

EXHIBIT "C"

TO THE

OF

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

CRANBROOK ESTATES

ARTICLES OF INCORPORATION

OF

**CRANBROOK ESTATES
HOMEOWNERS ASSOCIATION, INC.**

FILED
In the Office of the
Secretary of State of Texas
JUN 15 2005
Corporations Section

ARTICLES OF INCORPORATION
OF
CRANBROOK ESTATES HOMEOWNERS ASSOCIATION, INC.

I, the undersigned, being of the age of eighteen years or more, acting as incorporator of a corporation under the Texas Non-Profit Corporation Act, Tex. Civ. Stat. Ann. art. 1396-1.01, et seq., as it may be amended, do hereby adopt the following Articles of Incorporation for such corporation:

Article 1. Name. The name of the corporation is Cranbrook Estates Homeowners Association, Inc. ("Corporation" or "Association").

Article 2. Duration. The Corporation shall have perpetual duration.

Article 3. Applicable Statute. The Corporation is a non-profit corporation organized pursuant to the provisions of the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq.

Article 4. Purposes and Powers. The Corporation does not contemplate pecuniary gain or benefit, direct or indirect, to its members. In way of explanation and not of limitation, the purposes for which it is formed are:

(a) to be and constitute the Association to which reference is made in the Declaration of Covenants, Conditions and Restrictions for Cranbrook Estates to be recorded in the Office of the County Clerk of Tarrant County, Texas, as it may be amended from time to time (the "Declaration"), to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified therein, in the Bylaws and as provided by law; and

(b) to provide an entity for the furtherance of the interests of the owners of property subject to the Declaration.

In furtherance of its purposes, the Corporation shall have the following powers, which, unless indicated otherwise by the Declaration or Bylaws, may be exercised by the Board of Directors:

(a) all of the powers conferred upon non-profit corporations by common law and the statutes of the State of Texas in effect from time to time;

(b) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Bylaws or the Declaration, including, without limitation, the following:

(i) to fix, levy, and collect assessments and other charges to be levied against the property subject to the Declaration and to enforce payment thereof by any lawful means;

(ii) to manage, control, operate, maintain, preserve, repair and improve the common area and facilities, and any property subsequently acquired by the Corporation, or any property owned by another, for which the Corporation, by rule, regulation, Declaration or contract, has a right or duty to provide such services;

(iii) to enforce covenants, conditions or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration or Bylaws;

(iv) to engage in activities which will actively foster, promote and advance the common interests of all owners of property subject to the Declaration;

(v) to buy or otherwise acquire, sell or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, hold, use, operate and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Corporation, which shall include the power to foreclose its lien on any property subject to the Declaration by judicial or non-judicial means;

(vi) to borrow money for any purpose subject to such limitations as may be contained in the Bylaws;

(vii) to enter into, make, perform and enforce contracts of every kind and description and to do all other acts necessary, appropriate or advisable in carrying out any purpose of the Association, with or in concert with any other association, corporation or other entity or agency, public or private;

(viii) to act as agent, trustee or other representative of other corporations, firms or individuals and, as such, to advance the business or ownership interests in such corporations, firms or individuals;

(ix) to adopt, alter and amend or repeal such Bylaws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such Bylaws may not be inconsistent with or contrary to any provisions of the Declaration; and

(x) to provide or contract for services benefiting the property subject to the Declaration, including, without limitation, garbage removal and any and all supplemental municipal services as may be necessary or desirable.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; provided, none of the objects or purposes herein set out shall be construed to authorize the Corporation to do any act in violation of the Texas Non-Profit Corporation Act, and all such objects or purposes are subject to said Act.

The powers specified in each of the paragraphs of this Article 4 are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provision of this Article 4.

Article 5. Definitions. All capitalized terms used in these Articles of Incorporation shall be defined in the same manner as defined in the Declaration, which definitions are incorporated herein by this reference.

Article 6. Membership. The Corporation shall be a membership corporation without certificates or shares of stock. All Owners (as defined in the Declaration), by virtue of their ownership of Lots subject to the Declaration, are members of the Association. The members shall be divided into classes and entitled to a vote in accordance with the Declaration and Bylaws.

Article 7. Board of Directors. The business and affairs of the Corporation shall be conducted, managed and controlled by a Board of Directors (the "Board"). The Board may delegate such operating authority to such companies, individuals or committees as it, in its discretion, may determine. The Board shall consist of no less than three (3) and no more than five (5) members. The initial Board shall consist of the following three (3) members:

<u>Name</u>	<u>Address</u>
Tracy Storm	2305 Perkins Place Arlington, Texas 76016
Sheryl Storm	2305 Perkins Place Arlington, Texas 76016
Shirley Storm	4407 Oldfield Drive Arlington, Texas 76016

The method of election, removal and filling of vacancies, and the term of office and number of directors shall be as set forth in the Bylaws.

Article 8. Liability of Directors. To the fullest extent permitted by Texas statutes, as the same exist or as they may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits broader limitation than permitted prior to such amendment), a director of the Corporation shall not be liable to the Corporation for monetary damages for an act or omission in the director's capacity as a director. Any repeal or amendment of this Article 8 by the Corporation shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or amendment.

Article 9. Dissolution. The Corporation may be dissolved only as provided in the Bylaws, and by the laws of the State of Texas.

Article 10. Amendments. Subject to the provisions of the Texas Non-Profit Corporation Act, if applicable, these Articles of Incorporation may be amended with the approval of the Board and seventy-five percent (75%) of the total votes in the Association, and with the approval of the Class "B" member, so long as such membership exists. No amendment shall conflict with the Declaration nor shall any amendment be effective to impair or dilute any rights of members that are granted by the Declaration.


Article 11. Action Without a Meeting. Any action required by the Texas Non-Profit Corporation Act to be taken at a meeting of the members or directors of the Corporation or any action that may be taken at a meeting of the members or directors or of any committee may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of members, directors or committee members as would be necessary to take that action at a meeting at which all of the members, directors or members of the committee were present and voted.

Article 12. Registered Agent and Office. The initial registered office of the Corporation is 3811 Turtle Creek Boulevard, Suite 1050, Dallas, Texas 75219, and the initial registered agent at such address is Lance E. Williams.

Article 13. Incorporators. The name and address of the incorporator is as follows:

Lance E. Williams
Riddle & Williams, P.C.
3811 Turtle Creek Boulevard, Suite 1050
Dallas, Texas 75219

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation this 13 day of June, 2005.



Lance E. Williams

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Cynthia Calhoun
COUNTY CLERK
DALLAS CO., TEXAS



EXHIBIT "B"
TO THE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CRANBROOK ESTATES

BYLAWS
OF
CRANBROOK ESTATES HOMEOWNERS ASSOCIATION, INC.

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BYLAWS
OF
CRANBROOK ESTATES HOMEOWNERS ASSOCIATION, INC.

Article I
Name, Principal Office and Definitions

Section 1.1. Name. The name of the Association shall be Cranbrook Estates Homeowners Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 1.2. Principal Office. The principal office of the Association in the State of Texas shall be located in Dallas County. 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 1.3. Definitions. The words used in these Bylaws shall be given their normal commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for Cranbrook Estates (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 2.1. 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 2.2. 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 Community or as convenient thereto as possible and practical.

Section 2.3. Annual Meetings. Annual meetings of the membership shall be set by the Board so as to occur during the second quarter of the Association's fiscal year on a date and at a time set by the Board of Directors.

Section 2.4. 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 Members representing at least thirty percent (30%) of the total Class "A" votes of the Association.

Section 2.5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Members shall be delivered, either personally, by mail, by facsimile transmission or by electronic mail (if and to the extent allowed by law) to each Member entitled to vote at such meeting not less than ten (10) nor more than sixty (60) 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 Bylaws, the purpose or purposes for which the meeting is called shall be 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 Member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 2.6. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date and place thereof, and any business transacted thereat, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order.

Section 2.7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting and immediately reconvene the meeting without further notice other than announcement at the meeting. At the reconvened meeting, the quorum requirements for such reconvened meeting shall be equal to one-half of the quorum requirement for the adjourned meeting (but never less than that permitted by law). If a quorum is present, any business which might have been transacted at the meeting originally called may be transacted.

The 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 Members to leave less than a quorum, provided that Members representing at least ten percent (10%) 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 2.8. 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 2.9. Proxies. On any matter in which a Member is entitled to vote, such vote may be cast in person, by written consent or by proxy, except as specifically provided otherwise in the Governing Documents. All proxies shall be in writing, dated and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of such Member's Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member, or of

written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 2.10. Majority. As used in these Bylaws, the term "majority" shall mean those votes, owners or other group, as the context may indicate, totaling more than fifty percent (50%) of the total number.

Section 2.11. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of Members representing twenty percent (20%) of the total Class "A" votes in the Association and, so long as the Class "B" membership exists, the presence of a duly appointed representative of the Class "B" Member, shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 2.12. 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 2.13. Action Without a Meeting. Any action required by law to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if written consent setting forth the action so taken is signed by a sufficient number of Members as would be necessary to take that action at a meeting at which all of the Members were present and voted, and any such consent shall have the same force and effect as a unanimous vote of the Members. Each written consent shall bear the date of the signature of each Member who signs the consent. Within ten (10) days following authorization of any action by written consent, the Association shall give notice to all Members of the material features of the authorized action.

Article III

Board of Directors; Number, Powers, Meetings

A. Composition and Selection.

Section 3.1. 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. 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; provided, no Member may have more than one representative on the Board at a time, except in the case of directors appointed by the Class "B" Member.

Section 3.2. Directors During Class "B" Control Period. Subject to the provisions of Section 3.6 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 termination of the Class "B" Control Period.

Section 3.3. Right to Disapprove Actions. So long as the Class "B" Member owns property for development and/or sale in the Community, the Declarant 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 Declarant, would tend to impair rights of the Class "B" Member or Builders under the Declaration or these Bylaws, or interfere with development, construction of any portion of the Community, or diminish the level of services being provided by the Association.

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

(a) Declarant 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 Sections 3.8, 3.9 and 3.10 of these Bylaws and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) Declarant 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. Declarant, its representatives or agents, shall make its concerns, thoughts and suggestions known to the Board and/or the members of the subject committee; and

(c) Declarant does not disapprove of any such action, policy or program authorized by the Association, the Board of Directors or any committee thereof within the time period described below. This right to disapprove may be exercised by Declarant, its successors, assigns, representatives or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. This 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 of the Association. Declarant 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 3.4. Number of Directors. The number of directors in the Association shall not be less than three (3) nor more than five (5), as provided in Section 3.6 below. The initial Board shall consist of three (3) members.

Section 3.5. Nomination of Directors. Except with respect to directors selected by the Class "B" Member, nominations for election to the Board of Directors may be made by a Nominating Committee or from the floor at the annual meeting. The Nominating Committee, if established, shall consist of a chairman, who shall be a member of the Board of Directors, and three (3) or more Members of the Association. 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. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 3.6. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Within thirty (30) days after the time that Class "A" Members other than Builders own at least seventy-five percent (75%) of the total number of Lots permitted by the Land Plan for the property described on Exhibits "A" and "B", or whenever the Class "B" Members earlier determine, the President shall call a special meeting at which Class "A" Members shall be entitled to elect one (1) of the three (3) directors, who shall be an at-large director. The remaining two (2) directors shall be appointees of the Class "B" Member. The director elected by the Class "A" Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two (2) years or until the happening of the event described in Subsection (b) below, whichever is shorter. If such director's term expires prior to the happening of the event described in Subsection (b) below, a successor shall be elected for a like term.

(b) Within ninety (90) days after termination of the Class "B" Control Period, the Association shall call a special meeting at which Members representing the Class "A" Members shall be entitled to elect two (2) of the three (3) directors, who shall serve as at-large directors. The remaining director shall be an appointee of the Class "B" Member. If the Board has been increased to five (5) members, the Class "A" Members shall be entitled to elect three (3) of the five (5) directors and the Class "B" Member shall appoint the remaining two (2) directors. The directors elected by the Class "A" 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 ninety (90) days after 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 elected by the Members representing both Class "A" and Class "B" Members. If the Board consists of three (3) members, two (2) directors shall be elected for a term of two (2) years and one (1) director shall be elected for a term of one (1) year. If the Board consists of five (5) directors, three (3) directors shall be elected for a term of two (2) years and two (2) directors shall be elected for a term of one (1) 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 (2) years.

Each Member shall be entitled to cast the total number of votes attributed to the Lots which it represents with respect to each vacancy to be filled. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The directors elected by the Class "A" 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 3.7. Removal of Directors; Vacancies. Any director elected by the Class "A" Members may be removed, with or without cause, by the vote of the Members holding a majority of the Class "A" votes entitled to be cast for the election of such director. Directors appointed by the Class "B" Member during the Class "B" Control Period shall not be subject to removal by the Class "A" Members. Any director elected by the Class "A" Members whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director elected by the Class "A" Members, a successor shall then and there be elected by the Class "A" 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 Class "A" Members who has three (3) 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 thirty (30) days, may be removed by a 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 prior to the first meeting of the Members pursuant to Section 3.6(b) above, a vacancy may be declared by the Board, and it may appoint a successor; provided, however, upon written petition of the Class "B" Member or Class "A" Members entitled to cast at least ten percent (10%) 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 Members entitled to elect or appoint the director who vacated the position shall be entitled to vote for or appoint a successor. Vacancies occurring on the Board after the first meeting of the Members pursuant to Section 3.6(b) above caused by any reason, excluding the removal of a director by the vote of the Members, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board. Each person so elected shall serve the unexpired portion of the term.

B. Meetings.

Section 3.8. Organizational Meetings. The first meeting of the Board of Directors following each annual meeting of the Membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 3.9. 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 four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to directors no less than four (4) 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 3.10. 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 (2) 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: (i) by personal delivery; (ii) written notice by first-class mail, postage prepaid; (iii) by telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) by electronic mail, facsimile, computer, fiberoptics or other communication device. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the records of the Association. Notices sent by first-class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone or other device shall be delivered or transmitted at least seventy-two (72) hours before the time set for the meeting, by telegram, charges prepaid.

Section 3.11. 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 (i) a quorum is present, and (ii) 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 3.12. 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 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 at 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 (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have transacted at the meeting originally called may be transacted without further notice.

Section 3.13. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Members representing a majority of the total Class "A" votes 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 3.14. 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 3.15. Open Meetings. Subject to the provisions of Section 3.16 of this Article, all meetings of the Board shall be open to all Members, but 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 Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, excluding Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

Section 3.16. 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 a consent in writing, setting forth the action so taken, shall be 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, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 3.17. 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 Bylaws directed to be done and exercised exclusively by the Members or the membership generally.

The Board of Directors shall 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 Bylaws 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 VI of the Declaration, of annual budgets in which there shall be established the contribution of each Owner to the common expenses;

(b) making assessments to defray the common 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 Lot's proportionate share of the common expenses shall be payable in one annual installment, such installment to be due and payable in advance on the first day of each year;

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

(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 Common Property 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 Association; 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 required;

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

(i) enforcing by legal means the provisions of the Declaration, these Bylaws 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 purchaser of a Lot, any Owner of a Lot, any First Mortgagee, and the holders, insurers and guarantors of a First Mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the Bylaws, rules governing the Lot and all other books, records and financial statements of the Association; and

(n) permitting utility suppliers to use portions of the Common Property reasonably necessary to the ongoing development or operation of the Community.

Section 3.18. 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 Bylaws, other than policy-making authority or the duties set forth in Subparagraphs (a) and (i) of Section 3.17 of this Article. Declarant, or an affiliate of Declarant, may be employed as managing agent or

manager. The Association shall not be bound by, either directly or indirectly, any management contract executed during the Class "B" Control Period unless such contract provides a right of termination exercisable by the Association, with or without cause and without penalty, at any time after termination of the Class "B" Control Period upon not more than ninety (90) days' written notice.

Section 3.19. 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 commingled 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 Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise; anything 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) financial reports shall be prepared for the Association at least quarterly containing:

(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 (15th) day following the due date unless otherwise specified by resolution of the Board

of Directors).

(g) an annual report consisting of at least the following shall be made available to all Members prior to the close of the next fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) 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 Lot, the Association shall provide an audited financial statement.

Section 3.20. 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 Common Property without the approval of the Members of the Association. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Member approval in the same manner provided in Section 6.5 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 twenty-five percent (25%) of the budgeted gross expenses of the Association for that fiscal year. Notwithstanding anything to the contrary contained hereinabove, Declarant's loan, if any, to the Association through payment of a subsidy pursuant to Section 6.3(f) of the Declaration, shall not require membership approval except to the extent that the loan is secured by a lien on the Common Property. Notwithstanding anything to the contrary contained in the Declaration, these Bylaws or the Articles of Incorporation, during the Class "B" Control Period, no mortgage lien shall be placed on any portion of the Common Property without the affirmative vote or written consent, or any combination thereof, of Class "A" Members representing at least fifty-one percent (51%) of the Class "A" votes.

Section 3.21. Rights of the Association. With respect to the Common Property, 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, operational or other agreements with trusts, condominiums, cooperatives and other owners or residents associations, both within and without the Community. Such agreements shall require the consent of a majority of the total number of directors of the Association.

Section 3.22. Enforcement. The Association shall have the power to impose sanctions for violations of the Governing Documents as provided in Section 4.4 of the Declaration. The failure of the Board to enforce any provision of the Governing Documents shall not be deemed a waiver of the right of the Board to do so thereafter or of the right to enforce any other violation.

(a) **Notice.** Prior to imposition of any sanction under the Governing Documents, 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 ten (10) days within which the alleged violator may present a written request to the Covenants Committee, if any, or Board, 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 ten (10)

days of the notice shall be imposed; provided that the Board or the Covenants Committee, if any, may suspend any proposed sanction if the violation is cured within the 10-day period, or if correction of the violation is commenced within the 10-day period and diligently pursued to completion. 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.

(b) **Hearing.** If a hearing is requested within the allotted ten (10) day period, the hearing shall be held before the Covenants Committee, if any, or the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

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

(d) **Additional Enforcement Rights.** Notwithstanding anything to the contrary herein contained, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking restrictions or 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 notice and hearing 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 and additional management fees actually incurred. Any entry onto a Lot for purposes of exercising this power of self-help shall not be deemed a trespass.

Article IV **Officers**

Section 4.1. 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 4.2. 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 Members, as set forth in Article III.

Section 4.3. 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 4.4. 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 notification duties to a finance committee, management agent or both.

Section 4.5. 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 4.6. 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 (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Section 4.7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.13 hereof.

Article V Committees

Section 5.1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee shall cooperate 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 5.2. Covenants Committee. In addition to any other committees which may be established by the Board pursuant to Section 5.1 of this Article, the Board of Directors may appoint a Covenants Committee consisting of at least three (3) and no more than five (5) members. Acting in accordance with the provisions of the Declaration, these Bylaws and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association.

Article VI Miscellaneous

Section 6.1. 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 6.2. 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 Bylaws.

Section 6.3. Conflicts. If there are conflicts between the provisions of Texas law, the Articles of Incorporation, the Declaration and these Bylaws, the provisions of Texas law, the Declaration, the Articles of Incorporation and the Bylaws (in that order) shall prevail.

Section 6.4. Books and Records.

(a) **Inspection by Members and Mortgagees.** The Declaration, Bylaws 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 Lot, 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 Lot at the office of the Association or at such other place within the Community as the Board shall prescribe.

(b) **Rules for 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 Community 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 expense of the Association.

Section 6.5. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications under these Bylaws 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, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot

of such 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 6.6. Amendment.

(a) **By Declarant.** The Declarant may unilaterally amend these Bylaws at any time and from time to time if such amendment is (i) necessary to bring any provision hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on the Lots; (iii) 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 Lots; or (iv) necessary to enable any governmental agency or reputable private insurance company to guarantee or insure mortgage loans on the Lots; provided, however, any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent thereto in writing. So long as Declarant still owns property described in Exhibit "A" of the Declaration for development as part of the Community, Declarant may unilaterally amend these Bylaws for any other purpose, provided the amendment has no material adverse effect upon any right granted any Owner under this Declaration without such Owner's written consent.

(b) **By Class "A" Members.** Except as provided above and otherwise specifically provided herein, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of Class "A" Members representing at least fifty-one percent (51%) of the Class "A" votes in the Association, and the consent of the Class "B" Member, so long as the Class "B" Member owns property for development and/or sale in the Community. 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. Any amendment to be effective must be recorded in the County Clerk Official Records of Dallas County, Texas.

If an Owner consents to any amendment to the Declaration or these Bylaws, 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 Class "B" Member or Declarant without the written consent of the Class "B" Member or such Declarant, respectively (or the assignee of such right or privilege).

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**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CRANBROOK ESTATES
GRAND PRAIRIE, TEXAS**

Riddle & Williams, P.C.
1050 Turtle Creek Centre
3811 Turtle Creek Boulevard
Dallas, Texas 75219

2005 31 02515

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EXHIBITS:

EXHIBIT "A"- Property Subject to Declaration

EXHIBIT "B"- Bylaws of Cranbrook Esates Homeowners Association, Inc.

EXHIBIT "C"- Articles of Incorporation of Cranbrook Estates Homeowners Association, Inc.

**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CRANBROOK ESTATES**

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

KNOW ALL MEN BY THESE PRESENTS:

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CRANBROOK ESTATES (this "Declaration") is made this 14 day of July, 2005, by **STORM AUTOMATION LTD.**, a Michigan corporation (the "Declarant").

WITNESSETH:

Declarant is the owner of the real property described in Exhibit "A" attached hereto and incorporated herein by reference. Declarant intends by this Declaration to impose upon the Properties (as defined herein) mutually beneficial restrictions under a general plan of improvement for the benefit 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 hereafter subjected to this Declaration.

Declarant hereby declares that all of the property described in Exhibit "A" 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 Uniform Condominium Act, Tex. Prop. Code Ann. §82.001 (Vernon 1995)(the "Condominium Act").

NOW, THEREFORE, Declarant hereby declares that from and after the recording of this instrument in the Deed Records of Dallas County, Texas, the real property described in Exhibit "A" to this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied and mortgaged or otherwise encumbered subject to the following covenants, conditions, restrictions, easements, assessments and liens, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, such real property. This Declaration shall be binding on and shall inure to the benefit of all persons having any right, title or interest in all or any portion of such real property, their respective heirs, legal representatives, successors, successors-in-title and assigns.

ARTICLE I **DEFINITIONS**

The following words, when used in this Declaration, unless the context shall prohibit, shall have the following meanings:

Section 1.1 "Architectural Control Committee" or "ACC" shall mean the committee established by this Declaration and selected by the Class "B" Member or the Board to review plans and applications for the construction or modification of improvements within the Properties (subject to the rights reserved to the Declarant in Section 13.2 hereof) and to administer and enforce the architectural controls described in Article VII hereof.

Section 1.2 "Area of Common Responsibility" shall mean and refer to the Common Properties, together with those areas, if any, which the Association has or assumes responsibility pursuant to the terms of this Declaration, or other applicable covenants, contracts, or agreements.

Section 1.3 "Articles of Incorporation" or "Articles" shall refer to the Articles of Incorporation of Cranbrook Estates Homeowners Association, Inc., attached hereto as Exhibit "C" and incorporated by reference, as filed with the Secretary of State of the State of Texas.

Section 1.4 "Annual Assessment" shall refer to assessments levied on all Lots subject to assessment under Article VI to fund Common Expenses for the general benefit of all Lots.

Section 1.5 "Association" shall mean and refer to Cranbrook Estates Homeowners Association, Inc., its successors and assigns.

Section 1.6 "Board of Directors" or "Board" shall be the body responsible for administration of the Association, selected as provided in the Bylaws and generally serving the same role as the board of directors under Texas corporate law.

Section 1.7 "Builder" shall mean any Person which purchases one or more Lots within the Properties for the purpose of constructing improvements thereon for later sale to consumers, or who purchases one or more parcels of land within the Properties for further development or resale in the ordinary course of such Person's business.

Section 1.8 "Bylaws" shall refer to the Bylaws of Cranbrook Estates Homeowners Association, Inc. attached hereto as Exhibit "B" and incorporated by reference, as they may be amended from time to time.

Section 1.9 "Certificate of Occupancy" shall refer to a certificate or other similar document issued by the applicable governmental authority certifying or authorizing a Single Family Residence for occupancy by a single family.

Section 1.10 "Class 'A' Member(s)" shall be all Owners who are subject to membership in the Association except the Class "B" Member until such time as the Class "B" membership terminates and is converted to Class "A" membership at which time the Class "B" Member shall

become a Class "A" Member for each Lot, if any, which it owns.

Section 1.11 "Class 'B' Member" shall be the Declarant until such time as the Class "B" membership terminates and is converted to Class "A" membership at which time the Declarant shall become a Class "A" Member for each Lot, if any, which it owns.

Section 1.12 "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. The Class "B" Control Period shall expire upon the first to occur of the following:

- (a) 90 days after the date as of which one hundred percent (100%) of the total number of Lots permitted by the Land Plan for the Properties have Certificates of Occupancy issued thereon and have been conveyed to Class "A" Members other than Builders;
- (b) December 31, 2008;
- (c) when, in its discretion, the Class "B" Member so determines.

Section 1.13 "Committee" shall mean the Architectural Control Committee or the Modifications Committee, as applicable under the circumstances.

Section 1.14 "Common Expenses" shall mean the actual and estimated expenses incurred, or anticipated being incurred, by the Association for the general benefit of all Owners, including any reasonable reserve, as the Board may find to be necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include expenses incurred during the Class "B" Control Period for initial development or other original construction costs unless approved by Members representing a majority of the total Class "A" votes of the Association.

Section 1.15 "Common Properties" shall mean and refer to all real property (including the improvements thereto) and personal property owned, leased or otherwise subject to the possessory or use rights of the Association in and for the common use and enjoyment of the Owners or dedicated to the Association either by separate instrument or as shown on any recorded plat or its equivalent of the Properties or any portion thereof filed or approved by Declarant.

Section 1.16 "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Properties, or the minimum standards established pursuant to the Governing Documents, whichever is a higher standard. Such standard shall be established initially by the Class "B" Member through the Design Guidelines, Rules and Regulations and Board resolutions and may include both objective and subjective elements. The Community-Wide Standard may evolve and change as development progresses and as the needs and desires within the Properties change. Any determination or interpretation regarding the Community-Wide Standard, including, without limitation, whether the Community-Wide Standard has been met in a particular situation, shall be made by the Board.

Section 1.17 "Covenants Committee" shall mean and refer to the committee established, if at all, by the Bylaws and selected by the Board to act as the hearing tribunal of the Association.

Section 1.18 "Declarant" shall mean and refer to Storm Automation Ltd., a Michigan limited partnership, or any successor or assign who takes title to any portion of the real property described on Exhibit "A" hereof for the purpose of development and/or sale and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant.

Section 1.19 "Design Guidelines" shall mean and refer to those particular standards, restrictions, guidelines, recommendations and specifications applicable to most of the aspects of construction, placement, location, alteration, maintenance and design of any improvements to or within the Properties, and all amendments, bulletins, modifications, supplements and interpretations thereof.

Section 1.20 "Governing Documents" shall refer to this Declaration, the Bylaws, the Articles of Incorporation, the Rules and Regulations, duly adopted Board resolutions, the Design Guidelines, as each may be supplemented and amended from time to time.

Section 1.21 "Land Plan" shall refer to the master concept plan for the development of the Properties prepared by the Declarant, as approved by the appropriate zoning and planning authority, as it may be amended from time to time, which includes all of the property described in Exhibit "A". Inclusion of property on the Land Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration.

Section 1.22 "Lot" shall mean and refer to any plot of land shown on any recorded plat or its equivalent of the Properties thereof filed or approved by Declarant, whether improved or unimproved, which may be independently owned and is intended for development, use and occupancy as a residence for a single family. The term shall refer to the land, if any, which is part of the Lot, as well as any improvements thereon. In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to contain a single Lot until such time as a plat is recorded subdividing all or a portion thereof. Thereafter, the portion encompassed by such plat shall continue to be treated in accordance with this section. Some portions of the Common Properties may be platted as a "lot" on the recorded subdivision plat, however, these lots shall be excluded from the definition of a Lot as used herein.

Section 1.23 "Member" shall refer to a Person subject to membership in the Association.

Section 1.24 "Modifications Committee" or "MC" shall mean the committee established by this Declaration and selected by the Board to review plans and applications for modifications and alterations to existing improvements within the Properties (subject to the rights reserved to the Declarant in Section 13.2 hereof).

Section 1.25 "Municipality" shall collectively mean and refer to the City of Grand Prairie, Texas.

Section 1.26 "Notice of Compliance" shall refer to a notice issued by the Committee pursuant to Section 6.12 hereof representing that a particular Lot is in compliance with Article VI hereof.

Section 1.27 "Owner" shall refer to one or more Persons who hold the record title to any Lot, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. The term "Owner" shall include the Declarant.

Section 1.28 "Person" shall mean a natural person, a corporation, a partnership, a trustee, a limited liability company or any other legal entity.

Section 1.29 "Properties" shall mean and refer to the real property (including improvements) described in Exhibit "A" hereof.

Section 1.30 "Resident" shall mean and refer to any Person who inhabits a Single Family Residence, either permanently or temporarily, and may include, without limitation, an Owner or a lessee and their respective families, guests, invitees, servants or employees.

Section 1.31 "Rules and Regulations" or "Rules" shall mean any written rules or regulations adopted, implemented or published by the Association or its Board of Directors at any time and from time to time, as may be amended, with respect to the use and enjoyment of the Common Properties and the conduct of its members and their guests, invitees, agents and contractors within the Properties.

Section 1.32 "Single Family Residence" shall mean and refer to any permanent, detached structure or building used primarily as a residence, including the Lot on which said structure or building is situated, now existing or to be constructed.

Section 1.33 "Special Assessment" shall mean and refer to assessments levied against all Owners to cover unanticipated expenses or expenses in excess of those budgeted, as described in Section 5.4.

Section 1.34 "Specific Assessment" shall mean assessments levied in accordance with Section 5.5.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 2.1 Membership. Every Owner is a Member of the Association; provided, there is only one membership per Lot. In the event a Lot is owned by more than one Person, all co-Owners shall be entitled to the privileges of membership, subject to reasonable Board regulation and the Bylaws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners hereunder. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner, manager, or trustee, or by the individual designated from time to time by the Owner in writing provided to the Secretary of

the Association.

Section 2.2 Classes of Voting Members. The Association shall have two classes of voting membership:

Class "A". Class "A" Members shall be all Owners with the exception of the Class "B" Member. Class "A" Members shall be entitled to one vote for each Lot owned. Where there is more than one Owner of a Lot, all such Persons shall be Class "A" Members, and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to each Lot in which such members own undivided interests.

Class "B". The sole Class "B" Member shall be the Declarant. The Class "B" Member shall be entitled to ten (10) votes for each Lot owned and shall be entitled to appoint a majority of the members of the Board during the Class "B" Control Period, in the manner specified in the Bylaws. In addition, the Class "B" Member shall have a right to disapprove any action of the Board and/or committees as provided in the Bylaws. Additional rights of the Class "B" Member are specified in the relevant sections of the Governing Documents. The membership rights of the Class "B" Member shall be appurtenant to and may not be separated from the rights of the Declarant.

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

- (i) one (1) year after expiration of the Class "B" Control Period;
- (ii) when, in its discretion, the Declarant so determines and declares in a recorded instrument.

Upon termination of the Class "B" membership, the Declarant shall be a Class "A" Member entitled to one Class "A" vote for each Lot, if any, which it owns.

ARTICLE III

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 3.1 Common Properties. 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 Properties and all improvements thereon (including, without limitation, furnishings, equipment and common landscaped areas), and shall keep them in good, clean, attractive and sanitary condition, order and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard, and shall pay as a Common Expense all state and local taxes applicable thereto.

Section 3.2 Personal Property and Real Property for Common Use. The Association may acquire, hold and dispose of tangible and intangible personal property and real property, subject to such restrictions as are set forth in the Governing Documents. Declarant and its designees may convey to the Association personal property and fee title, leasehold, or other interests in any improved or unimproved real estate located within the Properties. Upon conveyance or dedication by 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. Upon written request of Declarant, the Association shall reconvey to the Declarant for no or nominal monetary consideration any unimproved portions of the Properties originally conveyed by Declarant to the Association for no or nominal monetary consideration, to the extent conveyed in error or needed by Declarant to make minor adjustments in property lines.

Section 3.3 Rules and Regulations. The Board may make and enforce reasonable rules and regulations governing, among other things, the use of the Common Properties and the use, leasing, sale, maintenance and appearance of Lots, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Such regulations and use restrictions shall be binding upon all Owners, Residents, 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 a majority of the Class "A" Members and the consent of the Class "B" Member, so long as such membership shall exist.

Section 3.4 Compliance and Enforcement. Every Owner and Resident of a Lot shall comply with the Governing Documents. The Association shall be authorized to impose sanctions for violations of the Governing Documents. Sanctions may include, without limitation, the following:

(a) imposing reasonable monetary fines, which shall constitute a lien upon the violator's Lot;

(b) suspending an Owner's right to vote;

(c) suspending any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge owed to the Association;

(d) exercising self-help (specifically including, but not limited to, the towing of vehicles that are in violation of the Governing Documents, removing nonconforming structures and/or improvements pursuant to Section 6.15 and performing maintenance on an Owner's Lot pursuant to Section 4.3);

(e) recording a Notice of Violation pursuant to Section 6.16;

(f) levying a Specific Assessment pursuant to Section 5.5; and

(g) taking any other action to abate a violation of the Governing Documents.

The Board shall afford a violator notice and an opportunity to be heard in accordance with the Governing Documents prior to the imposition of any sanction; unless the Board determines that an emergency situation exists. In addition to any other enforcement rights, in the event of a violation or breach of any of these restrictions by any Person, the Association and/or the Declarant, through their duly designated representatives, and the owners of the Lots, or any of them, jointly or severally, shall have the right to proceed at law or in equity, or both, to compel compliance with the terms hereof or to prevent the violation or breach of any of them. All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. If the Association prevails in any action to enforce the Governing Documents, it shall be entitled to recover all costs, including, without limitation, attorney's fees, court costs and any additional administrative or management fees reasonably incurred in such action. Failure by the Association to enforce any of the foregoing or any other right or remedy of the Association shall in no event be deemed a waiver of the right to so thereafter.

The Association may, but shall not be obligated to, permit Dallas County and the Municipality to enforce ordinances on the Properties for the benefit of the Association and its Members.

Section 3.5 Implied Rights. The Association may exercise any other right or privilege given to it expressly by the Governing Documents. The Association may also exercise every other right or privilege reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

Section 3.6 Governmental Interests. For so long as the Declarant owns any property described on Exhibit "A", the Association shall permit the Declarant to designate and re-designate sites within the Properties for fire, police, school, water and sewer facilities, public schools and parks, public bicycle and pedestrian pathways and trails, and other public facilities. The sites may include Common Properties 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 3.7 Indemnification. The Association shall indemnify every officer, director and committee member to the full extent permitted by Section 1396-2.22.A of the Texas Non-Profit Corporation Act, as amended (but, in the case of any such amendment, only to the extent that such amendment permits broader indemnification than permitted prior to such amendment). 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, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available. The officers and directors shall have no personal liability with respect to any contract or other

commitment made or action taken in good faith on behalf of the Association.

Section 3.8 Dedication of Common Properties. Subject to such approval requirements as may be set forth in this Declaration, the Association shall have the power to dedicate portions of the Common Properties to the Municipality and/or Dallas County, Texas, or to any other local, state or federal governmental entity.

Section 3.9 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to enhance the security of the Properties. 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 SUCH PARTIES BE HELD LIABLE FOR ANY LOSS OR DAMAGE FOR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN.

THE ASSOCIATION, DECLARANT, ANY SUCCESSOR DECLARANT, AND ARCHITECTURAL CONTROL COMMITTEE MAKE NO REPRESENTATION OR WARRANTY THAT ANY SYSTEMS OR MEASURES, INCLUDING ANY MECHANISM, DEVICE OR PERSON EMPLOYED TO LIMIT OR RESTRICT ACCESS TO THE PROPERTIES CANNOT BE COMPROMISED OR CIRCUMVENTED; OR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ANY CASE PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND ALL TENANTS, GUESTS AND INVITEES OF ANY OWNER, ACKNOWLEDGE AND UNDERSTAND THAT THE ASSOCIATION, ITS BOARD, COMMITTEE MEMBERS, THE DECLARANT OR ANY SUCCESSOR DECLARANT, ARE NOT INSURERS AND THAT EACH PERSON WITHIN THE PROPERTIES ASSUME ALL RISKS FOR PERSONAL INJURY AND LOSS OR DAMAGE TO PROPERTY, INCLUDING LOTS AND THE CONTENTS THEREOF, RESULTING FROM ACTS OF THIRD PARTIES.

Section 3.10 Construction Activities. All Owners are hereby placed on notice that Declarant, any affiliate of Declarant, and/or its agents, contractors, subcontractors, licensees and other designees, successors or assignees, may be, from time to time, conducting excavation, construction and other activities within or in proximity to the Properties. By the acceptance of a deed or other conveyance or Mortgage, leasehold, license, easement or other interest, and by using any portion of the Properties, each Owner automatically acknowledges, stipulates and agrees (a) that none of the aforesaid activities shall be deemed nuisances or noxious or offensive activities, under any applicable covenants or at law generally, (b) not to enter upon, or allow their children or other Persons under their control or direction to enter upon (regardless of whether such entry is trespass or otherwise) any property within or in proximity to any portion of the Properties where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours), (c) Declarant, any affiliate of Declarant, and all of their agents, contractors, subcontractors, licensees and other designees, successors and assignees, shall not be liable but, rather, shall be held harmless, for any and all losses and damages (compensatory, consequential, punitive or otherwise), injuries or

deaths arising from or relating to the aforesaid activities, and (d) any purchase or use of any portion of the Properties has been and will be made with full knowledge of the foregoing.

Section 3.11 Provision of Services. The Association may provide or provide for services and facilities for the Members and their Lots, and shall be authorized to enter into and terminate contracts or agreements with other entities, including Declarant, to provide such services and facilities. The Board may charge use and service fees for any services and facilities provided at the option of an Owner, or may include the costs thereof in the Association's budget as a Common Expense and assess it as part of the Annual Assessment. By way of example, such services and facilities might include landscape maintenance, child care, pest control service, cable television or satellite service, security, caretaker, transportation, fire protection, utilities, and similar services and facilities. Nothing herein shall be construed as a representation by the Declarant or the Association as to what, if any, services or facilities shall be provided. In addition, the Board shall be permitted to modify or cancel existing services or facilities, unless otherwise required by the Governing Documents.

Section 3.12 Relation with Other Properties. The Association may enter into contractual agreements or covenants to share costs with any neighboring property to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Properties maintenance.

Section 3.13 Facilities and Services Open to the Public. Certain facilities and areas within the Properties may be open for use and enjoyment of the public. Such facilities and areas may include, by way of example, greenbelts, trails and paths, parks, lakes, and other neighborhood areas conducive to gathering of people, roads, sidewalks and medians. The Declarant may designate such facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Area of Common Responsibility or the Board may so designate at any time thereafter.

ARTICLE IV

MAINTENANCE

Section 4.1 Association's Responsibility. Except as may be otherwise provided by this Declaration, 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 portions of and structures and improvements situated upon the Common Properties;
- (b) all landscaping and other flora situated upon the Common Properties except to the extent maintained by the Municipality;
- (c) all 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);

(d) such portions of any additional property as may be dictated by this Declaration, any Supplemental Declaration, any covenant to share costs, or any contract or agreement for maintenance thereof entered into by the Association;

(e) all detention areas, wash areas, streams and/or wetlands located within the Properties which serve as part of the storm water drainage system for the Properties, including any improvements and equipment installed therein or used in connection therewith; provided, neither the Association nor the Declarant shall have any liability for damage or injury caused by flooding or surface runoff resulting from rainfall or other natural occurrences; and

(f) any property and facilities owned by 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 the Declarant revokes such privilege of use and enjoyment by written notice to the Association.

The Association shall have the right to enter upon, for the purpose of maintaining, and may maintain, other property which it does not own, including, without limitation, Lots, or property dedicated to the public, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard. In addition, the Association may enter into contractual agreements or covenants to share costs with other properties or facilities for maintaining and/or operating shared or mutually beneficial properties or facilities.

The costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense; provided, the Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, a covenant to share costs, other recorded covenants, or agreements with the owner(s) thereof.

Section 4.2 Owner's Responsibility. Unless the maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to this Declaration, any Supplemental Declaration or other declaration of covenants applicable to such Lot, each Owner shall maintain the following items:

(a) his or her Lot and all landscaping, structures, parking areas, sidewalks and other improvements within the boundaries of the Lot in a well-maintained, safe, clean and attractive condition at all times. Such maintenance shall include (without limitation):

- (i) the proper seeding, consistent watering and mowing of all lawns;
- (ii) the pruning and cutting of all trees and shrubbery;

- (iii) the prompt removal of all litter, trash, refuse and waste;
- (iv) watering of all landscape;
- (v) keeping exterior lighting and mechanical facilities in working order;
- (vi) keeping lawn and garden areas alive free of weeds and attractive;
- (vii) keeping driveways in good repair and condition;
- (viii) promptly repairing any exterior damage;
- (ix) complying with all governmental health and police requirements
- (x) keeping any drainage easement free of items which would impede the flow of storm water within the drainage easement unless the maintenance responsibility is otherwise assumed by or assigned to the Association or other declaration of covenants applicable to such Lot; and
- (xi) painting and repainting of improvements as often as is reasonably necessary to ensure the attractiveness and aesthetic quality of such Lot or improvement as determined by the Committee. The approval of the Committee otherwise required herein shall not be required for such repainting so long as neither the color scheme nor the arrangement of the colors of any improvements, nor the color of paint thereon, is substantially altered;

(b) all landscaping on that portion of the Common Properties or public right-of-way between the Lot boundary and the nearest curb or pavement edge of the adjoining street(s) or the nearest fence, wall or berm constructed on the adjacent Common Properties; and

(c) all landscaping on that portion of the Common Properties or public right-of-way between the Lot boundary and (i) any abutting bank or water's edge of any lake, pond, stream or wetlands area within the Properties, or (ii) any Common Properties abutting the bank or water's edge of any lake, pond, stream or wetlands area within the Properties; provided, there shall be no right to remove trees, shrubs or similar vegetation from this area without prior approval pursuant to Article VI hereof.

During construction of improvements on a Lot, reasonable care shall be taken by the Owner thereof to protect all public and private streets from damage due to construction. During construction, Lots shall be kept as clean as possible to avoid blowing trash and to prevent mud from coming onto other portions of the Properties. Owners shall keep streets reasonably clean and free of dirt/mud and debris during construction periods and neither the Declarant nor the Association shall have responsibility or liability for the streets during construction. Owners will

not be allowed to store any excavation of soil on streets or adjacent sites without prior written permission of the Committee. Soil runoff due to rain or irrigation shall be removed promptly from streets and sidewalks by the Owner. The Board may adopt rules regarding the maintenance of construction sites, including the imposition of fines for violations of this Section.

Section 4.3 Enforcement. If, at any time, an Owner of any Lot shall fail to control weeds, grass and/or other unsightly growth, or permit accumulation of garbage, trash or rubbish, or otherwise fail to maintain the Lot or other area required to be maintained by the Owner hereunder (such as a drainage easement), the Association shall have the authority and right to go onto said property for the purpose of mowing, cleaning or maintaining said property and shall have the authority and right to assess and collect from the Owner of said Lot a reasonable sum for mowing, cleaning or maintaining said property on each respective occasion of such mowing, cleaning or maintenance. However, the Association shall afford the Owner at least ten (10) days prior written notice and an opportunity to cure the problem prior to entry, except when immediate entry is required due to an emergency situation. Any such assessment, together with interest thereon at the highest lawful rate and costs of collection thereof, shall be a charge on the land and shall be a continuing lien upon each Lot against which each such assessment is made in accordance with Sections 5.5 and 5.9 of this Declaration.

Section 4.4 Standard of Performance. Unless otherwise specifically provided in the Governing Documents or in other instruments creating or assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement necessary to maintain the property to a level consistent with the Community-Wide Standard. Repair and replacement shall include improvement, if necessary to comply with applicable building codes or other regulations or if otherwise deemed appropriate, in the Board's reasonable discretion. Each Owner further covenants and agrees that in the event of damage to or destruction of structures on such Owner's Lot, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article VI. Alternatively, the Owner shall clear the Lot and maintain it in a neat and attractive, and landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs which are not covered by insurance.

Section 4.5 Indemnification. If the Association, the Declarant or Owner, or any of their agents, employees or contractors (i) causes any damage to the Common Properties or to any Lot, or to any Improvements located thereon, or (ii) causes any injury to any person utilizing the Common Properties or any Lot, or any Improvements located thereon, which damage or injury arises in whole or in part out of the exercise of any of the easements granted by Article XII, the party responsible for such damage or injury shall:

(a) Restore the Common Properties or Lot(s) to their condition immediately preceding such entry;

(b) Repair any damage to any Improvements located on the Common Properties or any Lot, and replace any such Improvements located thereon which are not capable of repair; and

(c) Indemnify, defend and hold harmless the Association, the Declarant or any Owner not responsible for such damage or injury from any and all damages, liability and expenses incurred by such innocent party as a result of the exercise of rights granted by such easement.

Section 4.6 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 Lots which shall serve and/or separate any two adjoining Lots shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules 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 structure shall be shared equally by the Owners who make use of the party structure.

(c) Damage and Destruction. If a party structure 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 party structure may restore it. If other Owners thereafter use the party structure, 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 acts 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 structure, each party shall appoint one arbitrator. Should any party fail and/or refuse to appoint an arbitrator within ten (10) days after written request by the other party, the requesting party 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. Neither the Association nor the Declarant shall have any responsibility in resolving any disputes between Members concerning a party structure.

ARTICLE V

ASSOCIATION FINANCES

Section 5.1 Covenants for Assessments. Except as hereinafter provided, each Owner of a Lot hereby covenants, and each successor-in-title of any such Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant to pay to the Association (1) Annual Assessments or charges (as specified in Section 5.3 hereof); (2) Special Assessments (as specified in Section 5.4 hereof); and (3) Specific

Assessments (as specified in Section 5.5 hereof). All of such assessments to be fixed, established and collected from time to time as hereinafter provided. The Association shall, within ten (10) days of a demand, furnish to any Owner, or a Mortgagee or other Person authorized by the Owner, a certificate in writing signed by an officer of the Association, or a duly authorized agent, setting forth the amount of any unpaid assessments against the Owner's Lot and any other additional information which is required to be provided under law. Such certificate shall be conclusive evidence of such Owner's assessment obligation as of the date of the certificate. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

Section 5.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of benefiting the owners of the Properties, or any part thereof, for the improvement and maintenance of the Area of Common Responsibility and for carrying out the purposes of the Association as stated in its Articles of Incorporation.

Section 5.3. Annual Assessment.

(a) Budget. At least thirty (30) days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated Common Expenses of the Association during the coming year, including any contributions to a reserve fund.

(b) Computation. The Annual Assessment shall be levied equally against all Lots 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 Expenses, including reserves. Notwithstanding the foregoing, the Class "B" Member shall be exempt from the payment of the Annual Assessment.

(c) Notice; Disapproval. The Board shall send notice of the amount of the Annual Assessment to be levied pursuant hereto, to each Owner at least thirty (30) days prior to the effective date of such assessment. The Annual Assessment shall automatically become effective upon adoption by the Board unless disapproved at a meeting by Members representing at least fifty percent (50%) of the total Class "A" votes in the Association and by the Class "B" Member, if such exists. There shall be no obligation to call a meeting for the purpose of considering the Annual Assessment except on petition of the Members as provided for special meetings in the Bylaws, which petition must be presented to the Board within ten (10) days after delivery of the notice of any Annual Assessment.

In the event a proposed Annual Assessment is disapproved or the Board fails for any reason to determine the budget and Annual Assessment for any year, then and until such time as a budget and Annual Assessment shall have been determined, the budget and Annual Assessment most recently in effect shall continue in effect until a new budget and Annual Assessment are determined.

(d) Budget Revisions. The Board may revise the budget and adjust the Annual Assessment from time to time during the fiscal year, subject to the notice requirements and the

right of the Members to disapprove the revised Annual Assessment as set forth above.

(e) Budget Deficits. The Class "B" Member shall be exempt from the payment of assessments; provided, however, that Declarant shall pay the difference between the amount of assessments (exclusive of reserve contributions) levied on all other Lots subject to assessment and the amount of actual expenditures (exclusive of reserve contributions) incurred by the Association during each fiscal year (the "budget deficit"). This obligation to fund budget deficits shall cease upon the earlier of: (i) the termination of the Class "B" Membership or (ii) the elimination of the budget deficit for a fiscal year (exclusive of Declarant contributions). The Association shall have a lien against all Lots owned by the Declarant to secure the Declarant's obligations under this Section, which lien shall have the same attributes and shall be enforceable in the same manner as the Association's lien against other Lots 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 by a combination of these. After termination of the Declarant's obligation to fund budget deficits, the Declarant shall pay assessments on its unsold Lots in the same manner as any other Owner.

(f) Declarant Subsidy. Declarant may reduce the Annual Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 5.3(e) above), which may be either a contribution, or a loan, in the Declarant's absolute discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. The payment of such subsidy in any year shall not otherwise obligate Declarant to continue payment of such subsidy in future years, unless provided in a written agreement between Declarant and the Association.

Section 5.4 Special Assessments. In addition to the Annual Assessments authorized by Section 5.3 hereof, the Association may levy in any assessment year or years a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described improvement including the necessary fixtures and personal property related thereto, to cover unbudgeted expenses or expenses in excess of the amount budgeted or for carrying out other purposes of the Association as stated in the Governing Documents. Any such Special Assessment shall be levied equally against the entire Class "A" membership. Except as otherwise provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent, or any combination thereof, of Members representing at least fifty percent (50%) of the total votes cast with respect to such Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments may 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.

Section 5.5 Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Lot as follows:

(a) to cover costs incurred in bringing a Lot into compliance with the provisions of the Governing Documents;

(b) to cover the costs of providing benefits, items or services not provided to all Lots, such as landscape maintenance, child care, pest control service, security and transportation services; such assessments may be levied in advance of the provisions of the requested benefit, item or service as a deposit against charges to be incurred;

(c) for fines levied pursuant to the Governing Documents;

(d) for any other cost or expense authorized by the Governing Documents to be levied against an Owner and his or her Lot.

Section 5.6 Commencement Date of Annual Assessment. Unless otherwise provided in a Supplementary Declaration, the obligation to pay assessments shall commence as to each Lot on the first day of the month following the month in which the Lot is first conveyed to a Person other than Declarant. The first Annual Assessment, if any, levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Lot.

Section 5.7 Due Date of Assessments. The notice of the Annual Assessment shall be issued on or before the first day of January and shall be considered delinquent if not paid by the 31st day of January. The due date and delinquent date of any Special Assessment under Section 6.4 hereof shall be fixed in the resolution authorizing such assessment.

Section 5.8 Owner's Personal Obligation for Payment of Assessments. Any assessment provided for herein shall be the personal and individual debt of the Owner of the property covered by such assessment. No Owner may exempt himself from liability for such assessments by non-use of Common Properties, abandonment of the Lot or any other reason. 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 to take some action or perform some function required to be taken or performed by the Association or for inconvenience or discomfort arising from the making of repairs or improvements, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority or for any other action taken or failed to be taken by the Association. In the event of default in the payment of any such assessment, the Owner of the property shall be obligated to pay interest at the rate of ten percent (10%) per annum on the amount of the assessment from the due date thereof, together with all costs and expenses, including attorney's fees, collection costs and late charges as determined by Board resolution. If any Owner is delinquent in paying any assessments or other charges levied on his or her Lot, the Board may require any unpaid installments of all outstanding assessments to be paid in full immediately.

Section 5.9 Assessment Lien and Foreclosure. The Association shall have a continuing lien and charge against each Lot to secure payment of delinquent assessments, as well as interest (subject to the limitations of Texas law), late charges, and costs of collection (including attorney's fees). The aforesaid lien shall be superior to all other liens and charges

against the said Lot, except only for tax liens and sums unpaid on a first mortgage lien or first deed of trust lien of record, securing in either instance sums borrowed for the improvement of the Lot in question. The Association shall have the power to subordinate the aforesaid assessment lien to any other lien. Such power shall be entirely discretionary with the Association.

To evidence the aforesaid assessment lien, the Association may prepare a written notice of assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the property covered by such lien and a description of the property. Such notice shall be signed by one of the officers of the Association or its duly authorized agent and shall be recorded in the office of the County Clerk of Dallas County, Texas. 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, non-judicial foreclosure proceedings in accordance with Section 51.002 et seq. of the Texas Property Code (the "Foreclosure Statute"), as it may be amended from time to time, in like manner of any deed of trust on real property. In connection with the lien created herein, each Owner of a Lot hereby grants to the Association, whether or not it is so expressed in the deed, the contract for sale or other conveyance to such Owner, a power of sale to be exercised in accordance with the Foreclosure Statute. In any foreclosure proceeding, whether judicial or non-judicial, the owner shall be required to pay the costs, expenses and reasonable attorney's fees incurred. The Association shall have the power to bid on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any mortgagee holding a prior lien on any part of the Properties, the Association shall report to said mortgagee any unpaid assessments remaining unpaid for longer than thirty (30) days after the same are due.

The sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any post-sale assessments. However, the sale or transfer of any Lot pursuant to judicial or non-judicial 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 Lot obtains title pursuant to judicial or non-judicial foreclosure of the mortgage, it shall not be personally liable for assessments on such Lot due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses, collectible from Owners of all Lots subject to assessment under Section 5.6, including such acquirer, its successors and assigns.

Section 5.10 Owner's Right of Redemption. The Owner of a Lot may redeem the Lot from any purchaser at a foreclosure sale of the Association's assessment lien in the manner provided in Section 209.001 et seq. of the Texas Residential Property Owners Protection Act, as it may be amended from time to time.

Section 5.11 Capitalization of the Association. Upon the initial acquisition of record title to a Lot by the first Owner thereof other than the Declarant or a Builder following the recordation of this Declaration, the Board may require that a contribution shall be made by or on behalf of such first Owner to the working capital of the Association in an amount equal to one-

quarter (1/4) of the Annual Assessment applicable to that Lot for that year. This amount shall be in addition to, not in lieu of, the Annual Assessment levied on the Lot and shall not be considered an advance payment of any portion thereof. This amount shall be deposited into the general operating account or reserve account as determined by the Board and disbursed therefrom to the Association for use in covering expenses incurred by the Association pursuant to the terms of the Governing Documents.

Section 5.12 Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Annual Assessments and Special Assessments:

- (a) all Common Properties and property comprising the Area of Common Responsibility;
- (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;
- (c) Lots owned by the Class "B" Member during Declarant's funding of budget deficits under Section 5.3(e);
- (d) any property which is not subject to this Declaration.

In addition, the Declarant and/or the Association shall have the right to grant exemptions to certain Persons qualifying for tax exempt status under Section 501(c) of the Internal Revenue Code of 1986 so long as such Person owns property subject to this Declaration for purposes listed in Section 501(c).

ARTICLE VI

ARCHITECTURAL STANDARDS

Section 6.1 Designation of Architectural Control Committee. The Association shall have an Architectural Control Committee (the "ACC"), which shall consist of three (3) members who shall be natural persons, and who shall be appointed by the Declarant until such time as the Declarant has sold all Lots in the Properties and each such Lot has been issued a Certificate of Occupancy or five (5) years have passed since this document was executed, whichever is earlier. The members of the ACC may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The ACC shall have the exclusive and absolute authority to administer and enforce architectural controls and to review and act upon all applications for construction within the Properties. There shall be no surrender of this right prior to that time except in a written instrument executed by the Declarant and recorded in the Dallas County Deed Records. Upon the expiration or surrender of such right, the ACC shall become the province of the Association, and the Board may, at its option, either appoint the members of the ACC, who shall thereafter serve and may be removed in the Board's discretion, or combine the ACC and the Modifications Committee into a single architectural review committee which shall assume all powers and responsibilities of both

committees under this Declaration.

Section 6.2 Modifications Committee. The Board may establish, select and appoint, a Modifications Committee ("MC") composed of at least three (3), but not more than five (5) Persons. The Board may establish the terms of members of the MC and shall have full authority to appoint successors and to remove and replace such members in its discretion. The members of the MC may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. During the Class "B" Control Period, the MC, if established, shall have limited jurisdiction to review and approve (or disapprove) any addition, modification, or alteration to existing structures and landscaping on a Lot which contains a Single Family Residence.

Section 6.3 Design Guidelines. The Declarant may prepare design and development guidelines and application and review procedures (the "Design Guidelines") which shall be applicable to all construction activities within the Properties. The Declarant shall have the sole and full authority to amend them as long as Declarant owns any portion of the Properties unless the Declarant assigns such right to the Board at an earlier time. Thereafter, the Board shall have the authority to amend the Design Guidelines. Any amendments to the Design Guidelines shall be prospective only and shall not apply or require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines; the Declarant or the Board, as appropriate, are expressly authorized to amend the Design Guidelines to remove requirements previously imposed or otherwise to make the Design Guidelines more or less restrictive. The Design 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 location and unique characteristics.

The Association shall make the Design Guidelines available to Owners and Builders who seek to engage in development or construction within the Properties, and all such Persons shall conduct their activities in accordance with such Design Guidelines.

Section 6.4 Procedures. Except as provided in this Article VI, no structure (whether temporary or permanent) shall be placed, erected or installed upon any Lot and no improvements (including staking, clearing, excavation, grading and other site work, exterior alteration or modification of existing improvements, and planting or removal of landscaping materials) shall be erected, constructed, placed, altered (by addition or deletion), maintained or permitted to remain on any portion of the Properties until plans and specifications, in such form and detail as the Committee may deem necessary, shall have been submitted to and approved in writing by such Committee. Notwithstanding the above, an Owner may repaint the exterior of a structure in accordance with originally approved color scheme and rebuild in accordance with originally approved plans and specifications without first seeking such approval. In addition, no approval shall be required to remodel, repaint or redecorate the interior of structures on his Lot. However, modifications to the interior of screened porches, patios and similar portions of a Lot visible from outside the Lot shall be subject to approval.

Plans and specifications for certain improvements specifically identified in the Design Guidelines as not requiring prior approval need not be submitted to or approved in writing by the Committee prior to an Owner's construction or installation of such improvement on the Owner's Lot; provided, however, that this exemption is authorized only if such improvement and the installation thereof strictly conforms to the requirements of this Declaration and the Design Guidelines.

The Declarant and/or the Association and/or the Committee shall have all the rights of enforcement as set forth in the Governing Documents against any Owner who installs any improvement which is not in strict conformity with this Declaration and the Design Guidelines.

This Article shall not apply to the activities of Declarant nor to improvements to the Common Properties by or on behalf of the Association.

Section 6.5 Content of Plans and Specifications. Any application for approval shall be in the form required by the Committee and shall include plans and specifications ("Plans") showing the site layout, external design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening therefor, and other features of proposed construction, as applicable. The Committee may require the submission of such additional information as it deems necessary to consider any application. The Plans shall be in such form and shall contain such information as may reasonably be required pursuant to the Design Guidelines.

Section 6.6 Basis of Approval. Approval of plans and specification may be based among other things, on visual and environmental impact, ecological compatibility, the quality of workmanship and design, architectural merit, adequacy of site dimensions, architectural design, conformity and harmony of external design and of location with neighboring structures and sites, relation of finished grades and elevations to neighboring sites, and conformity to both the specific and general intent of the Design Guidelines and the general scheme of development for the Properties. Decisions of the Committee may be based on purely aesthetic considerations. The decision of the Committee shall be final, conclusive and binding upon the applicant. All approved work shall be completed within one (1) year of commencement of construction or such shorter period as the Committee may specify in the notice of approval, unless completion within such time is delayed due to causes beyond the reasonable control of the Owner, as determined in the sole discretion of the Committee.

Section 6.7 Failure of the Committee to Act. A schedule and procedures outlining the specified plans to be submitted at specific times shall be established by the Committee and may be set forth in the Design Guidelines. The Committee shall, within thirty (30) days after receipt of each required submission of plans, advise the party submitting the same, in writing, at an address specified by such party at the time of submission of (i) the approval of plans or (ii) the disapproval of plans, specifying the segments or features of the plans which are objectionable and suggestions, if any, for the curing of such objections. In the event the Committee fails to advise the submitting party by written notice within the time set forth above of either the approval or disapproval of the plans, the applicant may give the Committee written notice of

such failure to respond, stating that, unless the Committee responds within ten (10) days of receipt of such notice, approval shall be deemed granted. However, no plans, whether expressly approved or deemed approved pursuant to the foregoing, shall be inconsistent with the Design Guidelines unless a variance has been granted in writing pursuant to Section 6.10 hereof.

Section 6.8 Appeal Process. Within ten (10) days after the Committee's disapproval of final plans, specifications and surveys, the applicant may make a written request for a hearing before the Committee to reconsider the application. If the applicant timely requests a hearing under this Section 6.8, the hearing shall be held in executive session of the Committee, affording the applicant a reasonable opportunity to be heard. The Committee shall notify the applicant in writing of its decision within ten (10) days after the hearing. If the hearing was held before the MC, the Owner shall have the right to appeal the MC's decision to the ACC. If the hearing was held before the ACC, the Owner shall have the right to appeal the ACC's decision to the Board. To perfect the right to appeal either Committee's decision, a written notice of appeal must be received by the Board within ten (10) days after the date of the written notice to the Owner of the results of the hearing. Any hearing before the Board shall be held in the same manner as the hearing before the Committee.

Section 6.9 No Waiver of Future Approvals. The Committee's approval of any plans 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 plans or other matters subsequently or additionally submitted for approval.

Section 6.10 Variances. The Committee may authorize variances from compliance with the Design Guidelines and any required procedures when circumstances such as topography, natural obstructions, hardship or aesthetic or environmental considerations so require. Such variances shall not, however, (i) be effective unless in writing; or (ii) prevent the Committee 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 constitute hardships.

Section 6.11 Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and the Committee shall not bear any responsibility for ensuring (i) structural integrity or soundness of approved construction or modifications, (ii) compliance with building codes and other governmental requirements, or (iii) conformity of quality, value, size or design among Lots. The Committee's approval of any application shall not be deemed to be a representation or warranty that the construction or modification of any improvement pursuant to such approval will be free of defects in the quality of materials or labor provided or in its design. Each Owner should obtain whatever soils reports, foundation studies, and/or engineering studies the Owner deems necessary to determine the adequacy of construction of any improvement prior to the purchase of a Lot. Neither the Association, the Declarant, the Board, the Committee or member of any of the foregoing, shall be held liable to anyone submitting plans and specifications for approval or to any owner of land affected by this Declaration for soil conditions, drainage or other general site work, or for any

defects in plans revised or approved hereunder, or for any injury, damages or loss arising out of the manner or quality of approved construction on or modifications to any Lot or in connection with the approval or disapproval or failure to approve or to disapprove any plans and specifications.

Section 6.12 Notice of Compliance. In the event that an Owner intends to transfer title to a Lot, the Owner must request the Committee to issue a Notice of Compliance representing that the books and records of the Association do not reflect a violation of this Article. The Association is not required to inspect the Lot at any time before or after issuing a Notice of Compliance. This request must be made in writing at least twenty (20) days prior to the date of the proposed transfer. The Committee shall, at least ten (10) days prior to the date of the proposed transfer, either issue the Notice of Compliance or notify the Owner in writing of the basis for non-issuance. This notice shall include a description of the violation(s) and the action necessary to correct the violation(s). In the event the Committee fails to either issue the Notice of Compliance or advise the Owner by written notice of the basis for its non-issuance within the time set forth above, the Owner may give the Committee written notice of such failure to respond, stating that, unless the Committee responds within five (5) days of receipt of such notice, compliance with this Article shall be deemed to exist. The issuance or deemed issuance of a Notice of Compliance shall estop the Association from taking enforcement action with respect to any violation of this Article existing at the time of the issuance or deemed issuance of the Notice of Compliance, except as to those violations actually known to the Owner or transferee. In the event an Owner transfers title to a Lot without obtaining a Notice of Compliance, the transferee shall be responsible for correcting the violation(s) and shall be subject to all the remedies available to the Association to enforce violations of this Article.

In addition to the foregoing, any Owner may request, from time to time, that the Committee issue a Notice of Compliance with respect to his or her Lot. The Association shall either grant or deny such request within ten (10) days after receipt of the written request. If the request is granted, the Committee shall have ten (10) days from the acceptance of the request to either issue the Notice of Compliance or notify the Owner in writing of the basis for non-issuance. This notice shall include a description of the violation(s) and the action necessary to correct the violation(s). In the event the Committee fails to either issue the Notice of Compliance or advise the Owner by written notice of the basis for its non-issuance within the time set forth above, the Owner may give the Committee written notice of such failure to respond, stating that, unless the Committee responds within five (5) days of receipt of such notice, compliance with this Article shall be deemed to exist.

The issuance or deemed issuance of a Notice of Compliance shall prevent the Association from taking enforcement action with respect to any violation of this Article existing at the time of the issuance or deemed issuance of the Notice of Compliance, except as to those violations actually known to the Owner.

Section 6.13 Fees; Assistance. The Committee may establish and charge reasonable fees for review of applications and the issuance of a Notice of Compliance hereunder and may require such fees to be paid in full prior to review of any application or the issuance of a Notice

of Compliance. Such fees may include the reasonable costs incurred in having any application reviewed or Lot inspected by architects, engineers, agents or other professionals, although nothing shall be construed herein as requiring the review of applications by such professionals or the physical inspection of a Lot prior to issuance of a Notice of Compliance.

Section 6.14 Construction Deposit. In order to insure an Owner's compliance with this Declaration, the Design Guidelines and the rules and regulations promulgated thereunder, each Owner of a Lot (other than a Declarant or a Builder) situated immediately adjacent to the Common Properties, or any portion thereof, shall pay to the Association a construction deposit, in an amount established by the Board from time to time, upon the Owner's submission of final plans and specifications for the construction or modification of an improvement under this Article. This deposit is in addition to any such deposit required under a separate agreement between an Owner and Declarant. In the event the Committee disapproves of the final plans and specifications, the Association shall promptly return the construction deposit to said Owner upon receipt of the Owner's written request to do so. If said plans and specifications are approved, the entire construction deposit shall be held by the Association until construction of the improvement is completed in accordance with the approved plans as determined by the Board in its sole discretion. The Association shall release the construction deposit to the Owner, less any funds expended or reserved by the Association pursuant to this Section, within thirty (30) days of receipt of written notice from the Owner of completion of the improvement.

The Association may, without waiving any other remedy provided by this Declaration or by law, draw upon the construction deposit or withhold the release of the deposit as necessary to cover, among other things (i) the cost or anticipated cost to repair damage to the Common Properties caused by the Owner, his contractors, subcontractors, agents or employees, (ii) the cost or anticipated cost to perform the care, maintenance or repairs required to be performed by an Owner pursuant to this Declaration and any rules promulgated thereunder, and (iii) the cost or anticipated cost to restore an Owner's Lot to a condition existing prior to the commencement of nonconforming work (including, without limitation, the demolition and removal of any unapproved or nonconforming improvement). If any part of the construction deposit is applied by the Association, the Owner shall, immediately upon demand, deposit with the Association a sum equal to the amount so applied in order to restore the construction deposit to its original amount.

Section 6.15 Enforcement. Any work performed in violation of this Article or the Design Guidelines shall be deemed nonconforming. Upon written request from the Board, the Declarant or the Committee, Owners shall, at their own cost and expense, cure such nonconforming work or remove such structure or improvement and restore the Lot to substantially the same condition as existed before the nonconforming work. Should an Owner fail to remove or restore as required hereunder, the Declaration, the Association or the designees of either of them, shall have the right to enter the Lot and remove or cure the violation, and such entry and abatement shall not be considered a trespass. All costs, together with the interest at the maximum rate then allowed by law, and late charges may be assessed against the nonconforming Lot and collected as a Specific Assessment pursuant to Section 5.5 hereof.

In the event that any Person fails to commence and diligently pursue to completion all approved work, the Declarant or the Association shall be authorized, after providing notice and an opportunity to cure to the Owner, to enter upon the Lot and remove or complete any incomplete work and to assess all costs incurred against the Lot and the Owner thereof as a Specific Assessment pursuant to Section 5.5.

In addition to the foregoing, the Association and the Declarant shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the Committee.

Section 6.16 Notice of Violation. To evidence any violation of this Article or Article VII by any Owner, the Board may file, but is not required to file, in the Deed Records of Dallas County, Texas, a notice of violation setting forth (i) the violation, (ii) the name of the Owner and Lot, and (iii) a sufficient legal description of the Lot. Such notice shall be signed and acknowledged by an officer or duly authorized agent or attorney of the Association. The cost of preparing and recording such notice may be assessed against the non-conforming Lot and collected as a Specific Assessment pursuant to Section 5.5 hereof.

Section 6.17 Notices. Any notice under this Article shall be deemed to have been given at the time the envelope containing such notice, properly addressed and postage prepaid, is deposited with the United States Postal Service, registered or certified mail, return receipt requested, or at the time it is delivered by facsimile transmission, with proof of receipt. For purposes of this Section 6.17, "properly addressed" shall mean, in the event the Association is delivering notice, addressed to the Person at his or her last known address as shown on the books and records of the Association. Personal delivery of such written notice shall also be sufficient and shall be deemed to have been given at the time of delivery. The date of receipt shall be the date of actual receipt of such notice if the notice is personally delivered or sent by facsimile transmission (provided that any facsimile transmission sent after 5:00 p.m. shall be deemed received on the next business day), or three (3) days after the postmark date, whichever is sooner.

Section 6.18 Builder Performance. Neither the Association, the ACC, the MC, the Declarant, nor any affiliate of the Declarant, as hereinafter defined, are a co-venturer, partner, agent, employer, stockholder or affiliate of any kind of or with any Builder, nor is any Builder an agent of the Declarant or an affiliate of the Declarant. Therefore, the Association, the ACC, the MC, the Declarant and affiliates of Declarant shall not be responsible for, or guarantors of, performance by any Builder of all or any of its obligations to any Owner pursuant to any contracts for the sale or construction of a Single Family Residence or Lot or otherwise. Neither the Association, the ACC, the MC or the Declarant nor any affiliates of the Declarant has made, or have made, any warranty or representation with respect to performance by any Builder under any contract or otherwise.

Such Owner acknowledges and agrees that neither the Association, the ACC, the MC, the Declarant nor any affiliate of the Declarant share any liability or obligation to Owner, related to or arising out of any contract with a Builder or otherwise, by reason of any failure by a Builder

fully and adequately to perform its obligations to Owner. Owner further acknowledges and agrees that Owner has not, in entering into any contract with a Builder, relied upon any representations, oral or written, of the Association, the ACC, the MC, the Declarant or any affiliate of the Declarant or any salesperson.

ARTICLE VII

PROTECTIVE COVENANTS

Section 7.1 General. The Properties shall be used only for residential, recreational and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by Declarant to assist in the sale of any portion of the Properties, offices for any property manager, or business offices for Declarant or the Association) consistent with the Governing Documents.

Section 7.2 Residents Bound. All provisions of the Governing Documents which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Residents, guests and invitees of any Lot. Every Owner shall cause all Residents of his or her Lot to comply with the Governing Documents. Every Owner shall be responsible for all violations and losses to the Common Properties caused by such Residents, notwithstanding the fact that such Residents of a Lot are fully liable and may be sanctioned for any such violation or loss.

Section 7.3 Business Use. No business, trade or similar activity may be conducted in or from any Lot, except that an Owner or Resident residing in a Lot may conduct business activities within the Lot so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Lot, (ii) the business activity conforms to all zoning requirements for the Properties, (iii) the business activity does not noticeably increase the level of vehicular or pedestrian traffic or the number of vehicles parked in the Properties, (iv) the business activity does not involve door-to-door solicitation of residents of the Properties, and (v) 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.

Garage sales, moving sales, rummage sales, or similar activities on any Lot shall not be permitted except upon such dates as the Board may establish from time to time. Any such sales shall be subject to such other restrictions as may be imposed by the Board from time to time.

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 (i) such activity is engaged in full or part time, (ii) such activity is intended to or does generate a profit, or (iii) a

license is required.

Notwithstanding the above, the leasing of a Lot 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 Declarant with respect to its development and sale of the Properties or its use of any Lots which it owns within the Properties.

Section 7.4 Single-Family Restrictions. No Lot 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 two Persons who are not so related as a single household unit, or no more than three Persons who are not so related living together as a single household unit, and the household employees of either such household unit; provided, however, that nothing herein shall be interpreted to restrict the ability of one or more adults meeting the definition of a single-family from residing with any number of Persons under the age of eighteen (18) over whom such Persons have legal authority.

Section 7.5 Parking and Prohibited Vehicles.

(a) Parking. Parking on the streets shall be restricted in accordance with the laws, statutes, ordinances and rules of the Municipality. However, the Board shall have no obligation to take action to enforce such laws, statutes, ordinances and rules. The Declarant and/or the Association may designate certain on-street parking areas for visitors or guests subject to reasonable rules.

(b) Prohibited Vehicles. Except as provided below, commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, golf carts, stored vehicles, inoperable vehicles, tractors, buses, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and watercraft trailers shall be parked only in enclosed garages or other areas fully screened from view from the public and adjacent Owners at street level. For purposes of this Section, a vehicle shall be considered "stored" if it is put up on blocks or covered with a tarpaulin and remains on blocks or so covered for fourteen (14) consecutive days. For purposes of this Section, a vehicle shall be considered "inoperable" if it is obviously not capable of being operated as a vehicle or if it does not have current registration or operating licenses. Any vehicle parked in violation of this Section or parking rules promulgated by the Board may be towed in accordance with Texas law at the vehicle owner's sole cost and expense.

(c) Exceptions to Prohibited Vehicles. Notwithstanding the provisions of this Section 7.5, service and delivery vehicles may be parked in the Properties for such period of time as is reasonably necessary to provide service or to make a delivery to a Lot or the Common Properties. In addition, vehicles with tonnage in excess of one (1) ton shall only be permitted to park overnight within the Properties without being screened from view if used by Declarant or its contractors and/or by a Builder during the construction of improvements. Vehicles one (1) ton or less, with painted advertisement, shall only be permitted to park overnight within the Properties without being screened from view if the vehicle is used by a Resident for transportation to and

from his or her place of business or employment or if used by Declarant or its contractors and/or by Builders during the construction of improvements.

Section 7.6 Temporary Structures. No temporary structure of any kind which is visible from any street shall be erected or placed upon any Lot without the prior written approval of the Committee, except that Declarant reserves the exclusive right to erect, place and maintain such facilities in or upon any portion of the Properties as it, in its sole discretion, determines to be necessary or convenient while selling Lots, selling or constructing residences and constructing other improvements in the Properties. Such facilities may include, but are not limited to, sales and construction offices, storage areas, model units, signs and portable toilet facilities. Builders, with the approval of the Declarant, shall be allowed to use construction trailers in the Properties which shall be in compliance with any ordinance of the Municipality. No trailer, recreational vehicle, mobile home, tent, camper vehicle or temporary house shall be placed or erected on any Lot for use as a Single Family Residence.

Section 7.7 Signs. No sign or signs of any nature shall be displayed to the public view on any Lot or the Common Properties except that:

(a) Declarant may erect and maintain a sign or signs deemed by it to be reasonable and necessary for the construction, development, operation, promotion and sale of the Lots.

(b) Any Builder, during the construction and sale of a Single Family Residence, may utilize professional signs (of not more than twelve (12) square feet in size) on each Lot which it owns for advertising and sales promotion.

(c) A dignified "for sale" sign (of not more than five (5) square feet in size) may be utilized on a Lot by the homeowner of that Lot for the sale of that Lot and its improvements.

(d) Two small, professionally fabricated signs indicating that the Lot is protected by a security system and monitored by a professional security company may be placed on a Lot.

(e) Political signs (of not more than twenty-four (24) square feet in size) advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal may be erected on a Lot, provided that no more than one (1) sign shall be permitted for each candidate or issue and such signs shall not be erected more than ninety (90) days in advance of the election to which they pertain and are removed within ten (10) days after the election.

(f) Personal signs indicating school affiliations, birth announcements and similar type signs may be erected on a Lot provided they are in compliance with the Design Guidelines.

(g) Contractors' signs used for advertising work performed on a Lot may be erected on such Lot provided that such signs shall not be erected more than ten (10) days prior to commencement of the work and are removed no later than ten (10) days following completion of the work.

The Board or its agents shall, without notice, have the right, but not the obligation, to remove any sign, billboard or other advertising structure that does not comply with the above, and in so doing shall not be subject to any liability for trespass or any other liability in connection with such removal. The Board shall have the right to erect signs as it deems appropriate. All signs are to be in compliance with the sign ordinance of the Municipality.

Section 7.8 Fences. No fence, wall or hedge shall be erected, placed or altered on any Lot nearer to the front or side property lines than specified in the ordinances of the Municipality. No fence, wall or hedge shall exceed six (6) feet in height unless otherwise specifically required by the Municipality or approved by the Committee. No fence or wall shall be erected, placed, removed or altered on any Lot without the approval of the Committee. All materials used to build fences shall be subject to approval of the Committee. Any fence constructed on or adjacent to an easement rather than a property line must contain a gate sufficient in size to allow access to the area between the fence and property line for mowing and maintenance purposes.

Section 7.9 Air-Conditioning Units. No window or wall-type air conditioner shall be permitted to be used, erected, placed or maintained on or in any Single Family Residence or any other structure on a Lot.

Section 7.10 Outside Burning of Trash. No Person shall incinerate or otherwise burn any material on any Lot outside of the Single Family Residence thereon except for charcoal fires used solely for cooking purposes. Leaves, trash and other refuse may not be burned in any fireplaces located in a Single Family Residence.

Section 7.11 View Impairments. No tree, shrub or plant of any kind on any Lot shall be allowed to overhang or otherwise encroach upon any street, sidewalk or any other pedestrian way from ground level to a height of seven (7) feet without the prior written approval and authorization of the Committee or in accordance with any ordinance of the Municipality prohibiting obstructions within its required visibility triangles.

Section 7.12 Aboveground Utilities. No gas, electric, power, telephone, water, sewer, cable television or other utility or service lines of any nature or kind shall be placed, allowed or maintained upon or above the ground, except to the extent, if any, underground placement thereof may be prohibited by law or would prevent the subject line from being functional. The foregoing shall not prohibit service pedestals and above ground switch cabinets and transformers where required.

Section 7.13 Outside Repairs. No repairs of any detached machinery, equipment or fixtures, including, without limitation, motor vehicles, shall be made upon any portion of any Lot within view of neighboring property, Single Family Residences, pathways and streets without prior written approval and authorization of the Committee.

Section 7.14 Antennas. No exterior antennas, aerials, satellite dishes or other apparatus for the transmission of television, radio, satellite or other signals of any kind shall be placed, allowed or maintained upon any portion of the Properties, except that (i) antennas or satellite

dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; (ii) antennas or satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; or (iii) antennas or satellite dishes designed to receive television broadcast signals [(i), (ii) and (iii) are collectively referred to as "Permitted Devices"] shall be permitted, provided that any such Permitted Device is placed in the least conspicuous location on the Lot at which an acceptable quality signal can be received and is not visible from neighboring property or is screened from the view of adjacent Lots in a manner consistent with the Community-Wide Standard and the Design Guidelines.

Section 7.15 Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become annoyance or nuisance to the neighborhood. No radio, stereo, broadcast or loudspeaker units and no amplifiers of any kind shall be placed upon or outside, or be directed to the outside of any building, without prior written approval and authorization of the Committee.

Section 7.16 Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that a reasonable number of dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purposes. Notwithstanding the above, those pets which are permitted to roam free or, in the sole discretion of the Board, endanger the health, make objectionable noise or constitute a nuisance or inconvenience to the Residents of other Lots shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined whenever outside the Single Family Residence or the enclosed portion of the Lot.

Section 7.17 Clotheslines. Permanent clotheslines and clothesline supports are permitted, subject to the prior approval of the Committee.

Section 7.18 Exterior Lighting. No exterior light shall be installed or maintained on any Lot which light is found to be objectionable by the Association. Upon being given notice by the Association that any exterior light is objectionable, the Owner of the Lot on which same is located will immediately remove said light or have it shielded in such a way that it is no longer objectionable. If the Owner fails to honor the request, the Association may remove the light at the Owner's sole cost and expense and without being liable for trespass.

Section 7.19 Mineral Operations. No oil drilling, water drilling or development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, water wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil, natural gas or water shall be erected, maintained or permitted upon any Lot.

Section 7.20 Grading, Drainage and Septic Tanks. The general grading, slope and drainage plan of a Lot may not be altered by any owner of any Lot (through landscaping, adding a pool or otherwise) without the approval of the Municipality and all other appropriate agencies

having authority to grant such approval. No Person other than Declarant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers or storm drains. 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 an 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 7.21 Soil Erosion. Every Owner shall maintain his or her Lot so as to prevent any soil, dirt or debris from flowing, eroding or otherwise being deposited onto, or removed from, any adjacent property, street, alley or Common Properties. Each Owner shall be responsible for cleaning up any soil, dirt or debris that is deposited onto any adjacent property, street, alley or Common Properties and shall reimburse the Association or adjacent property owner for all costs incurred by them in cleaning up any such soil, dirt or debris.

Section 7.22 Accessory Buildings. One (1) accessory building may be allowed on each Lot, subject to the Committee's approval. An accessory building must be located on the same Lot as the main building and the use of an accessory building must be incidental to that of the main building on the Lot. All accessory buildings must be substantially the same color as the Single Family Residence, including, but not limited to, siding, brick and shingles.

Section 7.23 Garbage and Trash Collection. All garbage (except oversize brush and bulky trash) shall be kept in plastic bags or other containers required by (and meeting the specifications of) the Municipality. Each Resident shall observe and comply with any and all regulations or requirements promulgated by the Association and/or the Municipality in connection with the storage and removal of trash and garbage, particularly where the collection point is in front of the Single Family Residence. All garbage cans, above-ground storage tanks, mechanical equipment and other similar items on Lots shall be located or screened so as to be concealed from view of neighboring Lots, streets and property located adjacent to the Lot. All rubbish, trash and garbage shall regularly be removed from the Properties and shall not be allowed to accumulate.

Section 7.24 Subdivision and Time Sharing. No Lot shall be subdivided into two or more Lots, nor shall two or more Lots be combined into a single Lot, nor shall a Lot have its boundary lines changed after a subdivision plat including such Lot has been approved and recorded except with the prior written approval of the Board. Declarant, however, hereby expressly reserves the right to subdivide, change the boundary line of and replat any Lot(s) owned by Declarant. Notwithstanding the combination of two or more Lots into a single Lot, the Owner of the combined Lot(s) shall be obligated to pay the Annual Assessment, or any Special Assessment, based upon the number of Lots originally comprising the Lot as shown on the original approved and recorded plat of the portion of the Properties including such Lots.

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

Section 7.25 Pools. Subject to the requirements of the Municipality and the approval of the Committee, above-ground swimming pools may be installed on a Lot.

Section 7.26 Irrigation. No sprinkler or irrigation systems of any type which draw upon water from creeks, streams, rivers, ponds, lakes, wetlands or other surface water within the Properties shall be installed, constructed or operated within the Properties unless prior written approval has been received from the Board or its designee. 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 VI of this Declaration.

Section 7.27 Removal of Plants and Trees. An Owner may remove trees or shrubs from his or her Lot without the prior approval of the Committee.

Section 7.28 Artificial Lakes, Exterior Sculpture and Similar Items. No artificial lakes, vegetation, exterior sculpture, fountains, birdhouses, birdbaths, other decorative embellishments, or similar items, shall be permitted without the prior approval of the Committee. Permanent or temporary flagpoles and flags are permitted provided that they comply with the Design Guidelines.

Section 7.29 Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Lot unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the Committee pursuant to Article VI hereof. No windmills, wind generators or other apparatus for generating power from the wind shall be erected or installed on any Lot.

Section 7.30 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, skiing, swimming, boating, playing or use of personal flotation devices, shall be permitted without the prior approval of the Board. 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, bridges 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 7.31 Playground and Recreational Equipment. No jungle gyms, swing sets, basketball hoops and backboards, similar playground equipment, tennis courts or such other recreational equipment shall be erected or installed on any Lot without prior written approval of the Committee in accordance with Article VI hereof. Any mobile basketball hoops or backboards must be stored so as not to be visible from the street when not in use. 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 7.32 Leasing of Lots . "Leasing", for purposes of this Declaration, is defined as regular, exclusive occupancy of a Lot 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. Lots may be leased only in their entirety. No fraction or portion may be leased. No transient tenants may be accommodated in a Lot. The Owner must make available to the lessee copies of the Governing Documents. The Board may adopt reasonable rules regulating leasing and subleasing.

ARTICLE VIII

INSURANCE

Section 8.1. Association Insurance. The Association shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(a) Blanket "all-risk" property insurance for all insurable improvements on the Common Properties and on other portions of the Area of Common Responsibility to the extent that the Association has assumed responsibility for maintenance thereof in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, 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 the insured property under current building codes and ordinances;

(b) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents or contractors while acting on its behalf. If generally available at reasonable cost, such policy shall have a limit of at least \$1,000,000.00 per occurrence with respect to bodily injury, personal injury and property damage;

(c) Workers' compensation insurance and employers liability insurance, if and to the extent required by law;

(d) Directors and officers liability coverage;

(e) Such additional insurance as the Board, in its business judgment, determines advisable.

The insurance coverage under this Section 8.1 shall be written in the name of, and the proceeds thereof shall be payable to the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are Common Expenses included in the assessments made by the Association.

Section 8.2 Individual Insurance. By virtue of taking title to a Lot, each Owner covenants and agrees with all other Owners that each Owner shall carry blanket "all-risk" property insurance on its Lot (s) and structures constructed thereon providing full replacement cost coverage (less a reasonable deductible), unless the Association carries such insurance (which they are not obligated to do hereunder). If the Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Lot and the Owner. The Association shall have no obligation to verify or insure that an Owner is in compliance with this Section.

Section 8.3 Liability Insurance. The Board may, but shall not be obligated to, require an Owner or Builder to obtain a comprehensive general liability policy prior to the commencement of construction or modification of any improvement for which plans and specifications must be submitted to the Committee for approval under this Declaration. Such policy, if required, shall have a combined single limit of not less than One Million Dollars (\$1,000,000.00) covering all losses, damages and claims arising out of the original contractor's or Builder's use of, activities on and/or ownership of the Lot, including property damage, bodily injury and death. Such policy, if required, shall also name the original contractor or Builder, as applicable, as the insured party and the Association as an additional insured. In addition, the original contractor or Builder shall obtain, if required by the Board, worker's compensation insurance, if and to the extent required by law; employer's liability insurance; automobile liability insurance covering all motor vehicles owned, hired or used in connection with the original contractor's or Builder's construction activities in the Properties; and builder's risk insurance covering the original contractor's or Builder's activities in the Properties, all in such amounts as are reasonable to the Association.

A certificate evidencing insurance required to be maintained pursuant to this Section 8.3 shall be provided to the Association prior to the commencement of any construction or modification of an improvement on a Lot, and such insurance shall be maintained in effect so long as the original contractor and/or Builder is engaging in any construction on any Lot within the Properties.

Section 8.4. Damage or Destruction.

(a) Common Properties. In the event of damage to or destruction of any part of the improvements to the Common Properties or other property insured by the Association, the Association shall repair or replace the same from the insurance proceeds available unless Members representing at least seventy-five percent (75%) of the total Class "A" votes in the Association, and the Class "B" Members, if any, decide within sixty (60) days after the loss not to repair or reconstruct. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a Special Assessment against all Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other assessments made against such Owner. If it is determined in the manner described above that the damage or destruction to the Common Properties shall not be repaired or reconstructed and no alternative improvements are authorized,

the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive landscaped condition consistent with the Community-Wide Standard.

(b) Destruction of Building. In the event that any building constructed on a Lot has burned and is thereafter abandoned for at least thirty (30) days, the owner of the Lot shall cause the burned building to be removed and the Lot cleared, the expense of such removal and clearing to be paid by the Owner. In the event the Owner does not comply with this provision, then the Association may, after ten (10) days written notice to the Owner, cause such burned building to be removed and the Lot cleared and charge the cost thereof to the Owner. In such event, the Association shall not be liable in trespass or for damages, expenses, costs or otherwise to the Owner for such removal and clearing. The Association shall have no obligation to procure insurance to protect against fire or other casualty to any of the Single Family Residences and each Owner is encouraged to procure and maintain such insurance coverage as is deemed prudent or desirable by such Owner.

Section 8.5 Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which may have been damaged or destroyed.

ARTICLE IX

NO PARTITION

Except as permitted in this Declaration, the Common Properties shall remain undivided, and no Person shall bring any action seeking judicial partition without the written consent of all Owners and Mortgagees. This Article shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

ARTICLE X

CONDEMNATION

Section 10.1 Condemnation. If any part of the Common Properties shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least sixty-seven percent (67%) of the total Class "A" votes in the Association and of the Class "B" Member, as long as the Class "B" Member owns any property described on Exhibit "A") by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as set forth in this Article.

Section 10.2 Disbursement. If the taking involves a portion of the Common Properties on which improvements have been constructed, then the Association shall restore or replace such improvements on the remaining land included in the Common Properties to the extent available, unless within sixty (60) days after such taking, the Class "B" Member, so long as the Class "B" Member owns any property described in Exhibit "A" of this Declaration, and Members representing at least sixty-seven percent (67%) 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. The provisions in Article VIII hereof regarding the disbursement of funds for the repair of casualty damage or destruction shall apply.

If the taking or conveyance does not involve any improvements on the Common Properties or a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

ARTICLE XI

COMMON PROPERTIES

Section 11.1 Easements of Enjoyment. Subject to the provisions of Section 11.3 hereof, every member of the Association shall have a right and easement of enjoyment in and to the Common Properties.

Section 11.2 Title to Common Properties. Declarant shall convey ownership of any Common Properties which it owns to the Association which shall be responsible for their operation and maintenance.

Section 11.3. Extent of Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

- (a) The right of the Association to prescribe rules and regulations for the use, enjoyment and maintenance of the Common Properties and Lots, and imposing fines for infractions of such regulations;
- (b) The right of the Association to sell and convey the Common Properties, or any part thereof;
- (c) The right of the Association to borrow money for the purpose of improving the Common Properties, or any part thereof, and to mortgage the Common Properties, or any part thereof, as security for money borrowed or debts incurred;
- (d) The right of the Association to take such steps as are reasonably necessary to protect the Common Properties, or any part thereof, against foreclosure;

(e) Subject to the provisions of Section 3.4 hereof regarding notice and an opportunity to cure, the right of the Association to suspend the voting rights of any Member and to suspend the right of any Owner or Resident to use or enjoy any of the Common Properties for any period during which any assessment against such Owner's Lot remains unpaid, or during which non-compliance with the Governing Documents exists, and otherwise for any period deemed reasonable by the Association for an infraction of the Governing Documents;

(f) The right of the Association to grant easements as to the Common Properties or any part thereof as provided in the Governing Documents;

(g) The right of the Association to otherwise deal with the Common Properties as provided by the Governing Documents;

(h) The right of the Association to enter into agreements with neighboring landowners or municipalities for the maintenance of streets, roadways, medians, landscaping and entryways located either within or outside the Properties; and

(i) The Governing Documents 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.

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 Lot shall be deemed to have assigned all such rights to the lessees of such Lot. No lessee shall be permitted to exercise his or her right to the use and enjoyment of the recreational facilities of the Association until and unless the Association receives notice of the lease and such additional information as the Board may require from time to time.

ARTICLE XII

EASEMENTS

Section 12.1. Utility Easements. The easements designated as utility easements on the plat for the Properties are reserved for the mutual use and accommodation of all public utilities desiring to use same. Any public utility shall have the right to remove and keep off all or part of any buildings, fences, trees, shrubs or other improvements or growths which in any way endanger or interfere with the construction, maintenance or efficiency of its respective system on any of the easement strips, and any public utility shall, at all times, have the right of egress and ingress to and from and upon such easement strips for the purpose of constructing, reconstructing, inspecting, patrolling, maintaining and adding to or removing all or any part of its respective system without the necessity at any time of procuring the permission of anyone.

Section 12.2. Fence/Retaining Wall Easements. The Owner of each Lot (including Declarant, so long as Declarant is the Owner of any Lot) is hereby granted an easement not to

exceed twelve (12) inches in width over all adjoining Lots for the purpose of accommodating any encroachment or protrusion due to engineering errors, errors in original construction, surveying, settlement or shifting of any fence or retaining wall. There shall be easements for the maintenance of said encroachment, protrusion, settling or shifting; provided, however, that in no event shall an easement for encroachment or protrusion be created in favor of any Owner or Owners if said encroachment or protrusion occurred due to willful misconduct of said Owner or Owners. Each of the easements hereinafter referred to shall be deemed to be established upon the recordation of this Declaration and shall be appurtenant to each affected Lot and shall pass with each conveyance of said Lot.

Section 12.3 Easements for Lakes and Pond Maintenance and Flood Water. Declarant reserves for itself and its successors, assigns and designees the nonexclusive right and easement, but not the obligation, to enter upon the lakes, ponds, streams and wetlands located within the Area of Common Responsibility to (i) install, keep, maintain and replace pumps and related equipment; (ii) construct, maintain and repair any bulkhead, levee, wall, dam or other structure retaining water, and (iii) remove trash and other debris therefrom and fulfill their maintenance responsibilities as provided in this Declaration. Declarant's rights and easements provided in this Section shall be transferred to the Association at such time as Declarant shall cease to own any property subject to the Declaration, or such earlier time as the Declarant may elect, in its sole discretion, to transfer such rights by a written instrument. Declarant, the Association and their designees shall have an access easement over an across any of the Properties abutting or containing any portion of any of the 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, non-exclusive right and easement of access and encroachment over the Common Properties and Lots (but not the Single Family Residences thereon) adjacent to or within fifty (50) feet of lake beds, ponds and streams within the Properties, in order to (i) temporarily flood and back water upon and maintain water over such portions of the Properties, (ii) fill, drain, dredge, deepen, clean, fertilize, dye and generally maintain the lakes, ponds, streams and wetlands within the Area of Common Responsibility, (iii) maintain and landscape the slopes and banks pertaining to such lakes, ponds, streams and wetlands and (iv) 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 from flooding due to heavy rainfall or other natural disasters.

All lakes and wetlands within the Properties are designed as water management areas and not for as aesthetic features. Because of fluctuations in water elevations within the immediate area, the water level of lakes, creeks, and streams will rise and fall. Declarant has no control over such elevations. Therefore, each Owner releases Declarant and the local municipality, and their affiliates, successors and assigns, from and against any and all losses, claims, demands, damages, costs, and expenses of whatever nature or kind, including attorney's fees and costs and appellate fees and costs, related to or arising out of the water elevations, including the absence of any

water in the lakes, creeks, streams and ponds. Neither the Association nor any Owner shall alter, modify, expand, or fill any lakes or wetlands located on or in the vicinity of the Properties, without the prior written approval of the Declarant, so long as Declarant owns any property described in Exhibits "A" for development as part of the Properties, and such local, state, and federal authorities as may have jurisdiction over such matters.

Section 12.4 Right of Entry. The Association shall have the right, but not the obligation, to enter upon any Lot for emergency, security and safety reasons, to perform maintenance pursuant to Article IV hereof, and to inspect for the purpose of ensuring compliance with the Governing Documents. 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 Lot 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 Residence without permission of the Owner except by emergency personnel acting in their official capacities. The easement granted hereunder shall not create an obligation or duty on the part of Declarant or the Association to provide for the safety or security within the Properties.

Section 12.5 Public Easement. There is hereby reserved to the benefit of Declarant, the Association and their designees, a perpetual, non-exclusive right and easement of public ingress and egress over any public bicycle and pedestrian pathways and trails. This easement shall not imply any right of public use of the Common Properties or improvements thereon.

ARTICLE XIII

ADDITIONAL RIGHTS RESERVED TO DECLARANT

Section 13.1 Assignment. Any or all of the special rights and obligations of the Declarant set forth in the Governing Documents may be transferred to other Persons; provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in the Governing Documents. Furthermore, no such transfer shall be effective unless it is in a written instrument signed by the Declarant whose rights are being transferred and duly recorded in the County Clerk Official Records of Dallas County, Texas.

Section 13.2 Marketing and Sales Activities. Declarant and Builder(s) authorized by Declarant may construct and maintain and carry on upon portions of the Common Properties, or upon Lots owned by Declarant or such Builder, such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient or incidental to the construction or sale of such Lots, including, but not limited to, business offices, signs, sales offices and model Lots. Declarant and authorized Builder(s) shall have easements for access to and use of such facilities.

Section 13.3 Use of Name of Development. No Person shall use the name "Cranbrook Estates" or any derivative of such name in any printed or promotional material without the Declarant's prior written consent. However, Owners within the Association may use the name

"Cranbrook Estates" in printed or promotional material where such term is used solely to specify that particular property is located within the Properties and the Association shall be entitled to use the words "Cranbrook Estates" in its name.

Section 13.4 Termination of Rights. The rights contained in this Article shall not terminate until the earlier of (i) thirty (30) years from the date this Declaration is recorded, or (ii) upon recording by the Declarant of a written statement that all sales activity has ceased.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

Section 14.1. Duration. This Declaration and the covenants, restrictions, charges and liens set out herein shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, and every owner of any part of the Properties, including Declarant, and their respective legal representatives, heirs, successors and assigns, for a term beginning on the date this Declaration is recorded and continuing through and including December 31, 2035, after which time said covenants shall be automatically extended for successive periods of ten (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 ten (10) years, agreeing to terminate said covenants and restrictions, in which case this Declaration shall be terminated as specified therein.

Section 14.2. Amendment.

(a) By the Declarant. In addition to the specific amendment rights granted elsewhere in this Declaration, until termination of the Class "B" membership, the Declarant may unilaterally amend this Declaration for any purpose. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary to (i) bring any provision into compliance with any applicable governmental statute, rule, regulation or judicial determination; (ii) enable any reputable title insurance company to issue title insurance coverage on the Lots; (iii) enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Lots; or (iv) satisfy the requirements of any local, state or federal governmental agency. In addition, after termination of the Class "B" membership, so long as Declarant owns property described in Exhibit "A" for development as part of the Properties, Declarant may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon a right granted an Owner under this Declaration without such Owner's written consent.

(b) By the Class "A" Members. Except as provided above and otherwise specifically provided in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing at least fifty-one percent (51%) of the total Class "A" votes in the Association and the consent of the Declarant, so long as the Declarant owns any property subject to this Declaration.

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 Dallas County, Texas. Any procedural challenge to an amendment must be made within six (6) months of its recordation or such amendment shall be presumed to have been validly adopted.

If an Owner consents to any amendment to this Declaration or the Bylaws, 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 or the Class "B" Member without the written consent of Declarant or such Class "B" Member, respectively (or the assignee of such right or privilege).

Section 14.3. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of this Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses or phrases of this Declaration shall continue in full force and effect and shall not be affected thereby. It is hereby declared that said remaining paragraphs, sections, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses or phrases shall become or be illegal, null or void.

Section 14.4. Notice. Wherever written notice to a member (or members) is permitted or required hereunder, such shall be given by the mailing of such to the member at the address of such member appearing on the records of the Association, unless such member has given written notice to the Association of a different address, in which event such notice shall be sent to the member at the address so designated. In such event, such notice shall conclusively be deemed to have been given by the Association by placing same in the United States mail, properly addressed, whether or not received by the addressee.

Section 14.5. Titles. The titles, headings and captions which have been used throughout this Declaration are for convenience only and are not be used in construing this Declaration or any part thereof.

EXECUTED as of the day and year first above written.

STORM AUTOMATION LTD., a Michigan corporation

By: _____

Tracy Storm

Its: Vice-President

ACKNOWLEDGMENT

STATE OF TEXAS

§

COUNTY OF Tarrant

§

§

This instrument was acknowledged before me on the 5^m day of July, 2005, by Tracy Storm, Vice-President of Storm Automation Ltd., a Michigan corporation, on behalf of said corporation.



Michelle M. Jeane
Notary Public, State of Texas

AFTER RECORDING RETURN TO:
Riddle & Williams, P.C.
3811 Turtle Creek Blvd., Suite 1050
Dallas, Texas 75219

G:\PUD.RES\F-CranbrookEst-7-1-05.rtf

EXHIBIT "A"

Property Subject to Declaration

STATE OF TEXAS:
COUNTY OF DALLAS:

BEING A TRACK OF LAND PLATTED AS BENCHMARK CONDOMINIUMS RECORDED IN VOLUME 84187, PAGE 4524, P.R.D.C.T. AN BEING SITUATED IN THE EDWARD B. WOOTEN SURVEY, ABSTRACT NO. 1519, CITY OF GRAND PRAIRIE, DALLAS COUNTY, TEXAS, SAID TRACK ALSO BEING PART OF COUNTRY CLUB ESTATES NO. 2, AN ADDITION TO THE CITY OF GRAND PRAIRIE, TEXAS, AS RECORDED IN VOLUME 862, AT PAGE 0028 OF THE DALLAS COUNTY, MAP RECORDS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON ROD FOUND ON THE WESTERLY LINE OF GREGORY LANE, (A 60.00 FOOT RIGHT OF WAY) AND 200.00 FEET ALONG SAID GREGORY LANE WESTERLY LINE SOUTH OF THE SOUTHERLY LINE OF STATE HIGHWAY NO. 303, (A 130.00 FOOT RIGHT OF WAY) FOR COMER;

THENCE SOUTH 00 DEGREES 08 MINUTES 45 SECONDS WEST (SOUTH 00 DEGREES 17 MINUTES 32 SECONDS WEST ON THE PLAT) ALONG SAID GREGORY LANE WEST LINE, A DISTANCE OF 380.37 FEET (379.85 FEET ON THE PLAT) TO A 1/2 INCH IRON ROD FOUND FOR CORNER IN THE NORTH LINE OF COUNTRY CLUB ESTATES NO. 1, AN ADDITION TO THE CITY OF GRAND PRAIRIE, TEXAS, AS RECORDED IN VOLUME 682, PAGE 2120 OF THE DALLAS COUNTY MAP RECORDS;

THENCE NORTH 89 DEGREES 52 MINUTES 03 SECONDS WEST (BASIS OF BEARINGS) ALONG SAID NORTH LINE OF COUNTRY CLUB ESTATES NO. 1 A DISTANCE OF 727.24 FEET TO A 1/2 INCH IRON ROD FOUND FOR THE BEGINNING OF A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 07 DEGREES 39 MINUTES 02 SECONDS AND A RADIUS OF 1044.13 FEET, A TANGENT OF 69.82 FEET, A CHORD BEARING OF SOUTH 86 DEGREES 19 MINUTES 07 SECONDS WEST, 138.90 FEET;

THENCE WESTERLY AROUND SAID CURVE TO THE LEFT, A DISTANCE OF 139.42 FEET (139.00 FEET ON THE PLAT) TO A 3/8 INCH IRON ROD FOUND FOR THE CORNER IN THE EAST LINE OF HILLCREST LANE;

THENCE NORTH 11 DEGREES 52 MINUTES 17 SECONDS WEST (NORTH 11 DEGREES 47 MINUTES 29 SECONDS WEST ON THE PLAT) ALONG SAID EAST LINE OF HILLCREST LANE, A DISTANCE OF 180.95 FEET TO A 1/2 INCH IRON ROD FOUND FOR THE BEGINNING OF THE CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 08 DEGREES 09 MINUTES 40 SECONDS AND A RADIUS OF 150.98 FEET, A TANGENT OF 74.98 FEET, A CHORD BEARING OF NORTH 08 DEGREES 01 MINUTES 32 SECONDS WEST, 149.59 FEET;

THENCE AROUND SAID CURVE TO THE RIGHT, A DISTANCE OF 149.72 FEET (149.35 FEET ON THE PLAT) TO A 1/2 IRON ROD FOUND FOR CORNER IN THE EAST LINE OF HILLCREST LANE;

THENCE NORTH 87 DEGREES 14 MINUTES 07 SECONDS EAST (NORTH 86 DEGREES 15 MINUTES 12 SECONDS EAST ON THE PLAT) LEAVING SAID EAST LINE OF HILLCREST LANE, A DISTANCE OF 154.58 FEET (154.77 FEET ON THE PLAT) TO A 1/2 IRON ROD FOUND FOR CORNER;

THENCE SOUTH 89 DEGREES 36 MINUTES 06 SECONDS EAST (SOUTH 89 DEGREES 42 MINUTES 44 SECONDS EAST ON PLAT) A DISTANCE OF 222.83 FEET (222.34 FEET ON PLAT) TO A 1/2 IRON ROD FOUND FOR CORNER:

THENCE NORTH 00 DEGREES 15 MINUTES 12 SECONDS WEST (NORTH 00 DEGREES 14 MINUTES 36 SECONDS WEST ON PLAT) A DISTANCE OF 55.51 FEET (54.48 FEET ON PLAT) TO AN 8X8 FOUND IN CONCRETE FOR CORNER;

THENCE NORTH 89 DEGREES 53 MINUTES 49 SECONDS EAST (SOUTH 89 DEGREES 51 MINUTES 11 SECONDS EAST ON PLAT) A DISTANCE OF 547.95 FEET (547.80 FEET ON PLAT) TO THE PLACE OF BEGINNING AND CONTAINING 321683.39 SQUARE FEET OF 7.384 ACRES OF LAND.