, the Association, through the Board, in accordance with Article III, Section 22 of the By-Laws, shall have the right to exercise self-help to cure violations, and shall be entitled to suspend any services provided by the Association to any Owner or such Owner's Unit in the event that such Owner is more than 30 days delinquent in paying any assessment or other charge due to the Association. The Board shall have the power to seek relief in any court for violations or to abate nuisances. Sanction shall be imposed as provided in the By-Laws,

The Association, through the Board, by contract or other agreement, shall have the right to enforce county and city ordinances, if applicable, and to permit Denton County or other governmental entity within jurisdiction to enforce ordinances on the Properties for the benefit of the Association and its Members.

Section 5. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, or reasonably implied from the existence of or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in this Declaration, the By-Laws, or Articles, all right and powers of the Association may be exercised by the Board of Directors without a vote of the membership.

Section 6. Governmental Interest. For as long as the Declarant owns any property described on Exhibits "A" or "B," the Association shall permit the Declarant to designate and redesignate also within the Properties for fire, police, water, and sewer facilities, public schools and parks, and other public facilities. The sites may include Common Areas owned by the Association and in such case no membership approval shall be required and the Association shall dedicate and convey the designated site as requested by the Declarant.

Section 7. Indemnification. The Association shall indemnify every officer, director, and committee member against any and all expenses, including counsel fees, reasonably incurred by or imposed upon such officer, director, or committee member in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approval by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member.

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director, and committee member free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, on a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 8. Dedication of Common Areas. The Association, acting through the Board of Directors upon two-thirds (2/3) vote thereof, shall have the power to dedicate portions of the Common Areas to the City of Argyle, the City of Denton, or Denton County, Texas, or to any other local, state, or federal governmental entity, subject to such approval as may be required by Article XIV, Section 2 of this Declaration.

Section 9. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES, NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BE REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. NO REPRESENTATION OR WARRANTY IS MADE THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM CAN NOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURE UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FROM WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTAND AND COVENANTS TO INFORM ITS TENANT THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, DECLARANT, AND ANY SUCCESSORS DECLARANT ARE NOT INSURERS AND THAT EACH PERSON USING THE PROPERTIES ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS AND TO THE CONTENTS OF UNITS RESULTING FROM ACTS OF THIRD PARTIES.

Security 10. Powers of the Association Relating to Neighborhoods. The Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Association or Neighborhood Committee which the Board reasonably determines to be adverse to the interest of the association or its Members or inconsistent with the Community-Wide Standard. The

Association also shall have the power to require specific action to be taken by any Neighborhood Association or Neighborhood Committee in connection with its obligations and responsibilities hereunder or under any other covenants affecting the properties. Without limiting the generality of the foregoing, the Association may (a) require specified maintenance or repairs or aesthetic changes to be effectuated by the Neighborhood Association or Neighborhood Committee and (b) require that a proposed budget include certain items and that expenditures be made therefor.

Any action required by the Association in a written notice pursuant to the foregoing paragraph to be taken by a Neighborhood Association or Neighborhood Committee shall be taken within the reasonable time frame set by the Association in such written notice. If the Neighborhood Association or Neighborhood Committee fails to comply with the requirements set forth in such written notice, the Association shall have the right to effect such action on behalf of the Neighborhood Association or Neighborhood Committee. To cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association, the Association shall assess the Units in such Neighborhood for their pro rata share of any expenses incurred by the Association in taking such action in the manner provided in Article X, Section 5 (b). Such assessments may be collected as a special Assessment hereunder and shall be subject to all lien rights provided for herein.

Article V MAINTENANCE

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Area of Common Responsibility, such maintenance to be funded as hereinafter provided. The Area of Common Responsibility shall include, but need not be limited to:

(a) all landscaping and other flora, parks, lakes, structures, and improvements, including any private streets, recreational facilities, drainage facilities, detention ponds, screening walls, entry features, gates, bike and pedestrian pathways/trails, situated upon the Common Area;

(b) landscaping within public rights-of-way within or abutting the Properties, and landscaping and other flora within any public utility easement within the Properties (subject to the terms of any easement agreement relating thereto);

(c) such portions of any additional property included within the Area of Common Responsibility as may be dictated by the Declaration, any Supplemental Declaration, or any contract or agreement for maintenance thereof entered into by the Association;

(d) all ponds, streams and/or wetlands located within the Properties which serve as part of the drainage and storm water retention system for the Properties, including any retaining walls, bulkheads or dams (earthen or otherwise) retaining water therein, and any fountains, lighting, pumps, conduits, and similar equipment installed therein or used in connection therewith; and

(e) any property and facilities owned by the Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members, such property and facilities to be identified by written notice from the Declarant to the Association and to remain a part of the Area of Common Responsibility and be maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

Except as provided above, the Area of Common Responsibility shall not be reduced by amendment of this Declaration or any other means except with the prior written approval of the Declarant.

The Association may assume maintenance responsibility for property within any Neighborhood, in addition to that designated by any Supplemental Declaration, either by agreement with the Neighborhood or because, in the opinion of the Board, the level and quality of service that being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Units within the Neighborhood to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public. If the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

Except as otherwise specified provided herein, all cost associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense to be allocated among all Units as part of the Base Assessment, without prejudice to the right of the Association to seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, any other recorded covenants, or agreements with the owner(s) thereof. All costs associated with maintenance, repair and replacement of Exclusive Common Areas shall be a Neighborhood Expense assessed as a Neighborhood Assessment solely against the Units within the Neighborhood(s) to which the Exclusive Common Areas are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

Section 2. Owner's Responsibility. Each Owner shall maintain his or her Unit and all landscaping, structures, parking areas, sidewalks, and other improvements within the boundaries of the Unit. Each Owner shall maintain the driveway serving his or her unit whether or not lying entirely within the Unit boundaries, and shall maintain all landscaping on that portion of the Common Area or public right-of-way between the Unit boundary and the nearest curb or pavement edge of the adjoining street(s). Owners of Units, which are adjacent to any portion of the Common Area on which decorative walls or fences have been constructed, shall also maintain that portion of the Common Area which lies between such wall or fence and the Unit boundary. Owners of Units which abut the bank or water's edge, or abut a portion of the Common Area abutting the bank or water's edge, of any lake, pond, stream, or wetlands area within the Properties shall maintain all landscaping between the Unit boundary and such bank or water's edge; provided, there shall be no right to remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article XI hereof.

An Owner shall be excused from its responsibility hereunder to the extent that such maintenance responsibility is otherwise assumed by or assigned to the Association or a Neighborhood Association pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit. In addition to any other enforcement rights available to the Association, if any Owner fails properly to perform his or her maintenance responsibility, the Association may perform such maintenance responsibilities and assess all costs incurred by the Association against the Unit and Owner in accordance with Article X, Section 5(b) of this Declaration. However, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when immediate entry is required due to an emergency situation.

Section 3. Neighborhood's Responsibility. Upon resolution of the Board of Directors, the Owners of Units within each Neighborhood shall be responsible for paying, through Neighborhood Assessments, the costs of operating, maintaining and insuring certain portions of the Area of Common Responsibility within or adjacent to such Neighborhood. This may include, without limitation, the costs of maintaining any signage, entry features, right-of-way and green space between the Neighborhood and adjacent public roads, private street within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association; provided, however, all neighborhoods which are

similarly situated shall be treated the same.

Any Neighborhood Association whose common property is adjacent to any portion of the Common Area upon which a decorative wall or fence is constructed shall maintain all landscaping on that portion of the Common Area between the wall or fence and the Neighborhood Association's property line. Any Neighborhood Association whose common property fronts on any roadway within the properties shall maintain all landscaping on that portion of the Common Area or right-of-way between the property line and the nearest curb or pavement edge of such roadway. Any Neighborhood Association whose common property abuts the bank of water's edge, or abuts a portion of the Common Area abutting the bank or water's edge, of any lake, pond, stream, or wetlands area within the Properties shall maintain all landscaping between the boundary of its property and such bank or water's edge; provided there shall be no right to remove trees, scrubs or similar vegetation from this area without prior approval pursuant to Article XI hereof.

Any Neighborhood Association having responsibility for maintenance of all or a portion of the property within such Neighborhood pursuant to additional covenants applicable to such Neighborhood shall perform such maintenance responsibility in a manner consistent with applicable laws and the Community-Wide Standard. If any Neighborhood Association fails to perform its maintenance responsibility as required herein and in any additional covenants, the Association may perform it and assess the costs against all units within such neighborhood as provided in Article X, Section 5 (b) of this Declaration.

Section 4. Standard of Performance. Unless otherwise specifically provided herein or in other instruments assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants. The Association, and/or an Owner and/or a Neighborhood Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities hereunder.

Section 5. Party Walls and Party Fences.

(a) **General Rules of Law to Apply.** Each wall, fence or driveway built as a part of the original construction on the Units which shall serve and/or separate any two adjoining Units shall constitute a party wall, party fence, or party driveway, as applicable. To the extent not inconsistent with the provisions of this Section, the general rule of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) **Sharing of Repair and Maintenance.** The cost of reasonable repair and maintenance of a party wall, fence or driveway shall be shared equally by the Owners who make use of the wall, fence or driveway.

(c) **Damage and Destruction.** If a party wall, fence or driveway is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the wall, fence or driveway may restore it. If other Owners thereafter use the wall, fence or driveway, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful act or omissions.

(d) **Right to Contribution Runs with Land.** The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

(e) Arbitration. In the event of any dispute arising concerning a party wall, fence, or driveway each party shall appoint one arbitrator. Should any party refuse to appoint an arbitrator within 10 days after written request by the Board of Directors, the Board shall appoint an arbitrator for the refusing party. The arbitrators appointed shall appoint one additional arbitrator. The decision by a majority of all three arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other.

Article VI INSURANCE AND CASUALTY LOSSES

Section 1. Association Insurance. The Association, acting through the Board of Directors or its duly authorized agent, shall have the authority to and shall obtain blanket "all-risk" property insurance, if reasonably available, for all insurable improvements on the Common Area and on other portions of the Area of Common Responsibility to the extent that the Association has assumed responsibility for maintenance, repair and/or replacement thereof in the event of a casualty. If blanket "all-risk" coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage, including coverage for vandalism and malicious mischief shall be obtained. The face amount of such insurance shall be sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any insured peril.

In addition, the Association may, upon request of a Neighborhood, and shall, if so specified in a Supplemental Declaration applicable to the Neighborhood, obtain and continue in effect adequate blanket "all-risk" property insurance on properties within such Neighborhood, if reasonably available. If "all-risk" property insurance is not reasonably available, then fire and extended coverage may be substituted. Such coverage may be in such form as the Board of Directors deems appropriate. The face amount of the policy shall be sufficient to cover the full replacement cost of all structures to be insured. The costs thereof shall be charged to the owners of Units within the benefited Neighborhood as a Neighborhood Assessment. All policies shall provide for a certificate of Insurance to be furnished to each Member Insured, to the Association, and to the Neighborhood Association, if any.

The Board also shall obtain a public liability policy covering the Area of Common Responsibility, insuring the Association and its Members for all damage or injury caused by the negligence of the Association, any of its members, its employees, agents, or contractors while acting on behalf of the Association. If reasonably available, the public liability policy shall have at least a One Million (\$1,000,000.00) Dollar combined single limit as respects bodily injury and property damage, at least a Two Million (\$2,000,000.00) Dollar limit per occurrence and in the aggregate.

Except as otherwise provided above with respect to property within a Neighborhood, premiums for all insurance on the Area of Common Responsibility shall be Common Expenses and shall be incurred in the Base Assessment. However, premiums for insurance on Exclusive Common Areas may be included in the Neighborhood Assessment of the Neighborhood(s) benefited unless the Board of Directors reasonably determine that other treatment of the premiums is more appropriate.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the coverage required hereunder. In the event of an Insured loss the deductible shall be treated as a Common Expense or a Neighborhood Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with Article III, Section 22 of the By-Laws, that the loss is the result of the negligence or willful conduct of one or more Unit Owners, then the Board may specifically assess the full amount of such deductible against such Owner(s) and their Units pursuant to Article X, Section 6(b)

All insurance coverage obtained by the Board of Directors, whether obtained on behalf of the Association or a Neighborhood, shall be governed by the following provisions:

(a) All policies shall be written with a company authorized to do business in Texas which holds a Best's rating of A or better and is assigned a financial size category of IX or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating which is available.

(b) All Insurance shall be written in the name of the Association as trustee for the benefited parties. Policies on the Common Area shall be for the benefit of the Association and its Members. Policies secured on behalf of a Neighborhood shall be for the benefit of the Neighborhood Association, if any, the Owners of Units within the Neighborhood, and their Mortgagees, as their interests may appear.

(c) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board of Directors.

(d) In no event shall the insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees.

(e) All property insurance policies shall have an inflation guard endorsement, if reasonably available. If the policy contains a co-insurance clause, it also shall have an agreed amount endorsement. The Association shall arrange for an annual review of the sufficiency of insurance coverage by one or more qualified person, at least one of whom must be in the real estate industry and familiar with construction in the City of Argyle and the City of Denton, Denton County, Texas area.

(f) The Board of Directors shall be required to use reasonable efforts to secure insurance policies that will provide the following;

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its right to repair and reconstruct instead of paying cash;

(iii) a statement that no policy may be canceled, invalidated, suspended, or subjected to nonrenewal on account of any one or more individual Owners;

(iv) a statement that no policy may be canceled, invalidated, suspended, or subjected to nonrenewal on account of any curable defect or violation without prior demand in writing delivered to the Association to cure the defect or violation and the allowance of a time thereafter as mandated by the State of Texas Department of Insurance for such events, within which it may be cured by the association, its manager, any Owner, or Mortgagee;

(v) a statement that the Association will be given at least 30 days' prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to other insurance required by this Section, the Association shall obtain, as a Common Expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, if reasonably available, and flood insurance, if advisable.

The Association also shall obtain as a Common Expense, fidelity bond or bonds, if reasonably available, covering all persons responsible for handling Association funds. The amount of fidelity coverage shall be determined in the Board of Directors' best business judgment but, if reasonably available, may not be less than one-sixth (1/6) of the annual Base Assessments on all Units plus reserves on hand. Bonds shall include coverage for noncompensated persons and shall require at least 30 days' prior written notice to the Association of any cancellation, substantial modification or nonrenewal.

Section 2. Individual Insurance. By virtue of taking title to a Unit subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket "all risk" property insurance on the Unit(s) and structures constructed thereon providing full replacement cost coverage (less a reasonable deductible), unless either the Neighborhood in which the Unit is located or the Association carries such insurance (which they are not obligated to do hereunder).

Each Owner further covenants and agrees that in the event of damage to or destruction of structures comprising his Unit, the Owner shall proceed promptly of repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article XI of this Declaration. Alternatively, the Owner shall clear the unit of all debris and ruins and thereafter maintain the Unit in a neat and attractive landscaped condition with the Community-Wide Standard. The Owner shall pay any costs of repair or reconstruction which are not covered by insurance proceeds.

Additional recorded covenants applicable to any Neighborhood may establish more stringent requirements regarding the standards for rebuilding or reconstructing structures on the Units within such Neighborhood and the standards for clearing and maintaining the Units in the event the structures are not rebuild or reconstructed.

Section 3. Damage and Destruction.

(a) Immediately after damage or destruction by fire or other peril to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in the paragraph, means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other peril, allowing for any changes or improvement necessitated by changes in applicable building codes.

(b) Any damage to or destruction of the Common Area shall be repaired or reconstructed unless the Voting Members representing at least seventy-five (75%) percent of the total Class "A" votes in the Association, and the Class "B" Members, if any, decide within 60 days after the loss not to repair or reconstruct.

Any damage to or destruction of the common property of any Neighborhood Association shall be repaired or reconstructed unless the Unit Owners representing at least seventy-five (75%) percent of the total vote of the Neighborhood Association decide within 60 days after the damage or destruction not to repair or reconstruct.

If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such funds or information shall be made available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area or common property of a Neighborhood Association shall

be repaired or reconstructed.

(c) If it is determined in the manner described above that the damage or destruction to the Common Area or to the common property of any Neighborhood Association shall not be repaired or reconstructed and no alternative improvements are authorized, the affected portion of the Properties shall be cleared of all debris and ruins. Thereafter the Properties shall be maintained by the Association or the Neighborhood Association, as applicable, in a neat and attractive landscaped condition consistent with the Community-Wide Standard.

Section 4. Disbursement of Proceeds. Any insurance proceeds remaining after defraying such costs of repair or reconstruction, or if no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association or the Neighborhood Association and placed in a capital improvement account. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

Section 5. Repair and Reconstruction. If the insurance proceeds are insufficient to defray the costs of repairing or reconstructing the damage to the Common Area or to the common property of a Neighborhood Association, the Board of Directors may, without the necessity of a vote of the Voting Members, levy a special assessment against those Unit Owners responsible for the premiums for the applicable insurance coverage under Section 1 of this Article. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

Article VII **NO PARTITION**

Except as is permitted in this Declaration or amendments hereto, there shall be no judicial partition of the Common Area or any part thereof. No person acquiring any interest in the Properties or any part thereof shall seek any judicial partition unless the Properties or such portion thereof have been removed from the provisions of the Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

Article VIII **CONDEMNATION**

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Voting Members representing at least sixty-seven (67%) percent of the total Class "A" votes in the Association and of the Declarant, as long as the Declarant owns any property described on Exhibits "A" or "B") by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available, unless within 60 days after such taking the Declarant, so long as the Declarant owns any property described in Exhibits "A" or "B" of this Declaration, and Voting Members representing at least seventy-five (75%) percent of the total Class "A" vote of the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be

repaired or restored, the provisions in Article VI hereof regarding the disbursement of funds for the repair of casualty damage or destruction shall apply.

If the taking does not involve any improvements on the Common Area or if there is a decision made not to repair or restore, or if there are not funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors shall determine.

Article IX **ANNEXATION AND WITHDRAWAL OF PROPERTY**

Section 1. Annexation Without Approval of Membership. The Declarant shall have the unilateral right, privilege, and option, from time to time at any time until all property described on Exhibit "B", attached hereto, has been subjected to the Declaration or December 31, 2031, whichever is earlier, to subject to the provisions of this Declaration and the jurisdiction of the Association all or any portion of the real property described in Exhibit "B". The Declarant shall have the unilateral right to transfer to any other Person the right, privilege, and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the real property described in Exhibits "A" or "B" and that such transfer is memorialized in a written, recorded instrument executed by the Declarant.

Such annexation shall be accomplished by filing a Supplemental Declaration annexing such property in the County Clerk Official Records of Denton County, Texas. Such Supplemental Declaration shall not require the consent of Voting Members, but shall require the consent of the owner of such property, if other than the Declarant. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided herein.

Section 2. Annexation with Approval of Membership. Subject to the consent of the owner thereof, the Association may annex real property other than that described on Exhibit "B" and following the expiration of the right in Section 1, any property described on Exhibit "B" to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall require the affirmative vote of Voting Members representing a majority of the Class "A" votes of the Association represented at a meeting duly called for such purpose and the consent of the Declarant, so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 1 of this Article.

Annexation shall be accomplished by filing a Supplemental Declaration describing the property being annexed in the County Clerk Official Records of Denton County, Texas. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and by the owner of the property being annexed. Any such annexation shall be effective upon filing unless otherwise provided therein.

Section 3. Withdrawal of Property. Subject to the terms of Article XIV, Section 10, the Declarant reserves the right to amend this Declaration unilaterally at any time so long as it holds an unexpired option to expand the community pursuant to Section 1 of the Article IX, without prior notice and without the consent of any Person, for the purpose of removing certain portions of the Properties then owned by the Declarant or its affiliates or the Association from the provisions of this Declaration to the extent originally included in error or as a result of any changes whatsoever in the plans for the Properties desired to be effected by the Declarant, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Properties.

Section 4. Additional Covenants and Easements. The Declarant may unilaterally subject any portion of the property submitted to this Declaration initially or by Supplemental Declaration

to additional covenants and easements including covenants obligation the Association to maintain and insure such property on behalf of the Owners and obligating such Owners to pay the costs incurred by the Association through Neighborhood Assessments. Such additional covenants and easements shall be set forth in a Supplemental Declaration filed either concurrent with or after the annexation of the subject property, and shall require the written consent of the owner(s) of such property, if other than the Declarant.

Section 5. Amendments. This Article shall not be amended without the prior written consent of Declarant so long as the Declarant owns any property described in Exhibits "A" or "B".

Article X **ASSESSMENTS**

Section 1. Creation of Assessments. There are hereby created assessments for Association expenses as may from time to time specifically be authorized by the Board of Directors, to be commenced at the time and in the manner set forth in Section 8 of this Article. There shall be four types of assessments: (a) Base Assessment to fund Common Expenses for the general benefit of all Units; (b) Neighborhood Assessments for Neighborhood Expenses benefiting only Units within a particular Neighborhood or Neighborhoods; (c) Special Assessments, as described in Section 5 below; and (d) Benefited Assessments as described in Section 6 below. Each owner, by acceptance of a deed or recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay these assessments.

All assessments, together with interest (at a rate not to exceed the highest rate allowed by Texas law) as computed from the date the delinquency first occurs, late charges, costs, and reasonable attorney's fees, shall be a charge on the land and shall be continuing lien upon each Unit against which the assessment is made until paid, as more particularly provided in Section 7 of this Article. Each such assessment, together with interest, late charges, costs and reasonable attorney's fees, also shall be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose. In the event of a transfer of title to a Unit, the grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyances. However, no first Mortgagee who obtains title to a Unit pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments which occurred prior to such acquisition of title.

The Association shall, upon demand at any time, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid as to any particular Unit. Such certificate shall be conclusive evidence of payment to the Association of such assessment therein stated to have been paid. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors. If the Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment and any Neighborhood Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require any unpaid installments of all outstanding assessments to be paid in full immediately.

No Owner may waive or otherwise exempt himself from liability for the assessments, including, by way of illustration and not limitation, by non-use of Common Area or abandonment of the Unit. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By-Laws, or for

inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

During the Class "B" Control Period, the Declarant may annually elect either to pay regular assessments on its unsold Units or to pay to the Association the difference between the amount of assessments collected on all other Units subject to assessment and the amount of actual expenditures required to operate the Association during the fiscal year. Unless the Declarant otherwise notifies the Board of Directors in writing at least 60 days before the beginning of each fiscal year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Regardless of such election, the Association shall have a lien against all Units owned by the Declarant to secure the Declarant's obligations under this paragraph, which lien shall have the same attributes and shall be enforceable in the same manner as the Association's lien against other Units under this Article. The Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or a combination of these.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution or services, materials, or a combination of services or materials with the Declarant or other entities for the payment of some portion of the Common Expenses.

Section 2. Computation of Base Assessment. It shall be the duty of the Board, at least 60 days before the beginning of each fiscal year, to prepare a budget covering the estimated Common Expenses of the Association during the coming year. The budget shall include a capital contribution establishing a reserve fund in accordance with a budget separately prepared as provided in Section 4 of this Article.

Base Assessment shall be levied equally against all Units and shall be set at a level which is reasonably expected to produce the total income of the Association equal to the total budgeted Common Expense, including reserves. In determining the level of assessments, the Board, in its discretion, may consider other sources of funds available to the Association. In addition, the Board shall take into account the number of Units subject to assessment under Section 8 hereof on the first day of the fiscal year for which the budget is prepared and the number of Units reasonably anticipated to become subject to assessments during the fiscal year.

So long as the Declarant has the right unilaterally to annex additional property pursuant to Article IX hereof, the Declarant may elect on an annual basis, but shall not be obligated, to reduce the resulting Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 1 above), which may be either a contribution, an advance against future assessments due from Declarant, or a loan, in the Declarant's discretion. Any such subsidy shall be conspicuously disclosed as a line item in the Common Expense budget and its characterization shall be made known to the membership. The payment of such subsidy in any year shall under no circumstance obligate the Declarant to continue payment of such subsidy in future years, unless provided for in a separate written agreement between Declarant and the Association.

The Board shall send a copy of the budget and notice of the amount of the Base Assessment to be levied against each Unit for the following year to be delivered to each Owner at least 30 days prior to the beginning of the fiscal year for which it is to be effective. Such budget and assessment shall become effective unless disapproved at a meeting by Voting Members representing at least seventy-five (75%) percent of the total Class "A" votes in the Association and seventy-five (75%) percent of the total number of Voting Members, and by the Class "B" Members, if such exists. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Voting Members as provided for special meetings in Article II, Section 4, of the By-Laws, which petition must be presented to the Board within 10 days after delivery of the notice of assessments.

Notwithstanding the foregoing, however, in the event the proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined, the budget in effect for the immediately preceding year shall continue for the current year.

Section 3. Computation of Neighborhood Assessments. It shall be the duty of the Board at least 60 days before the beginning of each fiscal year, to prepare a separate budget covering the estimated Neighborhood Expenses to be incurred by the Association for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year. The Board shall be entitled to set such budget only to the extent that this Declaration, and Supplemental Declaration, or the By-Laws specifically authorizes the Board to assess certain costs as a Neighborhood Assessment. Any Neighborhood may request that additional services or a higher level of services be provided by the Association, and in each case, any additional costs shall be added to such budget. Such budget shall include a capital contribution establishing a reserve fund for repair and replacement of capital items, if any, maintained as a Neighborhood Expense. Neighborhood Expenses shall be allocated equally among the Units within the Neighborhood benefited thereby and levied as a Neighborhood Assessment, except that any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures shall be levied on each of the benefited Units in proportion to the benefit received, if so specified in the Supplemental Declaration applicable to such Neighborhood or if so directed by the Neighborhood in writing to the Board of Directors.

The Board shall cause a copy of such budget and notice of the amount of the Neighborhood Assessment to be levied on each Unit in the Neighborhood for the coming year to be delivered to each Owner of a Unit in the Neighborhood at least 30 days prior to the beginning of the fiscal year. Such budget and assessments shall become effective unless disapproved by the Owners of a majority of the Units in the Neighborhood to which the Neighborhood Assessment applies. However, there shall be no obligation to call a meeting for the purpose of considering the budget except on petition of Owners of at least ten (10%) percent of the Units in such Neighborhood. This right to disapprove shall only apply to those line items in the Neighborhood budget which are attributed to service requested by the Neighborhood.

In the event the proposed budget for any Neighborhood is disapproved or the Board fails for any reason to determine the budget for any year, then and until such time as budget shall have been determined, the budget in effect for the immediately preceding year shall continue for the current year.

Section 4. Reserve Budget and Capital Contribution. The Board of Directors shall annually prepare reserve budgets for both general and Neighborhood purposes which take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect both to amount and timing by annual Assessment or Neighborhood Assessments, as appropriate, over the period of the budget. The capital contributor required, if any, shall be fixed by the Board and included within and distributed with the applicable budget and notice of assessment, as provided in Sections 2 and 3 of this Article.

Section 5. Special Assessments.

(a) Unbudgeted Expenses. In addition to other assessments authorized hereunder, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Units within any

Neighborhood if such Special Assessment is for Neighborhood Expenses. Except as otherwise specifically provided in this Declaration, any Special Assessment shall have the affirmative vote or written consent of Voting Members (if a Common Expense) or Owners (if a Neighborhood Expense) representing at least fifty-one (51%) percent of the total votes allocated to Units which will be subject to such Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Board so determines.

(b) Costs to Cure Non-compliance. The Association may levy a Special Assessment against any Unit or Neighborhood to reimburse the Association for costs incurred in bringing the Unit or Neighborhood into compliance with the provisions of the Declaration, any applicable Supplemental Declaration, the Articles, the By-Laws, and the Association rules and regulations. Such Special Assessments may be levied upon the vote of the Board after notice to the Unit Owner or the Voting Member(s) from the Neighborhood, as applicable, and an opportunity for a hearing in accordance with the procedures set forth in Article III, Section 22 of the By-Laws.

Section 6. Benefited Assessments. The Board shall have the power to assess expenses of the Association in the amount of the benefit received against Units receiving benefits, items, or services not provided to all Units within a Neighborhood or within the Properties (a) that are incurred upon request of the Owner of a Unit for specific items or services relating to the Unit or (b) that are incurred as a consequence of the conduct of less than all Owners, their licensees, invitees, or guests.

Section 7. Lien for Assessments. The Declarant does hereby establish, reserve, create and subject each Unit to be a perfected contractual lien in favor for the Association to secure payment of delinquent assessments owed on account of such Unit, as well as interest (subject to the limitations of Texas law), late charges and costs of collection (including, without limitation, attorneys fees). Such lien shall be prior and superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Declarant hereby assigns such lien to the Association without recourses. The lien shall be self-operative, and shall continue in inchoate form without being reserved or referenced in any deed or other document and without any other action required. Such lien, when delinquent, may be enforced by suit, judgment and judicial or nonjudicial foreclosure in accordance with Texas law.

Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Unit the amount of the delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Association to execute and record any such document shall not, to any extent, affect the validity, enforceability, or priority of the lien. The lien may be foreclosed through judicial or, to the extent allowed by law, nonjudicial foreclosure proceedings in accordance with Tex. Prop. Code. Ann. Section 51.002 (Vernon 1984), as it may be amended, in like manner of any deed of trust on real property. Each Owner hereby grants to the Association, whether or not it is so expressed in the deed or other instrument conveying such Unit to the Owner, a power of sale to be exercised with Tex. Prop. Code Ann. Section 51.002 (Vernon 1984), as it may be amended. At any foreclosure proceeding, and Person, including but not limited to Declarant, the Association, and any Owner shall have the right to bid for the Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which the Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged in addition to its usual assessment. Its equal pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association as a result of foreclosures. Suit to recover a money judgment for unpaid Common Expenses and attorney's fees shall be maintainable

without foreclosing or waiving the lien securing the same.

The sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any assessments thereafter becoming due. However, the sale or transfer of any Unit pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien as to any installments of such assessments which became due prior to such sale or transfer. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Unit obtains title pursuant to judicial or nonjudicial foreclosure of the Mortgage, it shall not be personally liable for the share of the Common Expenses or assessment by the Association chargeable to such Unit which became due prior to such acquisition of title. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 8 below, including such acquires, its successors and assigns.

Section 8. Date of Commencement of Assessments. The obligation to pay the assessments provided for herein shall commence as to each Unit on the first day of the month following: (a) the month in which the Unit is made subject to this Declaration, or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The first annual Base Assessment and Neighborhood Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

Section 9. Failure to Assess. The omission or failure of the Board to fix the assessments amounts or rates or to deliver or mail to each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessment and Neighborhood Assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is levied, at which time any shortfalls in collections may be assessed retroactively by the Association.

Section 10. Capitalization of Association. Upon acquisition of record title to a Unit by the first Owner thereof other than the Declarant or a Builder, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to one-sixth (1/6) of the annual Base Assessment per Unit for that year as determined by the Board. This amount shall be in addition to, not in lieu of the annual Base Assessment levied on the Unit and shall not be considered an advance payment of any portion thereof. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to the terms of this Declaration and the By-Laws.

Section 11. Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, and Special Assessments:

(a) All Common Areas:

(b) All property dedicated to and accepted by any governmental authority or public utility, including without limitation public schools, public streets, and public parks, if any: and

(c) Property owned by the Neighborhood Association for the common use and enjoyment of the Owners of Units in such Neighborhood, or owned by such Owners in common.

Section 12. Reserve Fund. Notwithstanding any other provision contained herein, the Association shall establish a Reserve Fund and be responsible for the maintenance of Common Areas and other significant Association infrastructure. This Reserve Fund shall not be co-mingled with any other Association funds. The balance of the Reserve Fund at the end of twelve months after the

date hereof shall reflect at minimum an amount equal to \$0.50 times the front footage of each Unit in the subdivision and \$1.00 times the front footage of each Unit in the subdivision at the end of each year thereafter.

The City of Argyle is hereby authorized to assume the duty of performing the maintenance obligations for the portions of the Common Areas that are located within the City of Argyle should the Association dissolve or in any way fail or refuse to maintain such obligations. Should the City of Argyle assume such responsibilities, the City may utilize the portion of the outstanding balance in the Reserve Fund attributable to the Units located within the City of Argyle for the cost of such maintenance, or in the alternative, levy an assessment upon each Unit in the City of Argyle on a pro rata basis for the cost of such maintenance.

The City of Argyle shall be notified in writing within thirty (30) days of the effective date of dissolution of the Association.

Article XI ARCHITECTURAL STANDARDS

Section 1. General. No structure shall be placed, erected, or installed upon any Unit, and no construction or modification (which shall include staking, clearing, excavation, grading and other site work, exterior alteration or modification of existing improvements, and plantings or removal of plants, trees, or shrubs other than as may be permitted in Article XII, Section 15) shall take place except in strict compliance with this Article, until the requirements below have been fully met, and approval of the appropriate committee has been obtained pursuant to Section 2 below. No permission or approval shall be required to repaint in accordance with originally approved color scheme, or to rebuild in accordance with originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of the Owner to remodel the interior of his Unit, or to paint the interior of his Unit any color desired. However, modifications or alterations to the interior or screened porches, patios, and similar portions of a Unit visible from outside the Unit shall be subject to approval.

All dwellings constructed on any portion of the Properties shall be designed by and built in accordance with the plans and specifications of a licensed architect or professional building designer.

This Article shall not apply to the activities of the Declarant, nor to construction or improvements or modifications to the Common Area by or on behalf of the Association.

This Article may not be amended without the Declarant's written consent so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

Section 2. Architectural Review. Responsibility for administration of the Design Review Guidelines, as defined below, and review of all application for construction and modifications under this Article shall be handled by two committees, as described in subsections (a) and (b) of this Section 2. The members of the committee need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board of Directors. The Board of Directors may establish reasonable fees to be charged by the committees on behalf of the Association for review of applications hereunder and may require such fees to be paid in full prior to review of any application.

(a) New Construction Committee. The New Construction Committee (NCC) shall consist of at least three, but not more than five, persons and shall have exclusive jurisdiction over all original construction on any portion of the Properties. Until one hundred (100%) percent of the Properties have been developed and conveyed to Owners in the normal course of development and sale, the Declarant retains the right to appoint all members of the NCC who shall serve at the discretion

of the Declarant. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon the expiration of such right, the Board of Directors shall appoint the members of the NCC, who shall serve and may be removed at the discretion of the Board of Directors.

(b) Modifications Committee. The Board of Directors may establish a Modifications Committee (MC) to consist of at least three and no more than five persons, all of whom shall be appointed by, and shall serve at the discretion of, the Board of Directors. The MC, if established, shall have exclusive jurisdiction over modifications, additions, or alterations made to existing structures on Units or structures on Units or structures containing Units and the open space, if any, appurtenant thereto. However, the MC may delegate its authority as to a particular Neighborhood to the appropriate board or committee of the Neighborhood Association, if any, subsequently subjected to this Declaration so long as the MC has determined that such board or committee has in force review and enforcement practices, procedures, and appropriate standards at least equal to those of the MC. Such delegation may be revoked and jurisdiction reassumed at any time by written notice. The MC shall not take any action nor approve any plans which are inconsistent with the Design Review Guidelines and the NCC shall have the right to veto any action taken by the MC which the NCC determines, in its sole discretion, to be inconsistent with the Design Review Guidelines,

Section 3. Guidelines and Procedures.

(a) The Declarant shall prepare the initial design and development guidelines and application and review procedures (the "Design Review Guidelines") which shall be applicable to all construction activities within the Properties. The Design Review Guidelines may contain general provisions applicable to all of the Properties, as well as specific provisions which vary from one portion of the Properties to another depending upon the location, unique characteristics, and intended use thereof.

The NCC, acting on behalf of the Board of Directors, shall adopt such Design Review Guidelines at its initial organizational meeting and, thereafter shall have sole and full authority to amend them from time to time, without the consent of the Owners.

The NCC shall make the Design Review Guidelines available to Owners, Builders, and developers who seek to engage in development of or construction upon all or any portion of the Properties and all such Persons shall conduct their activities in strict accordance with such Design Review Guidelines. In the discretion of the Declarant, such Design Review Guidelines may be recorded in the County Clerk Official Records of Denton County, Texas, in which event the recorded version, as it may unilaterally be amended from time to time by the NCC by recordation of amendments thereto, shall control in the event of any dispute as to which version of the Design Review Guidelines was in effect at any particular time.

Any amendments to the Design Review Guidelines adopted from time to time by the NCC in accordance with the Section shall apply to construction and modifications commenced after the date of such amendment only, and shall not apply to require modifications to or removal of structures previously approved by the NCC or MC once the approval construction or modification has commenced

The MC may promulgate detailed application and review procedures and design standards governing its area of responsibility and practice. Any such standards shall be consistent with those set forth in the Design Review Guidelines and shall be subject to review and approval or disapproval by the NCC.

(b) Plans and specifications showing the nature, kind, shape, color, size, materials, and location of all proposed construction and modifications, shall be submitted to the appropriate committee

for review and approval (or disapproval). In reviewing each submission, the committee may consider the quality of workmanship and design, harmony of external design with existing structures, and location in relation to surrounding structures, topography, and finish grade elevation, among other things. While the committee may also consider such factors as conformity to master drainage plans, they shall not be required to review drainage plans and neither the Association, the committee, nor the Declarant assume any responsibility for ensuring compliance with any master drainage plan, which responsibility shall be solely with the Builder or other applicant.

In the event that the NCC or MC fails to approve or to disapprove any application within 30 days after submission of all information and materials reasonably requested, the application shall be deemed approved. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Design Review Guidelines unless a variance has been granted in writing by the NCC pursuant to Section 5 below.

Section 4. No Waiver of Future Approvals. The approval of either the NCC or MC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters subsequently or additionally submitted for approval or consent.

Section 5. Variance. The NCC may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; (b) be contrary to the restrictions set forth in this Declaration; or (c) stop the NCC from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship requiring a variance.

Section 6. Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and neither the NCC nor the MC shall bear any responsibility for ensuring the structural or soundness of approved construction or modifications, appropriateness or effectiveness of drainage or compliance with any master drainage plan, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Association, the Board of Directors, any committee, or member of any of the foregoing shall be responsible for nor held liable for any injury, damages, or loss arising out of the manner or quality of approved construction or modifications to any Unit or for the performance or non-performance of any of the provisions of this Article XI.

Section 7. Enforcement. Any construction, alteration, or other work done in violation of this Article shall be deemed to be nonconforming. Upon written request from the Board or the Declarant, Owners shall, at their own cost or expense, remove such construction, alteration, or other work or bring into compliance. Should an Owner fail to remove or correct as required hereunder, the Board or its designees shall have the right to enter the property, remove or cure the violation. All costs (including, without limitation, attorneys fees), together with the interest at the maximum rate than allowed by law, may be assessed against the benefited Unit and collected as a Special Assessment pursuant to Article X, Section 5 (b) hereof.

Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Design Review Guidelines may be excluded by the Board from the Properties, subject to the notice and hearing procedures contained in the By-Laws. In such event, neither the Association, its officers, or directors shall be held liable to any Person for exercising the rights granted by this paragraph.

In addition to the foregoing, the Board of Directors and/or Declarant shall have the authority and standing, on behalf of the Association, to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decision of the NCC and MC.

Article XII USE RESTRICTIONS

The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Association or business offices for the Declarant or the Association consistent with this Declaration, any Supplemental Declaration, and amendments to either). Any Supplemental Declaration or additional covenants imposed on the property within any neighborhood may impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards.

Section 1. Signs. No sign of any kind shall be erected within the Properties without the written consent of the Board of Directors, except signs installed by Declarant. If permission is granted to any Person to erect a sign within the Properties, the Board reserves the right to restrict the size, color, lettering, and placement of such sign. The Board of Directors and the Declarant shall have the right to erect signs as they, in their discretion, deem appropriate. Except as provided above, no signs, flags, banners, or similar items advertising or providing directional information with respect to activities being conducted within or outside the Properties shall be displayed or posted within the Properties.

Section 2. Parking and Prohibited Vehicles.

(a) Parking. Vehicles shall be parked only in the garages or in the driveways, if any, serving the Units or other hard-surfaced areas which are not visible from the street. Vehicles shall be subject to such reasonable rules and regulations as the Board of Directors, or any Neighborhood Association, if any, having concurrent jurisdiction over parking areas within the Neighborhood, may adopt. The Declarant and/or the Association may designate certain on-street parking areas for violators or guests subject to reasonable rules.

(b) Prohibited Vehicles. Commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, recreational vehicles, trailers (either with or without wheel(s), campers, camper trailers, boats and other watercraft, and boat trailers shall be parked only in endorsed garages or areas, if any, designated by the Board or by the Neighborhood Association, if any, having concurrent jurisdiction over parking areas within a particular neighborhood. Stored vehicles and vehicles which are either obviously inoperable or do not have current operating licenses shall not be permitted on the Properties except within enclosed garages. For purposes of this Section, a vehicle shall be considered "stored" if it is put up on blocks or covered with a tarpaulin and remain on blocks or so covered for 14 consecutive days without the prior approval of the Board. Service and delivery vehicles may be parked in the Properties during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Areas. Any vehicle parked in violation of this Section or parking rules promulgated by the Board may be towed in accordance with Article III, Section 22 of the By-Laws.

Section 3. Occupants Bound. All provisions of the Declaration, any applicable Supplemental Declaration, By-Laws, and rules and regulations which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests, and invitees of any Unit. Every Owner shall cause all occupants of his or her Unit to comply with the Declaration, any applicable Supplemental Declaration, By-Laws, and rules and regulations. Every Owner shall be responsible for all violations and losses to the Common Area caused by such occupants,

notwithstanding the fact that such occupants of a Unit are fully liable and may be sanctioned for any violation of the Declaration, By-Laws, and rules and regulations.

Section 4. Animals and Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any portion of the Properties. However, a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Unit. The foregoing limitation on the number of pets shall not apply to hamsters, small birds, fish, or other constantly caged animals, nor shall it apply to require the removal of any litter born to a permitted pet prior to the time that the animals in such litter are three months old. However, those pets which are permitted to roam free, or, in the sole discretion of the Association, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of other Units or the owner of any portion of the Properties shall be removed upon request of the Board. If the owner fails to honor such request, the pet may be removed by the Board. No pets shall be kept, bred, or maintained for any commercial purpose. All dogs shall at all times whenever they are outside a Unit be confined on a leash held by a responsible person. The Board shall also have the authority, but not the obligation, to restrict or prohibit the keeping of breeds of dogs with a known history of dangerous vicious behavior.

Section 5. Quiet Enjoyment. Nothing shall be done or maintained on any part of a Unit which emits foul or obnoxious odors outside the Unit or creates noise or other condition which tend to disturb the peace, quiet, safety, comfort, or serenity of the occupants and invitees of other Units. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in anyway is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Properties.

No noxious, illegal, or offensive activity shall be carried out upon any portion of the Properties, which in the reasonably determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common area or to the occupants and invitees of other Units. No outside burning of trash or garbage shall be permitted within the Properties. No speaker, horn whistle, bell, intercom, paging or other sound device audible from outside the Unit, except alarm devices and entryway intercoms used exclusively for security purposes, shall be installed or operated on any Unit. The use and discharge of firecrackers and other fireworks is prohibited within the properties, except with prior approval of the Board.

Section 6. Unsightly or Unkempt Conditions. All portions of a Unit outside of enclosed structures shall be kept in a clean and tidy condition at all times. Nothing shall be done, maintained, stored, or kept outside of enclosed structures on a Unit which, in the determination of the Board of Directors causes an unclean, unhealthy, or untidy condition to exist or is obnoxious to the senses. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Properties. Notwithstanding the above, the disassembly and assembly of motor vehicles to perform repair work shall be permitted provided such activities are not conducted on a regular or frequent basis, and are either conducted entirely within an enclosed garage or, if conducted outside, are begun and completed with twelve hours.

No Person shall dump grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, street or gutter, or anywhere on the Common Areas. Such materials shall not be disposed of on any portion of the Properties without the prior permission of the owner thereof.

Section 7 Antennas. No exterior antennas except a television antenna extending no more than twelve (12) feet above roof line, aerials, satellite dishes in excess of one meter (1) in diameter, or other apparatus for the transmission or reception of television, radio, satellite, or other signals of any kind shall be placed, allowed or maintained upon any portion of the Properties, including

any Unit, without the prior written consent of the Board or its designee, unless completely contained within the dwelling on the Unit so as not to be visible from outside the dwelling. Any such apparatus permitted by the Board or its designee must be screened from view of adjacent Units by an approved fence or other approved structure no more than six feet in height. The Declarant and/or the Association shall have the right, without obligation, to erect or install an aerial, satellite dish, master antenna, cable system or other apparatus for the transmission of television, radio, satellite, or other signals for the benefit of all or a portion of the Properties.

Section 8. Clotheslines, Garbage Cans, Tanks, Etc. All clotheslines, garbage cans, mechanical equipment, and other similar items on Units shall be located or screened so as to be concealed from view of neighboring Units, streets, and property located adjacent to the Unit. All rubbish, trash, and garbage shall be stored in appropriate containers approved pursuant to Article XI hereof and shall regularly be removed from the Properties and shall not be allowed to accumulate.

Section 9. Subdivision of Unit and Time Sharing. No Unit shall be subdivided or its boundary lines changed except with the prior written approval of the Board of Directors of the Association. Declarant, however, hereby expressly reserves the right to subdivide, change the boundary line of, and replat any Unit(s) owned by Declarant. Any such division, boundary line change or replatting shall not be in violation of the applicable subdivision and zoning regulations.

No Unit shall be made subject to any type of timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among members of the program on a fixed or floating time schedule over a period of years.

Section 10. Firearms. The discharge of firearms and use of bows and arrows within the Properties is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained herein or in the By-Laws, the Association shall not be obligated to take action to enforce this Section.

Section 11. Pools. No above-ground swimming pools shall be erected, constructed or installed on any Unit. Jacuzzis, whirlpools, or spas approved pursuant to Article XI shall not be considered an above-ground pool for the purposes of this Section.

Section 12. Irrigation. No sprinkler or irrigation systems of any type which draw upon water from creeks, streams, rivers, ponds, wetlands, other surface waters within the properties shall be installed, constructed or operated within the Properties. However, the Declarant and the association shall have the right to draw water from such sources for the purpose of irrigating the Area of Common Responsibility. All private wells shall be subject to approval in accordance with Article XI of this Declaration.

Section 13. Tents, Mobile Homes, and Temporary Structures. Except as may be permitted by the Declarant or the NCC during initial construction within the Properties, no tent, shack, mobile home, storage shed or structure of a temporary nature shall be placed upon a unit or any part of the Properties without prior approval pursuant to Article XI hereof, except that party tents or similar temporary structures may be erected for a limited period of time for special events with prior written approval of the Board.

Section 14. Grading, Drainage and Septic Systems. No Person shall alter the grading of any Unit without prior approval pursuant to Article XI of this Declaration. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in those areas. The Declarant hereby reserves for itself and the Association a perpetual easement across the Properties for the purpose of altering drainage and water flow. However, the exercise of such easement shall not materially diminish the value of or unreasonably interfere with the use of any adjacent property without the Owner's consent. Septic tanks and drain fields, other than those

installed by or with the consent of the Declarant, are prohibited within the Properties.

Section 15. Removal of Plants and Trees. No trees or shrubs, except for those which are diseased or dead or create a safety hazard, shall be removed except in strict compliance with the Design Review Guidelines and upon prior approval in accordance with Article XI of this Declaration. In the event of an intentional or unintentional violation of this Section, the violator may be required by the committee having jurisdiction to replace the removed tree with one or more comparable trees of such size and number and in such locations as such committee may determine necessary, in its sole discretion, to mitigate the damage.

Section 16. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Section 17. Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted within the Properties, except for temporary lines as required during construction and high voltage lines.

Section 18. Air Conditioning Units. Except as may be permitted by the Board or its designee, no window air conditioning units may be installed in any Unit.

Section 19. Lighting. Except for traditional holiday decorative lights, which may be displayed for two months prior to and one month after any commonly recognized holiday for which such lights are traditionally displayed, all exterior lights must be approved in accordance with Article XI of this Declaration.

Section 20. Artificial Vegetation, Exterior Sculpture, and Similar items. No artificial vegetation or permanent flagpoles shall be permitted on the exterior of any portion of the Properties. No exterior sculptures, fountains, flags and temporary flagpoles, birdhouses, birdbaths, other decorative embellishments, or similar items shall be permitted unless approved in accordance with Article XI of this Declaration,

Section 21. Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Unit, unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion the appropriate committee pursuant to Article XI hereof. No windmills, wind generators, or other apparatus for generating power from the wind shall be erected or installed on any Unit.

Section 22. Wetlands, Lakes and Other Water Bodies. All wetlands, lakes, ponds, and streams within the Properties, if any, shall be aesthetic amenities only, and no other use thereof, including, without limitation, fishing, swimming, boating, playing, or use of personal flotation devices, shall be permitted without the prior approval of the Board of Directors. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams within the Properties. No docks, piers, or other structures shall be constructed on or over any body of water within the Properties, except such as may be constructed by the Declarant or the Association.

Section 23. Playground and Recreational Equipment. No jungle gyms, swing sets, similar playground equipment, basketball backboards, tennis courts, or such other recreational equipment shall be erected or installed on any Unit without prior written approval in accordance with Article XI hereof. Any playground or other play areas or equipment furnished by the Association or erected within the Properties shall be used at the risk of the user. The Association shall not be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

Section 24. Fences. No hedges, walls, dog runs, animal pens, or fences of any kind shall be permitted on any Unit except as approved in accordance with Article XI of the Declaration.

Section 25. Business Use. No business, trade, garage sale, moving sale, rummage sale, or similar activity may be conducted in or from any Unit, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (b) the business activity conforms to all zoning requirements for the Properties; (c) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Properties; and (d) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration regardless of whether: (a) such activity is engaged in full or part-time, (b) such activity is intended to or does generate a profit, or (c) a license is required.

Notwithstanding the above, the leasing of a Unit shall not be considered a business or trade within the meaning of this Section. This Section shall not apply to any activity conducted by Declarant or a Builder approved by the Declarant with respect to its development and sale of the Properties or its use of any Units which it owns within the Properties.

Section 26. On-site Fuel Storage. No on-site storage of gasoline, heating, or other fuels shall be permitted on any part of the Properties. However, up to five gallons of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment.

Section 27. Leasing of Units. "Leasing," for purposes of this Declaration is defined as regular, exclusive occupancy of a Unit by any person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. Units may be leased only in their entirety. No fraction or portion may be leased. No transient tenants may be accommodated in a Unit. All leases shall be in writing and shall be for an initial term of no less than 30 days, except with the prior written consent of the Board of Directors. Notice of any lease, sublease or assignment of a lease, together with such additional information as may be required by the Board, shall be given to the Board by the Unit Owner within 10 days of execution of the lease, sublease or assignment. The Owner must make available to the lessee copies of the Declaration, By-Laws, and the rules and regulations. The Board may adopt reasonable rules regulating leasing and subleasing.

Section 28. Laws and Ordinances. Every Owner and occupant of any Unit, their guests and invitees, shall comply with all laws, statutes, ordinance, and rules of federal, state, and municipal governments applicable to the Properties. Any violation may be considered a violation of this Declaration. However, the Board shall have no obligation to take action to enforce such laws, statutes, ordinances, and rules.

Section 29. Single Family Occupancy. No Unit shall be occupied by more than a single family, for purposes of this restriction, a single family shall be defined as any number of persons related by blood, adoption, or marriage living with not more than one person who is not so related as a

single household unit, or no more than two persons who are not so related living together as a single household unit, and the household employees of either such household unit; provided, however, nothing herein shall be interpreted to restrict the ability of one or more persons meeting the definition of a single family from residing with any number of person(s) under the age of eighteen (18) over whom such person has legal custody.

Section 30. Mineral Operations. No oil drilling, oil development, operations, oil refining, quarrying, or mining operations of any kind shall be permitted on any Unit. No derrick or other structure designed for use in boring for water, oil, natural gas, or other minerals shall be erected and maintained or permitted on any Unit without the approval of the Declarant or the Board of Directors.

Article XIII EASEMENTS

Section 1. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units due to the unintentional placement or settling or shifting of the improvement constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist. If such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, an Owner, occupant, or the Association.

Section 2. Easements for Utilities, Etc. There are hereby reserved unto Declarant, so long as the Declarant owns any property described on Exhibit "A" or "B" of this Declaration, the Association, and the designees of each (which may include, without limitation, the cities of Argyle and Denton and Denton County, Texas and any utility) access and maintenance easements upon, across, over, and under all of the Properties to the extent reasonably necessary for the purpose of replacing, repairing, and maintaining cable television systems, master television antenna systems, security and similar systems, roads, walkways, bicycle pathways, lakes, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, gas, and electricity, and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes on recorded plats of the Properties. Notwithstanding anything to the contrary herein, these easements shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any existing dwelling on a Unit, and any damage to a Unit resulting from the exercise of these easements shall promptly be repaired by, and at the expense of, the Person exercising these easements. The exercise of those easements shall not unreasonably interfere with the use of any Unit.

Without limiting the generality of the foregoing, there are hereby reserved for the local water supplier, electric company, and natural gas supplier easements across all the Common Area for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes. However, the exercise of this easement shall not extend to permitting entry into the dwelling on any Unit. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Properties, except as may be approved by the Association's Board of Directors or as provided by Declarant.

Section 3. Easements for Lake and Pond Maintenance and Flood Water. The Declarant reserves for itself and its successors, assigns, and designees the nonexclusive right and easement, but not the obligation to enter upon any lakes, ponds, streams, and wetlands located within the Area of Common Responsibility to (a) install, keep, maintain, and replace pumps in order to provide water for the irrigation of any of the Area of Common Responsibility; (b) construct, maintain, and repair any

bulkhead, wall, dam, or other structure retaining water; and (c) remove trash and other debris therefrom and fulfill their maintenance responsibilities as provided in this Declaration. The Declarant's rights and easements provided in this Section shall be transferred to the Association at such earlier time as Declarant may elect, in its sole discretion, to transfer such rights by a written instrument. The Declarant, the Association, and their designees shall have an access easement over and across any of the Properties abutting or containing any portion of any such lakes, ponds, streams, or wetlands to the extent reasonably necessary to exercise their rights under this Section.

There is further reserved herein for the benefit of Declarant, the Association, and their designees, a perpetual, nonexclusive right and easement of success and encroachment over the Common Area and Units (but not the dwellings thereon) adjacent to or within 25 feet of lake beds, ponds, and streams within the Properties, in order to (a) temporarily flood and back water upon and maintain water over such portions of the Properties; (b) fill, drain, dredge, deepen, clean, fertilize, dye, and generally maintain any lakes, ponds, streams, and wetlands within the Area of Common Responsibilities; (c) maintain and landscape the slopes and banks pertaining to such lakes, ponds, streams, and wetlands; and (d) enter upon and across such portions of the Properties for the purpose of exercising its rights under this Section. All persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to heavy rainfall or other natural disasters.

Section 4. Easements to Serve Additional Property. The Declarant and its duly authorized agents, representatives, and employees, as well as its successors, assigns, licensees, and mortgagees, shall have and hereby reserves an easement over the Common Area for the purposes of enjoyment, use, access, and development of the additional property described in Exhibit "B" attached hereto and incorporated herein, whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property. Declarant further agrees that if the easement is exercised for permanent access to the additional property and such property or any portion thereof is not made subject to this Declaration, the Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of maintenance of any access roadway serving the additional property. Such agreement shall provide for sharing of costs based on the ratio which the number of residential dwellings on that portion of the additional property which is served by the easement and is not made subject to this Declaration bears to the total number or residential dwelling within the Properties and on such portion of the additional property.

Section 5. Right of Entry. The Association shall have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to Article V hereof, and to inspect for the purpose of ensuring compliance with this Declaration, any Supplemental Declaration, By-Laws, and rules and regulations, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon a Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Board, but shall not authorize entry into any single family detached dwelling without permission of the Owner except by emergency personnel acting in their official capacities.

Section 6. Retaining Walls/Drainage/Fences Easements.

(a) **Definitions.** For purposes of this Section 6. capitalized terms not previously defined in Article I shall have the meanings set forth below.

(i) "Retaining Wall" shall be a wall structure running generally parallel to the Common Boundary, constructed generally on the Common Boundary for the purposes of supporting and benefiting the Dominant Estate (See typical Illustration in this Section below.)

(ii) "Common Boundary" shall be the lot line, as shown on a subdivision plat, forming the common boundary line between any two adjoining Lots, or between any Lot and Common Area.

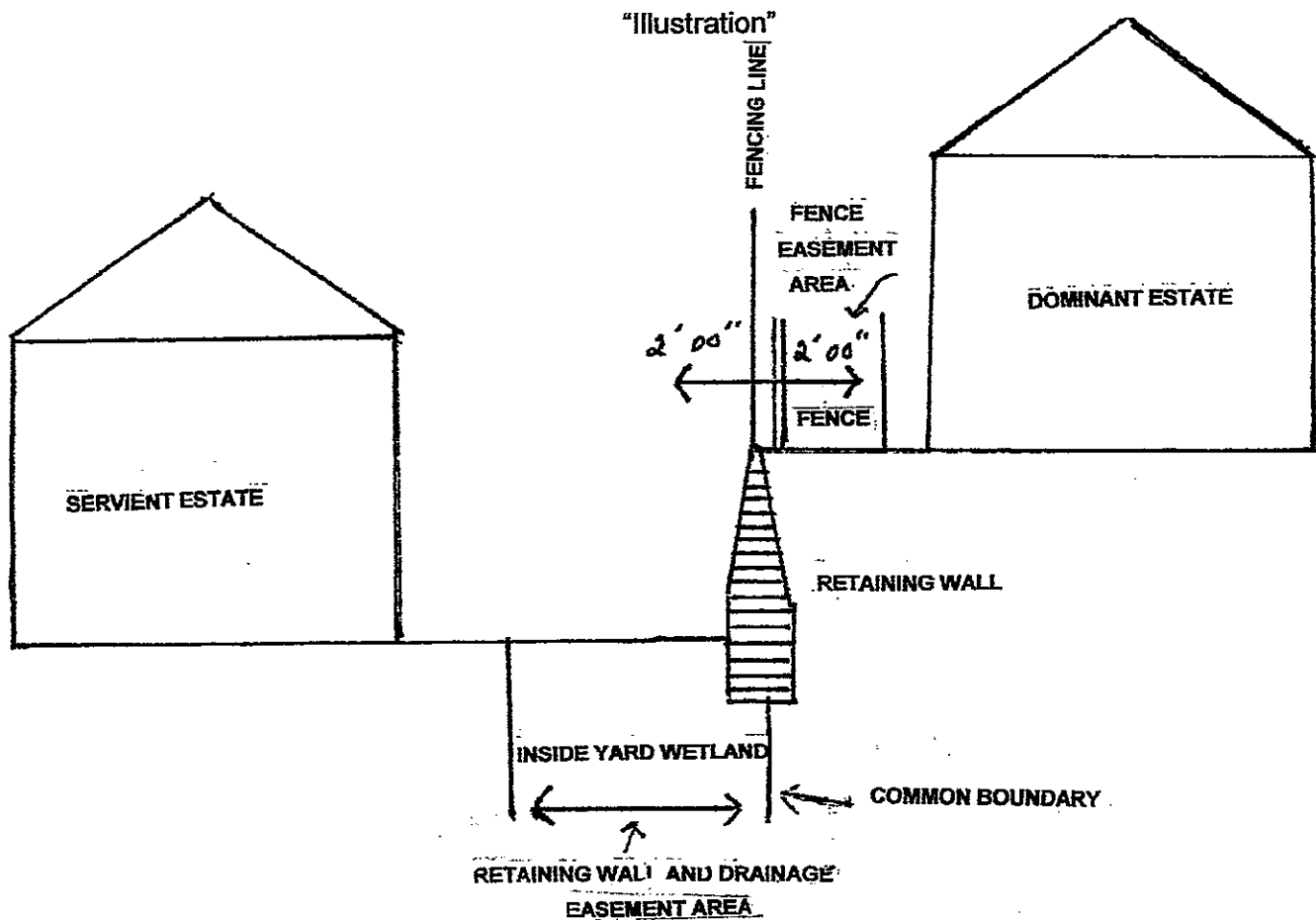
(iii) "Dominant Estate" shall mean, as between two adjoining Units or Common Areas, the Unit or Common Area which has the higher elevation. (The Dominant Estate is defined in the illustration below on the right.)

(iv) "Servient Estate" shall mean, as between two adjoining Units or Common Areas, the Unit or Common Area which has the lower elevation. (The Servient Estate is defined below on the left.)

(v) "Retaining Wall and Drainage Easement Area" shall mean an area on the Servient Estate which lies between the Common Boundary and a line generally parallel to the Common Boundary equivalent to the side yard setback required as per the City of Argyle and the City of Denton zonings, as shown in the illustration below.

(vi) "Fence" shall be a structure constructed on the Common Boundary, or within two feet of the Common Boundary on the Dominant Estate.

(vii) "Fence Easement Area" shall mean a two-foot area on each side of the Fence, whether the fence is located on the Common Boundary, or within the Dominant Estate.



(b) Use of Retaining Wall and Drainage Easement Areas. A perpetual non-exclusive easement on, over and across the Easement Area of each adjoining Servient Estate is hereby granted to each Dominant Estate for ingress and egress by the Owner and occupants of the Dominant Estate, and their agents, contractors and representatives, for construction, reconstruction and maintenance of the Retaining Wall serving the Dominant Estate, and for the purpose of maintaining, reconstructing, or constructing the storm water drainage runoff system from the Dominant Estate, subject to the restrictions set forth in this Declaration and approval of the New Construction Committee (NCC), and the Modification Committee (MC).

Nothing shall be done or permitted within the Easement Area which would constitute a threat or hazard to the health and Safety of the individuals occupying the Servient Estate, nor shall anything be done or permitted within the Easement Area which defaces the dwelling or the landscaping on the Servient Estate, or which adversely affects the integrity, structure or strength of the dwelling on the Servient Estate.

The uses permitted within each Easement Area by virtue of this Section shall be nonexclusive and the same may be subject to utility, access and drainage easements, as well as minor encroachments. The owner of the Servient Estate shall be entitled to such reasonable use or uses of the Easement Area as are not inconsistent with the rights of the Dominant Estate. In addition, the Easement Area is subject to any easements granted elsewhere in this Declaration, as it may be amended from time to time.

(c) Rights of Entry. The Owner of each Dominant Estate (and authorized agents, representatives and contractors of such Owner) shall have a reasonable and temporary right of entry, access, ingress, egress and regress upon the Easement Area reasonably necessary to perform and complete, in a prompt, efficient and good workmanlike manner, any construction or other work (whether original, remodeling or repair) which has been theretofore approved by the NCC and/or MC. The NCC and/or MC are specifically authorized to promulgate ad hoc rules and guidelines pertaining to any particular construction or repair work likely to require the exercise of the right of entry described above so that the respective best interest of the adjoining Owners are, to the extent reasonably possible, harmonized and preserved.

(d) Maintenance of Retaining Wall and Drainage Easement Area: Damage and Destruction. The Owner of the Servient Estate shall be responsible for maintaining landscaping, and other improvements within the Easement Area in a neat and attractive condition. Any damage to the Servient Estate caused by the Dominant Owner shall be reasonably restored at the Dominant Owner's expense to at least as good a condition as when the Dominant Owner initially entered the Servient Estate.

In the event that a Retaining Wall is damaged or destroyed by casualty, the Owner of the Dominant Estate shall proceed promptly to repair or restore the Retaining Wall in the manner consistent with its original construction.

(e) Use of Fence Easement Areas. Any fence constructed or required to be constructed upon a Common Boundary shall be the shared maintenance responsibility of adjoining Unit Owners. Any fence constructed or required to be constructed on the Dominant Estate, due solely to the construction of a Retaining Wall along a Common Boundary, shall be the maintenance responsibility of the adjoining Unit owners.

(f) Arbitration. In the event of any dispute, disagreement or controversy between or among any Owners pertaining to either the Retaining Wall or Fence Easement Areas, then upon the written demand of any such Owner, the dispute, disagreement or controversy shall be fully and finally resolved in by arbitration before the Board, and, if necessary, judgment upon their decision may be entered in any court having jurisdiction thereof.

Article XIV
MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units in the Properties. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"). will be entitled to timely written notice of :

(a) Any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Unit on which there is a first Mortgage held, insured or guaranteed by such Eligible Holder:

(b) Any delinquency in this payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Declaration or By-Laws relating to such Unit or the Owner or Occupant which is not cured within 60 days. Notwithstanding this provision, any holder of a first Mortgage is entitled to written notice upon request from the Association of any default in the performance by an Owner of a Unit of any obligation under the Declaration or By-Laws which is not cured within 60 days;

(c) Any lapses, cancellation, or material modification of any insurance policy maintained by the Association; or

(d) Any proposed action which would require the consent of a specified percentage of Eligible Holders.

Section 2. Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least sixty-seven (67%) percent of the first Mortgagees or Voting Members representing at least sixty-seven (67%) percent of the total Association vote entitled to cast consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection):

(b) Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Unit (a decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Properties regarding assessments for Neighborhoods or other similar areas shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration.):

(c) By act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Units and the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision.):

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

First Mortgages may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 3. Other Provisions for First Lien Holders. To the extent possible under Texas law:

(a) Any restoration or repair of the Properties after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of first Mortgages on Units to which at least fifty-one (51%) percent of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Units to which at least fifty-one (51%) percent of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

Section 4. Amendments to Documents. The following provisions do not apply to amendments to the constituent documents or termination of the Association made as a result of destruction, damage, or condemnation pursuant to Section 3 (a) and (b) of this Article, or to the addition of land in accordance with Article IX.

(a) The consent of Voting Members representing at least sixty-seven (67%) percent of the Class "A" votes and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of the Eligible Holders of first Mortgages on Units to which at least sixty-seven (67%) of the votes of Units subject to a Mortgage appertain, shall be required to terminate the Association.

(b) The consent of Voting Members representing at least sixty-seven (67%) percent of the Class "A" votes and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of Eligible Holders of first Mortgages on Units to which at least fifty-one (51%) percent of the votes of Units subject to a Mortgage appertain, shall be required to amend materially any provisions of the Declaration, By-Laws, or Articles of Incorporation, or to add any material provisions thereto which establish, provide for, govern, or regulate any of the following:

- (I) voting;
- (II) assessments, assessment liens, or subordination of such liens;
- (III) reserves for maintenance, repair, and replacement of the Common Area;
- (IV) insurance or fidelity bonds;
- (V) rights to use the Common Area;
- (VI) responsibility for maintenance and repair of the Properties;

(VII) expansion or contraction of the Properties or the addition, annexation, or withdrawal of Properties to or from the Association;

(VIII) boundaries of any Unit;

(IX) leasing of Units;

(X) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer, or otherwise convey his or her Unit;

(XI) establishment of self-management by the Association where professional management has been required by Eligible Holder; or

(XII) any provisions included in the Declaration, By-Laws, or Articles of Incorporation which are for the express benefit of holders, guarantors, or insurers of first Mortgages on Units.

Section 5. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or taking of the Common Area.

Section 6. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

Section 7. Amendment by Board. Should the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the U.S. Department of Veterans Affairs, or the U.S. Department of Housing and Urban Development, subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may record an amendment to this Article to reflect such changes.

Section 8. Applicability of Article XIV. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, By-Laws, or Texas law for any of the acts set out in this Article.

Section 9. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

Section 10. HUD/VA Approval. As long as there is a Class "B" membership, the following actions shall require the prior approval of the U.S. Department of Housing and Urban Development or the Department of Veteran Affairs. If either such agency is insuring or guaranteeing the mortgage on any Unit; annexation of additional property other than that described on Exhibit "B" dedication of Common Area to the public, mortgaging of Common Area, or material amendment of this Declaration.

Article XV
DECLARANT'S RIGHTS

Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the By-Laws may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in this Declaration or in the By-Laws, as applicable. Furthermore, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the County Clerk Official Records of Denton County, Texas. Nothing in this Declaration shall be construed to require the Declarant or any successor to develop any of the property set forth in Exhibit "B" in any manner whatsoever.

Notwithstanding any provisions contained in this Declaration to the contrary, so long as construction and sales of Units by Declarant and Builders shall continue, it shall be expressly permissible for the Declarant and Builders authorized by Declarant to maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole option of the Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such units, including, but not limited to, business offices, signs, and sales offices. The Declarant and Builder(s) authorized by Declarant shall have easements for access to and use of such facilities. The right to maintain and carry on such facilities and activities shall include specifically, without limitation, the right to use Units owned or leased by the Declarant or a Builder and any clubhouse or community center which may be owned by the Declarant or the Association, as models and sales offices, respectively.

So long as the Declarant continues to have rights under this paragraph, no Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent. Any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument being void and of no force and effect unless subsequently approved by written consent signed by the Declarant and recorded in the public records.

This Article may not be amended without the express written consent of the Declarant. However, the rights contained in this Article shall terminate upon the earlier of (a) 30 years from the date this Declaration is recorded, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

Article XVI
GENERAL PROVISIONS

Section 1. Term. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Properties, their respective legal representatives, heirs, successors, and assigns, for a term of 30 years from the date this Declaration is recorded. After such time the covenants and restrictions shall be automatically extended for successive periods of 10 years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of each successive period of 10 years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein.

Section 2. Amendment.

(a) By Declarant. Until conveyance of the first Unit by Declarant, Declarant may unilaterally amend this Declaration for any purpose. Thereafter, the Declarant may unilaterally amend this Declaration if such amendment is (I) necessary to bring any provision into compliance with any applicable governmental statutes, rule, regulation, or judicial determination; (II) necessary to enable any

reputable title insurance company to issue title insurance coverage on the Units; (III) required by an institutional or governmental lender or purchaser or mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Units; (IV) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units; or (V) otherwise necessary to satisfy the requirements of any governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing. So long as the Declarant still owns property described in Exhibits "A" or "B" for development as part of the Properties, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

(b) By Owners. Except as provided above and otherwise specifically provided herein, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing sixty-seven (67%) percent of the total votes in the Association, including sixty-seven (67%) percent of the votes held by Members other than the Declarant, and the consent of the Declarant, so long as the Declarant has a right to annex additional property to this Declaration pursuant to Article IX. In addition, the approval requirements set forth in Article XIV hereof shall be met, if applicable.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. To be effective, any amendment must be recorded in the County Clerk Official Records of Denton County, Texas.

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority so to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege.

Section 3. Severability. Invalidation of any provision or portion of a provision of this Declaration by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 4. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 5. Litigation. Except as otherwise specifically provided below, no judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by Voting Members representing seventy-five (75%) percent of the total Association vote and by seventy-five (75%) percent of the Voting Members. In the case of such a vote, and notwithstanding anything contained in this Declaration or the Articles of Incorporation, or By-Laws to the contrary; a Voting Member shall not vote in favor of bringing or prosecuting any such proceeding unless authorized to do so by Owners of seventy-five (75%) percent of the Units represented by the Voting Member. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided in Article X; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 6. Cumulative Effect: Conflict. The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Neighborhood and the Association may, but shall not be required to enforce the covenants, conditions, and provisions of any Neighborhood; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of incorporation, by-laws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Neighborhood shall be subject and subordinate to those of the Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Association.

Section 7. Use of the "Country Lakes" Phrase and Mark. No person shall use the phrase "Country Lakes" or any logo or derivative in any printed or promotional material without the prior written consent of the Declarant. However, the Association shall be entitled to use the phrase "Country Lakes" in its name.

Section 8. Compliance. Every Owner and occupant of any Unit shall comply with all lawful provisions of this Declaration, the By-Laws, and the rules and regulations of the Association. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association or, in a proper case, by any aggrieved Unit Owner(s). In addition, the Association may avail itself of any and all remedies provided in this Declaration or the By-Laws.

Section 9. Notice of Sale or Transfer of Title. In the event that any Owner desires to sell or otherwise transfer title to his or her Unit, such Owner shall give the Board of Directors at least seven days prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board of Directors may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Unit coming due prior to the date upon which notice is received by the Board of Directors including assessment obligations, notwithstanding the transfer of title to the Unit.

Section 10. Dispute Resolution. Prior to filing a lawsuit against the Declarant, the Association, a Neighborhood Association, the Board, the NCC, the MC, or any officer, director, committee member, Voting Member or property manager of the Association, an Owner or Occupant must request and attend a hearing with the Board of Directors. Any such request shall be in writing and shall be personally delivered to any member of the Board or the property manager, if any, of the Association. The Owner or Occupant shall, in such request and at the hearing, make a good faith effort to explain the grievance to the Board and resolve the dispute in an amicable fashion, and shall give the Board a reasonable opportunity to address the Owner's or Occupant's grievance before filing suit. Upon receiving a request for a hearing, the Board shall give notice of the date, time and place of the hearing to the person requesting the hearing. The Board shall schedule this hearing for a date not less than seven (7) nor more than twenty-one (21) days from the date of receipt of the request.

4913 01403

3 BY WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this
day of April, 2001.

Wynne/Jackson Lakes Development, LP

By: W/J Lakes Development, Inc.

Its: General Partner

Signature: Frank Murphy

By: Frank Murphy

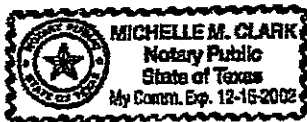
Its: Vice President

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this 3rd day of April, 2001,
personally appeared Frank Murphy, known to me to be the person whose name is
subscribed to the foregoing instrument, and acknowledged that he/she executed the same for the
purposes and considerations therein expressed, and in the capacity therein stated.

Michelle M. Clark
Notary Public of Texas

My Commission Expires: 12/16/02



DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

EXHIBIT "A"

Land initially Submitted

ALL THAT TRACT OR PARCEL OF LAND lying and being in the City of Argyle Denton County, Texas, being more particularly described as Lots 1 through 21 of Block 1, Lots 6 through 9 and Lot 52 of Block 2, Lots 1 through 8 of block 3, Lots 1 through 20 and Lot 25 of Block 4, Lots 1 through 9 of Block 5 and Lot 1 of Block 6 as shown on that Certain Final Plat of Country Lakes Phase One, out of the William Gazaway Survey, Abstract No. 480, I Jesse Gazaway Survey, Abstract No. 481 and Spencer Graham Survey, Abstract No. 468, prepared for Wynne/Jackson Lakes Development, LP, by Carter & Burgess, Inc., bearing the seal of Carter & Burgess, Register Professional Land Surveyor No. 02022302.

Neighborhood

East

Lots 1 through 21, Block 1
Lots 6 through 9, Block 2
Lot 52, Block 2
Lots 1 through 8, Block 3
Lots 1 through 20, Block 4
Lot 25, Block 4
Lots 1 through 9, Block 5
Lot 1, Block 6

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

EXHIBIT "B"

Land Subject to Annexation

ALL OR ANY TRACTS OR PARCELS OF LAND OR PLATTED LOTS LYING AND BEING IN DENTON COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS ANY PROPERTY WITHIN A ONE (1) MILE RADIUS OF THAT PROPERTY DESCRIBED ON EXHIBIT "A" INCLUDING, WITHOUT LIMITATION, THE FOLLOWING DESCRIBED PROPERTY:

(See following pages for Legal Description)

EXHIBIT A

Description of Land

BEING A 639.295 ACRE TRACT OF LAND SITUATED IN THE WILLIAM SMITH SURVEY, ABSTRACT NO. 1182 AND 1187, THE MARY SMITH SURVEY, ABSTRACT NO 1181, THE SPENCER GRAHAM SURVEY, ABSTRACT NO. 468, THE JESSE GAZAWAY SURVEY, ABSTRACT NO. 480 AND 481, THE B.B.B. & C.R.R. SURVEY, ABSTRACT NO. 158, AND THE E. PIZANO SURVEY, ABSTRACT NO. 994, PART IN THE CITY OF ARGYLE, DENTON COUNTY, TEXAS AND BEING PART OF TRACT 1 CONVEYED BY DEED TO VIOLET PROPERTIES ASSOCIATES, L.P., RECORDED IN COUNTY CLERK'S FILE NO. 98-019205, REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS, SAID 639.295 ACRE TRACT, WITH BEARING BASIS BEING THE MOST EASTERLY LINE OF SAID TRACT 1, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 5/8" IRON ROD FOUND IN THE NORTHWEST RIGHT-OF-WAY LINE OF TEXAS AND PACIFIC RAILROAD (A 100 FOOT RIGHT-OF-WAY), BEING THE SOUTHEAST CORNER OF SAID TRACT I, AND BEING THE NORTHEAST CORNER OF A TRACT OF LAND CONVEYED BY DEED TO LARRY DALE MILLER AND WIFE, SANDRA S. MILLER, RECORDED IN VOLUME 1783, PAGE 197, DEED RECORDS, DENTON COUNTY, TEXAS;

THENCE NORTH 88 DEGREES 24 MINUTES 24 SECONDS WEST, ALONG THE SOUTH LINE OF SAID TRACT I AND THE NORTH LINE OF SAID MILLER TRACT, A DISTANCE OF 794.23 FEET TO A 1/2" IRON ROD FOUND AT THE COMMON CORNER OF SAID MILLER TRACT AND A TRACT OF LAND CONVEYED BE DEED TO LAWRENCE J. KANKIEWICZ AND WIFE, JOAN M. KANKIEWICZ, RECORDED IN VOLUME 3303, PAGE 550, DEED RECORDS, DENTON COUNTY, TEXAS;

THENCE NORTH 88 DEGREES 20 MINUTES 44 SECONDS WEST, ALONG SAID SOUTH LINE AND ALONG THE NORTH LINE OF SAID KANKIEWICZ TRACT, A DISTANCE OF 525.61 FEET TO A 1/2 " IRON ROD FOUND AT THE NORTHWEST CORNER OF SAID KANKIEWICZ TRACT AND THE NORTHEAST CORNER OF A TRACT OF LAND CONVEYED BY DEED TO JAMES R. DENTON AND WIFE, KARIN S. DENTON, RECORDED IN COUNTY CLERK'S FILE NO. 94-0081626, REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS;

THENCE NORTH 88 DEGREES 22 MINUTES 49 SECONDS WEST, ALONG SAID SOUTH LINE AND THE NORTH LINE OF SAID DENTON TRACT, PASSING A 5/8 " IRON ROD FOUND AT THE COMMON CORNER OF A TRACT OF LAND CONVEYED

BY DEED TO JAMES RAY DENTON AND KARIN S. DENTON RECORDED IN VOLUME 954, PAGE 926, DEED RECORDS, DENTON COUNTY, TEXAS AND THE REMAINDER OF A TRACT OF LAND CONVEYED BY DEED TO JOHN PORTER, RECORDED IN VOLUME 395, PAGE 267, DEED RECORDS, DENTON COUNTY, TEXAS, AT A DISTANCE OF 242.07 FEET, CONTINUING IN ALL A TOTAL DISTANCE OF 696.03 FEET TO A 5/8" IRON ROD FOUND IN THE CENTERLINE OF CRAWFORD ROAD (A PRESCRIPTIVE RIGHT-OF-WAY);

THENCE NORTH 85 DEGREES 54 MINUTES 52 SECONDS WEST, ALONG SAID SOUTH LINE AND THE NORTH LINE OF A 30 FOOT RIGHT-OF-WAY DEDICATION FOR CRAWFORD ROAD ACCORDING TO THE PLAT OF TIMBER RIDGE SUBDIVISION, RECORDED IN CABINET B, PAGE 65, PLAT RECORDS, DENTON COUNTY, TEXAS, A DISTANCE OF 1162.35 FEET TO A POINT FOR CORNER;

THENCE NORTH 53 DEGREES 41 MINUTES 35 SECONDS WEST, ALONG SAID SOUTH LINE AND WITH THE CENTERLINE OF CRAWFORD ROAD, A DISTANCE OF 677.71 FEET TO A POINT FOR CORNER IN THE EAST LINE OF SKYLINE PARK SUBDIVISION, ACCORDING TO THE PLAT RECORDED IN CABINET B, PAGE 28, PLAT RECORDS, DENTON COUNTY, TEXAS AND AT THE INTERSECTION OF CRAWFORD ROAD AND JOHN PAINE ROAD (A VARIABLE WIDTH PRESCRIPTIVE RIGHT-OF-WAY);

THENCE NORTH 00 DEGREES 43 MINUTES 53 SECONDS EAST, WITH JOHN PAINE ROAD AND SAID EAST LINE, A DISTANCE OF 330.16 FEET TO A 5/8" IRON ROD FOUND AT THE NORTHEAST CORNER OF SAID SKYLINE PARK SUBDIVISION AND BEING AN INTERIOR ELL CORNER OF SAID TRACT I;

THENCE NORTH 89 DEGREES 56 MINUTES AND 39 SECONDS WEST, ALONG THE SOUTH LINE OF SAID TRACT I AND THE NORTH LINE OF SAID SKYLINE PARK SUBDIVISION, BEING THE NORTH LINE OF A 50 FOOT WIDE STREET DEDICATION AS SHOWN ON SAID PLAT, A DISTANCE OF 5.05 FEET TO A 1/2" IRON ROD FOUND AT THE SOUTHEAST CORNER OF A 15.000 ACRE TRACT OF LAND CONVEYED BY DEED TO ARGYLE INDEPENDENT SCHOOL DISTRICT, RECORDED IN CC#99-R0116856, REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS, AND BEING A NORTHERLY ELL CORNER OF THE CITY LIMITS OF THE CITY OF ARGYLE, AS DESCRIBED IN INSTRUMENT RECORDED IN VOLUME 734, PAGE 388, DEED RECORDS, DENTON COUNTY, TEXAS;

THENCE OVER AND ACROSS SAID VIOLET PROPERTIES TRACT AND ALONG THE BOUNDARY LINE OF SAID ARGYLE INDEPENDENT SCHOOL DISTRICT TRACT, THE FOLLOWING TEN COURSES AND DISTANCES;

NORTH 00 DEGREES 08 MINUTES 54 SECONDS WEST, ALONG THE

NORTHWESTERLY LINE OF SAID CITY LIMITS AND WITH THE GENERAL DIRECTION OF JOHN PAINE ROAD, A DISTANCE OF 469.00 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER & BURGESS" SET OF CORNER;

SOUTH 89 DEGREES 51 MINUTES 06 SECONDS WEST, A DISTANCE OF 243.96 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER & BURGESS" SET OF CORNER;

NORTH 63 DEGREES 48 MINUTES 46 SECONDS WEST, A DISTANCE OF 655.17 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER & BURGESS" SET OF CORNER;

NORTH 62 DEGREES 10 MINUTES 27 SECONDS WEST, A DISTANCE OF 72.00 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER & BURGESS" SET OF CORNER;

NORTH 53 DEGREES 47 MINUTES 39 SECONDS WEST, A DISTANCE OF 48.68 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER & BURGESS" SET OF CORNER;

SOUTH 37 DEGREES 43 MINUTES 14 SECONDS WEST, A DISTANCE OF 147.88 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER & BURGESS" SET OF CORNER;

SOUTH 51 DEGREES 37 MINUTES 58 SECONDS EAST, A DISTANCE OF 51.89 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER & BURGESS" SET OF CORNER;

SOUTH 38 DEGREES 22 MINUTES 02 SECONDS WEST, A DISTANCE OF 128.12 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER & BURGESS" SET OF CORNER;

SOUTH 32 DEGREES 01 MINUTES 01 SECONDS WEST, A DISTANCE OF 28.79 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER & BURGESS" SET OF CORNER;

SOUTH 00 DEGREES 17 MINUTES 38 SECONDS EAST, A DISTANCE OF 544.77 FEET TO PK NAIL WITH A SHINER SET FOR CORNER IN CRAWFORD ROAD AT THE SOUTHWEST CORNER OF SAID ARGYLE INDEPENDENT SCHOOL DISTRICT TRACT, AND BEING ON THE SOUTH LINE OF AFORESAID VIOLET PROPERTIES TRACT, THE AFORESAID NORTH RIGHT-OF-WAY LINE, AND THE AFORESAID NORTHLINE OF THE CITY OF ARGYLE;

THENCE NORTH 89 DEGREES 56 MINUTES 39 SECONDS WEST, ALONG THE SOUTH LINE OF SAID VIOLET PROPERTIES TRACT, THE SAID NORTH RIGHT-OF-WAY LINE, AND THE SAID NORTH LINE OF THE CITY OF ARGYLE, A DISTANCE OF 344.54 FEET A ½" IRON ROD FOUND AT THE NORTHWEST CORNER OF SAID SKYLINE PARK SUBDIVISION, IN THE CENTERLINE OF CRAWFORD ROAD, AND BEING AN INTERIOR ELL CORNER OF SAID TRACT I;

THENCE SOUTH 89 DEGREES 42 MINUTES 22 SECONDS WEST OVER AND ACROSS SAID TRACT I AND CONTINUING WITH SAID CENTERLINE, A DISTANCE OF 953.61 FEET TO A ½" IRON ROD FOUND FOR AN INTERIOR ELL CORNER OF SAID TRACT I AND BEING THE SOUTHEAST CORNER OF A TRACT OF LAND CONVEYED BY DEED TO JOE T. SIMPSON AND SPOUSE BARBARA J. SIMPSON, RECORDED IN VOLUME 3097, PAGE 570, DEED RECORDS, DENTON COUNTY, TEXAS;

THENCE NORTH 00 DEGREES 06 MINUTES 15 SECONDS EAST, ALONG THE WEST LINE OF SAID TRACT I AND THE EAST LINE OF SAID SIMPSON TRACT, A DISTANCE OF 399.87 FEET TO A 5/8" IRON ROD FOUND AT THE NORTHEAST CORNER OF SAID SIMPSON TRACT;

THENCE NORTH 89 DEGREES 47 MINUTES 03 SECONDS WEST, ALONG THE SAID WEST LINE AND THE NORTH LINE OF SAID SIMPSON TRACT, A DISTANCE OF 199.88 FEET TO A 1" IRON PIPE FOUND AT THE NORTHWEST CORNER OF SAID SIMPSON TRACT IN THE EAST LINE OF A TRACT OF LAND CONVEYED BY DEED TO JED ARTHUR COOPER AND WIFE, CAROL JOY COOPER, RECORDED IN VOLUME 3097, PAGE 459, DEED RECORDS, DENTON COUNTY, TEXAS;

THENCE NORTH 00 DEGREES 12 MINUTES 13 SECONDS EAST, ALONG SAID WEST AND EAST LINES, A DISTANCE OF 428.63 FEET TO A ½" IRON ROD FOUND AT THE NORTHEAST CORNER OF SAID COOPER TRACT;

THENCE SOUTH 89 DEGREES 43 MINUTES 30 SECONDS WEST, ALONG SAID WEST LINE, THE NORTH LINE OF SAID COOPER TRACT, AND THE NORTH LINE OF A TRACT OF LAND CONVEYED BY DEED TO DOUGLAS TURNER AND WIFE, JEANETTTE, RECORDED IN VOLUME 643, PAGE 443, DEED RECORDS, DENTON COUNTY, TEXAS, A DISTANCE OF 437.36 FEET TO A 2" IRON PIPE FOUND IN THE EAST LINE OF TRACT IV CONVEYED BY DEED TO HILLWOOD/McCUTCHIN, LTD. RECORDED IN VOLUME 2470, PAGE 678, DEED RECORDS, DENTON COUNTY, TEXAS;

THENCE NORTH 00 DEGREES 28 MINUTES 31 SECONDS WEST, ALONG SAID WEST LINE AND THE EAST LINE OF SAID TRACT IV, A DISTANCE OF 499.36 FEET TO A 1"

IRON ROD FOUND IN THE SOUTHEAST RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 35-W (A VARIABLE WIDTH RIGHT-OF-WAY), CONVEYED BY DEED TO THE STATE OF TEXAS, RECORDED IN VOLUME 534, PAGE 1, DEED RECORDS DENTON COUNTY, TEXAS.

THENCE ALONG SAID WEST LINE AND SAID SOUTHEAST RIGHT-OF-WAY, THE FOLLOWING THREE COURSES AND DISTANCES:

NORTH 29 DEGREES 23 MINUTES 45 SECONDS EAST, A DISTANCE OF 692.68 FEET TO A CONCRETE MONUMENT FOUND FOR CORNER;

NORTH 23 DEGREES 59 MINUTES 37 SECONDS EAST, A DISTANCE OF 201.38 FEET TO A CONCRETE MONUMENT FOUND FOR CORNER;

NORTH 29 DEGREES, 23 MINUTES, 41 SECONDS EAST, A DISTANCE OF 201.38 FEET TO A ½" IRON ROD FOUND FOR CORNER;

THENCE, DEPARTING SAID SOUTHEAST RIGHT-OF-WAY, ALONG THE COMMON LINE OF AFORESAID TRACT I AND THE SOUTH LINE OF TRACT II CONVEYED BY SAID DEED TO HILLWOOD/McCUTCHEN, LTD. RECORDED IN VOLUME 2470, PAGE 678 DEED RECORDS, DENTON COUNTY, TEXAS, THE FOLLOWING THREE COURSES AND DISTANCES:

SOUTH 89 DEGREES 57 MINUTES 58 SECONDS EAST, A DISTANCE OF 274.15 FEET TO A ½" IRON ROD FOUND FOR CORNER;

SOUTH 00 DEGREES 27 MINUTES 57 SECONDS WEST, A DISTANCE OF 497.64 FEET TO A ½" IRON ROD FOUND FOR CORNER;

NORTH 89 DEGREES 58 MINUTES 18 SECONDS EAST, A DISTANCE OF 2290.42 FEET TO A ½" IRON ROD FOUND FOR CORNER IN AFORESAID JOHN PAINE ROAD;

THENCE NORTH 00 DEGREES 06 MINUTES 45 SECONDS WEST, WITH THE GENERAL DIRECTION OF JOHN PAINE ROAD, ALONG THE WEST LINE OF SAID TRACT I, AND THE EAST LINE OF SAID HILLWOOD/McCUTCHEN, LTD TRACT II, A DISTANCE OF 3640.35 FEET TO A ½" IRON ROD FOUND AT THE INTERSECTION OF SAID JOHN PAINE ROAD AND JOHNSON ROAD (A VARIABLE WIDTH PRESCRIPTIVE RIGHT-OF-WAY), FROM WHICH A 60D NAIL BEARS NORTH 36 DEGREES 41 MINUTES 03 SECONDS WEST , A DISTANCE OF 938 FEET;

THENCE NORTH 89 DEGREES 44 MINUTES 44 SECONDS EAST, WITH THE GENERAL

DIRECTION OF JOHNSON ROAD, ALONG THE NORTH LINE OF SAID TRACT I, THE NORTHERNMOST SOUTH LINE OF SAID HILLWOOD/McCUTCHEN, LTD TRACT II, AND THE SOUTH LINE OF A TRACT OF LAND CONVEYED BY DEED TO ALBERT R. HUGHES, RECORDED IN VOLUME 3129, PAGE 752, DEED RECORDS, DENTON COUNTY, TEXAS, A DISTANCE OF 3083.72 FEET TO A ½" IRON ROD FOUND AT THE NORTHEAST CORNER OF SAID TRACT I, AND THE NORTHWEST CORNER OF A TRACT OF LAND CONVEYED BY DEED TO L.Z. BROWN, RECORDED IN VOLUME 290, PAGE 382, DEED RECORDS, DENTON COUNTY, TEXAS;

THENCE SOUTH 00 DEGREES 28 MINUTES 34 SECONDS WEST, ALONG THE EAST LINE OF SAID TRACT I AND THE WEST LINE OF SAID BROWN TRACT, A DISTANCE OF 2769.75 FEET TO A 5/8" IRON ROD FOUND AT THE SOUTHWEST CORNER OF SAID BROWN TRACT AND THE NORTHEASTERLY INTERIOR ELL CORNER OF SAID TRACT I.

THENCE SOUTH 88 DEGREES 19 MINUTES 00 SECONDS EAST, ALONG THE COMMON LINE OF SAID TRACT I AND THE SOUTH LINE OF SAID BROWN TRACT, A DISTANCE OF 2347.45 FEET TO A ½" IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAID TRACT I AND THE SOUTHEAST CORNER OF SAID BROWN TRACT, SAID POINT LYING ON THE WEST LINE OF A TRACT OF LAND CONVEYED BY DEED TO WILLIAM T. SMITH AND WIFE, NONA SMITH, RECORDED IN VOLUME 284, PAGE 187, DEED RECORDS, DENTON COUNTY, TEXAS;

THENCE SOUTH 00 DEGREES .32 MINUTES 58 SECONDS WEST, ALONG THE COMMON LINE OF SAID TRACT I AND SAID SMITH TRACT, A DISTANCE OF 148.39 FEET TO A 2" IRON PIPE FOUND IN THE NORTHWEST RIGHT-OF-WAY OF LINE OF AFRESAID TEXAS AND PACIFIC RAILROAD (A 100 FOOT RIGHT-OF-WAY);

THENCE SOUTH 27 DEGREES 34 MINUTES 34 SECONDS WEST, ALONG SAID NORTHWEST RIGHT-OF-WAY, A DISTANCE OF 3605.81 FEET TO THE POINT OF BEGINNING AND CONTAINING 639.295 ACRES OF LAND, MORE OR LESS.

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

EXHIBIT "C"

BY-LAWS

OF

OWNERS ASSOCIATION AT COUNTRY LAKES, INC.

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BY-LAWS
OF
Owners Association at Country Lakes, Inc.

Article I
Name, Principal Office and Definitions

Section 1. Name. The name of the Association shall be Owners Association at Country Lakes, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Principal Office. The principal office of the Association in the state of Texas shall be located in either Dallas or Denton Counties. The Association may have such other offices, either within or outside the State of Texas as the Board of Directors may determine or as the affairs of the Association may require.

Section 3. Definitions. The words in these By-Laws shall be given their normal commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that Declaration, Covenants, Conditions and Restrictions for Owners Association at Country Lakes, Inc. (said Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall otherwise require.

Article II
Association: Membership, Meetings, Quorum, Voting, Proxies

Section 1. Membership. The Association shall have two classes of membership. Class "A" and Class "B", as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Properties or as convenient thereto as possible and practical.

Section 3. Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within one year from the date of incorporation of the Association. Meetings shall be of the Voting Members or their alternates. Subsequent regular annual meetings shall be set by the Board so as to occur during the fourth quarter of the Association's fiscal year on a date and at a time set by the Board of Directors.

Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Voting Members representing at least ten (10%) percent of the total Class "A" votes of the Association.

Section 5. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Voting Members shall be delivered, either personally or by mail, to each Voting Member entitled to vote at such meeting, not less than 10 nor more than 50 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 6. Waiver of Notice. Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed waiver by such Voting Member of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to vote.

Section 7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Voting Members who are present at such meeting may adjourn the meeting to a time not less than 5 nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might be transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

The Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum, provided that Voting Members representing at least twenty (20%) percent of the total votes of the Association remain in attendance, and provided further that any action taken is approved by at least a majority of the votes required to constitute a quorum.

Section 8. Voting. The voting rights of the members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. Voting members may not vote by proxy but only in person or through their designated alternates.

Section 10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than fifty (50%) percent of the total number.

Section 11. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence of Owners or Voting Members representing one-third (1/3) of the total votes in the Association shall constitute a quorum at all meetings of the Association provided, if a quorum is not present at any meeting when initially called, then the meeting may be adjourned and reconvened within 30 days after the date originally called and the quorum requirement upon such reconvening shall be reduced to one-fourth (1/4) of the total votes in the Association. Any provisions in the Declaration concerning quorum is specifically incorporated herein.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 13. Action Without a Meeting. Any action required by law to be taken at a meeting of the Voting Members or Owners, or any action which may be taken at a meeting of the Voting Members or Owners, may be taken without a meeting if written consent setting forth the action so taken is signed by a sufficient number of Voting Members or Owners as would be necessary to take that action at a meeting at which all of the Voting Members or Owners were present and voted.

Article III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body: Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one vote. Except with respect to directors appointed by the Class "B" Member, the directors shall be Members or spouses of such Members; provided however, no person and his or her spouse may serve on the Board at the same time (except in the case of Class "B" Member appointees), in the case of a Member which is not a natural person, the person designated in writing to the secretary of the Association as the representative of such Member shall be eligible to serve as a director.

Section 2. Directors During Class "B" Control Period. Subject to the provisions of Section 6 below, the directors shall be selected by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

(a) when ninety-five (95%) percent of the total number of Units Proposed by the Master Land Use Plan for the property described on Exhibits "A" and "B" of the Declaration have certificates of occupancy issued thereon and have been conveyed to Persons other than Builders.

(b) December 31, 2030; or

(c) when, in its discretion, the Class "B" Member so determines.

Section 3. Right to Disapprove Actions. So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove any action, policy or program of the Association, the Board and any committee which, in the judgment of the Class "B" Member, would tend to impair rights of the Declarant or Builders under the Declaration or these By-Laws, or interfere with development, construction of any portion of the Properties, or diminish the level of services being provided by the Association.

No such action, policy or program shall become effective or be implemented until and unless:

(a) The Class "B" Member shall have been given written notice of all meetings and proposed actions approved at meetings of the Association, the Board or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board of Directors meetings with Article III, Section 8, 9, and 10, of these By-Laws and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein. The Class "B" Member, its representatives or agents shall make its concerns, thoughts, and suggestions

known to the Board and/or the members of the subject committee. The Class "B" Member shall have and is hereby granted a right to disapprove any such action, policy, or program authorized by the Association, the Board of Directors or any committee thereof, if Board, committee, or Association approval is necessary for such action. This right may be exercised by the Class "B" Member, its successors, assigns, representatives, or agents at any time within 10 days following the meeting held pursuant to the terms and provisions hereof. The right to disapprove may be used to block proposed actions but shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board or the Association. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Section 4. Number of Directors. The number of directors in the Association shall be not less than three nor more than seven, as provided in Section 6 below. The initial Board shall consist of three members as identified in the Articles of Incorporation.

Section 5. Nomination of Directors. Except with respect to directors selected by the Class "B" Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three or more Members of the Association, with at least one representative from each Voting Group. The Nominating Committee shall be appointed by the Board of Directors not less than 30 days prior to each annual meeting of the Voting Members or Owners to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled. The Nominating Committee shall nominate separate slates for the directors to be elected at large by all Voting Members, and for the director(s) to be elected by and from each Voting Group. Nominations for each slate shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Voting Members and to solicit votes.

Section 6. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Within 30 days after the time that Class "A" Members other than Builders own seventy-five (75%) percent of the Units proposed by the Master Land Use Plan for the property described in Exhibits "A" and "B", or whenever the Class "B" Member earlier determines, the Board shall be increased to five directors. The Association shall call a special meeting at which Voting Members representing the Class "A" Members shall be entitled to elect two of the five directors, who shall serve as at-large directors. The remaining three directors shall be appointees of the Class "B" Member. The directors elected by the Voting Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (b) below, whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (b) below, successors shall be elected for a like term.

(b) Within 90 days after termination of the Class "B" Control Period, the Association shall call a special meeting at which Voting Members representing Class "A" Members shall be entitled to elect three of the five directors, who shall serve as at-large directors. The remaining two directors shall be appointees of the Class "B" Member. The directors elected by the Voting Members shall not be subject to removal by the Class "B" Member and shall serve until the first annual meeting following the termination of the Class "B" Control Period. If such annual meeting occurs within 90 days after the termination of the Class "B" Control Period, this subsection shall not apply and directors shall be elected in accordance with subsection (c) below.

(c) At the first annual meeting of the membership after the termination of the Class "B" Control Period, the directors shall be selected as follows: Five directors shall be elected by the Voting Members representing both Class "A" and Class "B" Members, with an equal number of

directors elected from each Voting Group and any remaining directorships filled at large by vote of all Voting Members. Three directors shall be elected for a term of two years and two directors shall be elected for a term of one year. At the expiration of the initial term of office of each member of the Board of Directors and at each annual meeting thereafter, a successor shall be elected to serve for a term of two years.

Each Voting Member may cast the total number of votes to which it is entitled under Article III, Section 4(b) of the Declaration with respect to each vacancy to be filled from each slate on which such Voting Member is entitled to vote. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The directors elected by the Voting Members shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

Section 7. Removal of Directors and Vacancies. Any director elected by the Voting Members may be removed, with or without cause, by the vote of Voting Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall then and there be elected by the Voting Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Voting Members who has three consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charge due the Association for more than 30 days may be removed by majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board, and it may appoint a successor; provided, upon written petition of the Class "B" Member or Class "A" Members entitled to cast at least ten (10%) percent of the total Class "A" votes in the Association, the Board shall call a special meeting for the purpose of electing a successor to fill any vacancies on the Board. In such case, only the Voting Members entitled to elect the director who vacated the position shall be entitled to vote for a successor. Any director appointed by the Board shall be selected from the Voting Group represented by the director who vacated the position and shall serve for the remainder of the term of such director.

B. Meetings.

Section 8. Organization Meetings. The first meeting of the Board of Directors following each annual meeting of the membership shall be held within 10 days thereafter at such time and place as shall be fixed by the Board.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated to directors not less than four days prior to the meeting provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 10. Special Meetings. Special meetings of the Board of directors shall be held when called by written notice signed by the President of the Association or by any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods; (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the director or to a person at the director's office or home would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram,

charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited in a United States mail box at least four days before the time set for the meeting. Notices given by personal delivery, telephone or telegraph shall be delivered, telephoned or given to the telegraph company at least 72 hours before the time set for the meeting.

Section 11. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 12. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors. If any action taken is approved by a least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting; may adjourn the meeting to a time not less than five nor more than 30 days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 13. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Voting members representing a majority of the total Class "A" vote of the Association at a regular or special meeting of the Association; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 14. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 15. Open Meetings. Subject to the provision of Section 16 of this Article, all meetings of the board shall be open to all Voting Members, but Voting Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Voting Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, excluding Voting Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

Section 16. Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if written consent setting forth the action so taken is signed by a sufficient number of directors as would be necessary to take that action at a meeting at which all of the directors were present and voted.

C. Powers and Duties.

Section 17. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do or cause to be done all acts and things as are not

by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Voting Members or the membership generally.

The Board of Directors may delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to establish policies relating to, and shall be responsible for performing or causing to be performed, the following, in way of explanation but not limitation:

(a) preparation and adoption, in accordance with Article X of the Declaration, of annual budgets in which there shall be established the contribution of each Owner to the Common Expenses and Neighborhood Expenses;

(b) making assessments to defray the Common Expenses and Neighborhood Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment; provided, unless otherwise determined by the Board of Directors, the annual assessment for each Unit's Proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;

(c) providing for the operation, care, upkeep, and maintenance of all of the Area of Common Responsibility;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair, and replacement of its property and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to operate the Associations provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;

(f) making and amending rules and regulations.

(g) opening of bank accounts on behalf of the Association and designating the signatories requires;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration these By-Laws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) making available to any prospective purchasers of a Unit, any owner of a Units, any first Mortgagee, and the holders, insurers, and guarantors of a first mortgage on any Unit, current copies of the Declaration the Articles of Incorporation the By-Laws, rules governing the Unit and all other books, records, and financial statements of the Association; and

(n) permitting suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operations of the Properties.

Section 18. Management. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g) and (i), of Section 17 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

Section 19. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise;

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be comingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Associate, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise, any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(f) commencing at the end of the month in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly retaining:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (Any assessment or installment thereof shall be considered to be delinquent on the fifteenth day following the due date unless otherwise specified by resolution of the Board of Directors); and

(g) an annual report consisting of at least the following shall be made available to all members within 120 days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited or reviewed basis, as determined by the Board, by an independent public accountant; provided, upon written request of any holder, guarantor or insurer of any first Mortgage on a Unit, the Association shall provide an audited financial statement. During the Class "B" Control Period, the annual report shall include certified financial statements.

Section 20. Borrowing. The Association, acting through the Board of Directors, shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Area of Common Responsibility without the approval of the Voting members of the Association. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Voting Member approval in the same manner provided in Article X. Section 5, of the Declaration for special assessments in the event that the proposed borrowing is for the purpose of modifying improving, or adding amenities and the total amount of such borrowing exceeds or would exceed five (5%) percent of the budgeted gross expenses of the Association for that fiscal year. Notwithstanding anything to the contrary contained in the Declaration, these By-Laws, or the Articles of Incorporation, during the Class "B" Control Period, no Mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Voting Members representing at least fifty-one (51%) percent of the Members other than the Declarant and the Declarant's nominees.

Section 21. Rights of the Association. With respect to the Area of Common Responsibility, and in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operations, or other agreements with trusts, condominiums, cooperatives, or Neighborhood and other owners or residents associations, both within and without the Properties. Such agreements shall require this consent of a majority of the total number of directors of the Association.

The Associate shall not be bound, either directly or indirectly, by any contract, lease, or other agreement with the Declarant (including any management, contract) executed during the Class "B" Control Period unless such contract, lease or other agreement contains a right of termination exercisable by either party at any time, with or without cause, upon not more than 90 days' notice to the other party.

Section 22. Enforcement. The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or any person's right to use the Common Area for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Unit or to suspend an Owner's right to vote due to nonpayment of assessments. In the event that any occupant, guest or invitee of a Unit violates the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be Assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than 10 days within which the alleged violator may present a written request to the Covenants Committee, if any, or Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within 10 days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested within the allotted ten day period, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors of the Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(c) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within 30 days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these By-Laws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article IV Officers

Section 1. Officers. The officers of the Association shall be a president, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. the Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Voting Members, as set forth in Article III.

Section 3. Removal and Vacancies. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and ratification duties to a finance committee, management agent, or both.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Agreements, Contracts, Deeds, Leases, Checks Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Section 7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Article III, Section 13 hereof.

Article V Committees

Section 1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by majority of the directors present at a meeting at which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 2. Covenants Committee. In addition to any other committees which may be established by the Board; pursuant to Section 1 of this Article, the Board of Directors may appoint a Covenants Committee consisting of at least five and no more than seven members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the association and shall conduct all hearings held pursuant to Article III, Section 22 of these By-Laws.

Section 3. Neighborhood Committees. In addition to any other committees appointed as provided above, each Neighborhood which has no formal organizational structure or association may elect a Neighborhood Committee to determine the nature and extent of services, if any, to be provided to the Neighborhood by the Association in addition to those provided to all Members of the Association in accordance with the Declaration. A Neighborhood Committee may advise the Board on any other issue, but shall not have the authority to bind the Board of Directors. Such Neighborhood Committees, if elected, shall consist of three to five Members, as determined by the vote of at least 51% of the Owners of Units within the Neighborhood.

Neighborhood Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board of Directors from a Neighborhood shall be an ex officio member of the Committee. The committee members shall select one Voting Member from each Neighborhood to be the chairperson of the Neighborhood Committee and preside at its meetings and such Voting Member shall be responsible for transmitting any and all communications to the Board of Directors.

In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide by the notice and quorum requirements applicable to the Board of Directors under Article III,

Section 9, 10, 11, and 12, and the procedural requirements set forth in Article III, Sections 14, 15, and 16; however, the term "Voting Member" as used in such sections shall refer to the Owners of Units within the Neighborhood.

Article VI Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors. In the absence of a resolution the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 3. Conflicts. If there are conflicts between the provisions of Texas law, the Articles of Incorporations, the Declaration, and these By-Laws, the provision of Texas law, the Declaration, the Articles of Incorporations, and the By-Laws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration, By-Laws, and Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Unit, Member of the Association, or by the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in the Unit at the office of the association or at such other place within the Properties as the Board shall prescribe.

(b) Rules of Inspection. the Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of Inspection by a director includes the right to make extracts and a copy of relevant documents at the expenses of the Association.

Section 5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws, shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such member or Voting Member; or

(b) if to the association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the members pursuant to this Section.

Section 6. Amendment.

(a) By Declarant. Prior to the conveyance of the first Unit by Declarant, Declarant may unilaterally amend these By-Laws. After such conveyance, the Declarant may unilaterally amend these By-Laws at any time and from time to time if such amendment is (a) necessary to bring any provisions hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue this insurance coverage on the Units; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Units; or (d) necessary to enable any governmental agency or reputable private insurance company to guarantee or insure mortgage loans on the Units; provided, however, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing. So long as it still owns property described in Exhibits "A" or "B" of the Declaration for development as part of the Properties, the Declarant may unilaterally amend these By-Laws for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

(b) By Owners. Except as provided above and otherwise specifically provided herein, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing sixty-seven (67%) percent of the total votes in the Association, including sixty-seven (67%) percent of the votes held by Members other than the Declarant, and the consent of the Declarant, so long as the Declarant has a right to annex additional property to the Declaration. In addition, the approval requirements set forth in Article XIV of the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed of affirmative votes required for action to be taken under that clause. Any amendment to be effective must be recorded in the County Clerk Official Records of Denton, Texas.

If an Owner consents to any amendment to the Declaration of these By-Laws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

EXHIBIT "D"

DESIGN REVIEW GUIDELINES
OF
OWNERS ASSOICAITON AT COUNTRY LAKES, INC.Part One: Definitions

The words in these Design Review Guidelines shall be given their normal commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Owners Association at Country Lakes, Inc. (said Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration") unless the context shall otherwise require.

Part Two: Submission of Plans

Prior to the commencement of any work, there shall be submitted to the appropriate committee two (2) complete sets of plans and specifications of any and all proposed construction of any dwelling, building, structure or improvements of any Unit and of any changes in the terrain of any Unit, and two (2) complete sets of plans and specifications of the proposed painting, remodeling, reconstruction, alterations, or additions to any dwelling, building, structure or improvements on any Unit which affect the exterior appearance or structural integrity of any such dwelling, building, structure or improvements. All plans and specifications for any dwelling, building structure or improvements to be erected on any Unit shall include plot plans showing the exterior color schemes thereof. The approval of the appropriate committee must be obtained prior to the commencement of any such painting, remodeling, reconstruction, alterations, additions, new construction or changes in terrain thereon in the same manner as set forth in Part 3 below.

Part Three: Approval and Disapproval

Before any work is commenced on any Unit, the appropriate committee, as the same is from time to time composed, shall approve or disapprove plans and specifications by majority vote of the members then serving. One (1) set of said plans and specifications with the approval or disapproval endorsed thereon, shall be returned to the person submitting them and the other copy thereof shall be retained by the committee. The signature of any member of the committee on any such plans and specifications with "approval" or "disapproval" thereon written or stamped shall be prima facia evidence as to such approval or disapproval being the act of the full committee. In the event the committee fails to approve or disapprove any such plans

or specifications within thirty (30) days after actual receipt of same by a member of the committee. The committee shall be deemed to have approved such plans and specifications.

Part Four: Criteria for Disapproval

This appropriate committee shall have the right to disapprove any plans and specifications submitted to it as aforesaid in the event such plans and specifications are not in accordance with all of the provisions of the Declaration and the Design Review Guidelines, if the external design, appearance, location or color scheme of the proposed dwelling, building, or other structure is not in harmony with the general surrounding of such Unit or with the adjacent dwellings, buildings, or structures or with the topography, if the plans and specifications submitted are incomplete, if the design, appearance or locations of any landscaping is not in harmony with the general surroundings, or topography, or in the event the committee deems the plans and specifications or any part thereof, to be contrary to the interests, welfare or rights of any or all parts of the Neighborhood, or the Owners in general, all in the sole discretion of the committee. The decisions of the committee shall be final.

Part Five: Limitation of Committee Liability

The appropriate committees authorized to accept whatever drawings, plans or specifications as it deems desirable within its sole discretion in satisfaction of this part of the Declaration. Neither the committee nor any architect or agent thereof or of Declarant shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing, nor for any structural or other defects in any work done according to such plans and specifications.

Part Six: Improvements

The following provisions are applicable to restrict all Units in the Properties:

Section 1. Structure and Roof Section of Dwelling. The exterior of all dwelling shall be constructed of brick, brick veneer, stone, stone veneer, masonry and/or glass building materials of the kind customarily used for exterior walls to the extent that at least the minimum amount of the area of outside walls as required by the appropriate municipality shall consist of same. The width of the front of the main structure shall be in harmony with other dwellings in the Neighborhood and no exterior elevations shall be repeated, without modifications thereto, within 200 lineal feet of the same elevation on the same street. All dwellings shall have a roof of wood shingles, slate, tile or 20 year composition shingles with a weight of least 240 pounds per 100 square feet and that have a weathered brown or gray look, unless some other material is approved by the appropriate committee. The roof pitch of any structure shall be

6 ft. x 12 ft. minimum. Chimney flues on any exterior side or front wall, or on a back wall of any structure located on a corner Unit, shall be enclosed one hundred (100%) percent in brick or masonry except for the side of the chimney that face the roof.

Section 2. Sewage Disposal. No buildings or dwellings shall be constructed with plumbing fixtures, dishwashers, toilets, or sewage disposal systems unless the same are connected to an established central sewage system unless specifically approved by the appropriate committee.

Section 3. Parking Requirements. There shall be a completely enclosed garage with a minimum of two (2) automobile parking stalls of at least 8 feet x 18 feet each for each single family residence or dwelling unit constructed on any Unit. Any garage doors which open to a street and which are not set back from the front of the house by a minimum of 5 feet, shall be single car doors and shall be separated by a masonry column. Enclosures, shelters, screens and other improvements constructed for the purpose of automobile parking and other vehicles shall be attached to and a part of the structure of the building to which they apply.

Section 4. Fences and Boundary Plantings. No wall, coping or fence shall extend nearer to any street than the front line of the dwelling on any Unit. No wire or woven fence is permitted on any portion of any Unit that exposes it to view from the streets or surrounding Units. No fence may be constructed or erected on any Unit without approval of the appropriate committee as to materials, appearance, and height. Fences on individual Units shall be constructed so that the side of the fence containing the structural supports is not visible from any public right-of-way adjacent to the Unit. Any fence constructed on the portion of an Unit which is adjacent to any greenbelt, golf course, stream, lake, or other area as determined by the appropriate committee in their sole discretion, shall be constructed of iron, metal, or other non-wood material as determined by the committee in such a fashion as to maintain reasonable open views into the adjacent area. All Units shall be kept in a well landscaped condition so as to produce the best aesthetic effect. Boundary planting along front Unit lines or side Unit lines adjacent to a street, except trees with single trunks, shall not be permitted to grow higher than three (3) feet. No boundary planting shall be allowed outside rear Unit lines. Each Unit Owner shall cut and maintain all of his trees, shrubs, and hedges so that no part thereof extends across any Unit boundary line without the permission of the Owner of the Unit across which the planting extends.

Notwithstanding anything stated above in this Section 4, the fencing shall be specified as follows for the following areas:

Area

All lots which are adjacent to John Paine Road or Crawford Road -

Fencing installed by the Declarant shall not be modified. An Owner may install on the inside of the fence installed by Declarant on his Unit, additional iron fencing rails or other material which shall match Declarants fence and which vertical elements shall be approved by the appropriate committee.

Area

All lots that abut the Buffer area along Crawford Road in the City of

Argyle - Any fences not screened from view from Crawford Road shall be of a rural character as approved by the City of Argyle and the appropriate committee (split rail, low rock wall, or similar). No stockade fences or solid privacy fences exceeding 4 foot high from the ground level upon which the wall sits are permitted unless screened from Crawford Road.

- Section 5. Construction Periods. The work of construction, painting, altering or remodeling any building or improvements on any Unit shall be prosecuted diligently from the commencement until the completion thereof and in any event shall be completed within nine months after commencement of the work.
- Section 6. Landscaping. Each Unit shall have planted prior to the conveyance of the Unit to any person other than a builder or developer holding title for the purpose of development and resale, a minimum of twenty (20) shrubs and two (2) trees (at minimum sizes of (1) gallon and three (3) inch caliper, as measured at a point six inches (6") above ground level, respectively) in each front yard. Such trees planted shall be of a kind and size (if different from the size set forth above) as may be required by the then current Ordinance of the Cities of Argyle or Denton, in as such Unit shall be located. Existing trees on the Unit shall qualify for this landscape requirement.
- Section 7. Repeat Brick Usage. No exterior combination of brick color, mortar color, and sand color shall be repeated, within 200 lineal feet on the same street of the nearest lot line of a Unit on which a dwelling with the same brick color, mortar color, and sand color has been built.
- Section 8. Additional Masonry Requirements-
- (a) Any house built on a corner Unit shall have exterior siding material, on the side(s) which is abutting a street that is comprised of One Hundred Percent (100%) brick (excluding gables, windows and doors) for that portion of the house that is visible from the streets

- (b) The back of any house with more than one (1) story that is built on a Unit that backs or sides up to a street which has a right-of-way of 60 feet or more, shall be One Hundred Percent (100%) brick or other masonry material that is acceptable to the appropriate committee (except for gables, windows and doors).

Section 9. Mailboxes. Mailboxes shall be constructed of either masonry or metal in accordance with a standard design to be established for each village.

Section 10. Carports. No carports shall be allowed unless:

- (a) Constructed of the same exterior masonry material and color as the dwelling on the same Unit.
- (b) Shall have the same roof type, material, and composition as the dwelling on the same Unit.
- (c) Be attached to and a part of the dwelling on the Unit, and
- (d) Such other requirements and restriction as may be adopted by the appropriate committee.

Section 11. Storage Sheds. Storage sheds will be allowed under the following guidelines:

- (a) A solid fence shall be erected at a minimum height of eight feet on the sides and front and back of the lot in order to sufficiently screen the shed from view from adjacent streets, common areas, and adjoining lots.
- (b) The maximum height of a storage shed shall be 10 feet from the ground.
- (c) In the event that a portion of the lot has a wrought iron fence on its boundary, then the shed shall be screened on the side facing the iron fence by the planting of photinia or other similar plants. Such plants shall be at a minimum height of five feet at the time of planting and shall be spaced a maximum of 36 inches on center. The plants shall be allowed to grow so as to fully screen the shed from the iron fence side.
- (d) The roof shall be of shingles, which match the color and type of the roof of the house.
- (e) The color of the siding of the shed shall match the color of the trim of the house.
- (f) The storage shed must be on a concrete foundation.

W913 01433

FILED FOR RECORD IN
 DEWITT COUNTY, TX
 CYNTHIA MITCHELL, CLERK

On Aug 31-2001
 At 11:35am

Receipt #: 44764
 Recording: 151.00
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 Doc/Num: 1-2001-00091420
 Doc/Type: DCL
 Deputy: Felicia

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS**AMENDED EXHIBIT "D"****DESIGN REVIEW GUIDELINES****OF****OWNERS ASSOCIATION AT COUNTRY LAKES, INC.****Part One: Definitions**

The words in these Design Review Guidelines shall be given their normal commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Owners Association at Country Lakes, Inc. (said Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration") unless the context shall otherwise require.

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5282 05928

After Recording Please Return to:

**Michelle Clark
Wynne/Jackson Lakes Development, LP
600 N. Pearl, Suite 650, LB 149
Dallas, Texas 75201**

5282 05929

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, SPUR OF
OR THE BEST INTERESTS OF THE PROPERTY COULDER BE ENFORCED OR MADE
INVALID AND UNENFORCEABLE UNDER PUBLIC LAW
THE STATE OF TEXAS
COUNTY OF DENTON
I hereby certify that this instrument was FILED in the File Number sequence on
the date and the time specified herein by me, and was duly RECORDED, in the
Official Public Records of said Property of Denton County, Texas on

MAR 04 2003

Cynthia Mitchell
COUNTY CLERK
DENTON COUNTY, TEXAS



Filed for Record in:
DENTON COUNTY, TX
CYNTHIA MITCHELL, COUNTY CLERK

On Mar 04 2003
At 4:29pm

Receipt #: 12823
Recording: 175.00
Doc/Mgmt: 6.00
Doc/Num: 2003-R0032136
Doc/Type: DEC
Deputy -Jennifer