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DECLARATION OF RESTRICTIONS,
CONDITIONS AND COVENANTS
BILTMORE SWIM & RACQUET CLUB
PHASE ONE
~~25738~~

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This declaration made this 16th day of July, 1982 by
STILES LAND CORPORATION, a Texas corporation.

NOW, THEREFORE, Stiles Land Corporation, being the owner of all lots and tracts of land situated in Biltmore Swim & Racquet Club Phase One, an addition to the City of Plano, Collin County, Texas, out of the Benjamin Brewster Survey, Abstract Number A-107, shown by plat thereof recorded in Cabinet C, Page U19, of the Plat Records of Collin County, Texas (the "Addition"), hereby declares that all of the Addition is held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied, and improved subject to the following limitations, restrictions, conditions and covenants, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement, and sale of the lots in the Addition and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of said lots and every part thereof.

PART ONE

DEFINITIONS

The following words when used in this Declaration or any amendment or supplement to this Declaration (unless the context shall prohibit) shall have the following meanings:

1.01 "Developer" shall mean and refer to Stiles Land Corporation and its successors.

1.02 The terms "lot" or "lots" shall mean and refer to the lots shown on the recorded plat or plats of the Addition.

1.03 The terms "owner" or "lot owner" shall mean and refer to the record owner, whether one or more persons or entities, of the title to any lot in the Addition but, notwithstanding any applicable theory of the mortgage or other security device, shall not mean or refer to any mortgagee or trustee under a deed of trust unless and until such mortgagee or trustee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

1.04 The terms "Patio Lot" or "Patio Lots" shall mean and refer to those certain lots being described in particular upon Exhibit A attached hereto and incorporated herein by this reference.

1.05 The terms "Patio Lot Owner" or "Patio Lot Owners" shall mean and refer to the record owner, whether one or more persons or entities, of the title to any Patio Lot in the Addition.

1.06 The term "Common Properties" shall mean and refer to those areas of land designated as Private Recreation Area I on the Plat, together with any and all improvements that are now or may hereafter be constructed thereon.

1.07 The term "Patio Member" shall mean and refer to each Patio Lot Owner.

1.08 The term "Member" shall mean and refer to each owner or lot owner.

1.09 The "Committee" shall mean and refer to the Architectural Committee described in Part Five herein.

1.10 The "Plat" shall mean and refer to the plat of the Addition as recorded in Cabinet _____, Page _____, of the Plat Records of Collin County, Texas, and any amendments thereto, if any.

1.11 The term "Yard" as applicable to all Patio Lots shall mean and refer to that area of the respective Patio Lot (not occupied by constructed improvements) lying between the building line(s) of said Patio lot (as noted on the Plat) and the curblin(e) of the street or streets immediately adjacent to said Patio Lot.

1.12 The term "Courtyard" shall mean and refer cumulatively to all Yards.

1.13 The "Patio Association" shall mean and refer to the non-profit corporation to be incorporated under the laws of the State of Texas which shall possess the authority, duty and responsibility to maintain the Private Open Spaces, the Private Parking Areas (as identified upon the Plat) and the Courtyard and to administer and enforce the provisions of Part Eight of the Restrictions.

1.14 The "Recreation Association" shall mean and refer to the non-profit corporation to be incorporated under the laws of the State of Texas which shall possess the authority, duty and responsibility to maintain the Private Recreation Area I (as identified upon the Plat) and to administer and enforce the provisions of Part Nine of the Restrictions.

1.15 The term "Private Open Spaces" shall mean and refer to the areas identified as private open space upon the Plat.

1.16 The term "Private Parking Areas" shall mean and refer to the areas identified as private parking area upon the Plat.

PART TWO

TERM

Save and except the provisions of Part Eight of the Restrictions which are applicable exclusively to those lots so identified therein, all of the restrictions, conditions and covenants set forth herein (sometimes referred to as "Restrictions") shall affect each and all of the lots and tracts in the Addition and shall run with such lots and tracts and shall exist and be binding upon all parties and all persons claiming under them for a period of twenty-five (25) years from the date of execution hereof, after which time the same shall be automatically extended for successive periods of ten (10) years each; unless within sixty (60) days of the expiration date of any such period, the then record owners of seventy percent (70%) of the lots covered hereby shall vote to modify or discontinue the provisions hereof.

PART THREE

MUTUALITY OF BENEFIT AND OBLIGATION

All of the Restrictions are made for the mutual and reciprocal benefit of each and every lot and tract and are intended to create mutual and equitable servitudes upon each of said lots and tracts in favor of each and all other lots and tracts; to create reciprocal rights between the respective owners of all of the lots; to create a privity of contract and estate between the grantees of said lots, their heirs, legal representatives, successors and assigns; and shall as to the owner of each lot, his heirs, legal representatives, successors or assigns, operate as covenants running with the land for the benefit of each and all other lots and their respective owners. The Restrictions shall be binding upon the owner or owners of each lot, upon any purchaser or purchasers of any such lot and upon the heirs, legal representatives, successors or assigns of any such owner or owners or purchaser or purchasers exactly as if each such party had personally signed and accepted this Declaration.

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IMPROVEMENTS, USE AND MAINTENANCE

The following provisions are applicable to restrict all lots in the Addition:

4.01 Single Family Residence. Improvements on each lot shall be used exclusively for the purposes of one single family residence. For purposes of this Restriction, family shall mean only those persons related by blood, marriage or adoption by court proceeding who are no further removed by consanguinity or affinity than three degrees from any other occupant. This shall not prevent the occasional temporary occupancy by guests of the family nor occupancy by full-time domestic servants or medical assistants who are employed by the family. No building or structure intended for or adapted to business or professional purposes, and no apartment house, double house, lodging house, rooming house, church, school, hospital, sanatorium, guest house, servants quarters, or multiple-family dwelling shall be erected, placed, permitted or maintained on any lot. No improvement or structure whatever, other than one dwelling house, patio walls, sidewalks, curbs, fences, swimming pool, garage, landscaping and carport may be erected, placed or maintained on any lot.

4.02 Minimum Size. Each residence on each lot shall contain not less than the number of square feet of fully enclosed area devoted to living purposes so identified for said lot as shall be so designated upon Exhibit B attached hereto and incorporated herein by this reference. In case of a residence possessing more than one (1) story, the ground floor of said residence shall contain not less than nine hundred (900) square feet of fully enclosed floor area devoted to living purposes. The measurement of floor area of any residence shall be exclusive of roofed or unroofed porches, terraces, garages, and other outbuildings and shall be computed from faces of exterior walls.

4.03 Building Lines. All dwellings erected or placed on any lot shall face the street upon which the lot faces, as shown on the Plat. No portion of any structure shall be nearer to the front or street boundary line of any lot than as designated on the Plat.

4.04 Improvements or Change in Improvements. No change in any lot and no construction or painting of any structures or improvements of any nature shall be commenced on any lot until all facets of the plans, colors, architecture and specifications have been approved by the Committee.

4.05 Structure and Roof of Dwelling. The exterior of all dwellings shall be constructed of brick, veneer, stone, stone veneer, masonry, or glass building materials of the kind customarily used for outside wall construction, to the extent of at least seventy-five percent (75%) of the area of outside walls, however, subject to such reasonable variances of said requisite being granted by the Committee (at its sole option) to accommodate creativity in exterior design being approved by the Committee. The width of the front of the main structure shall be in harmony with other dwellings in the Addition. All dwellings constructed on any lot shall have a roof of wood shingles, slate, composition of a grade approved in writing by the Committee (weathered wood color and/or Heather Blend) or tile, unless some other material is approved by the Committee. The roof pitch of any structure shall be 5 ft. x 12 ft. minimum.

4.06 Sewage Disposal. No building or dwelling shall be constructed with plumbing fixtures, dishwasher, toilets or sewage disposal systems unless the same are connected to an established central sewage system.

4.07 Prohibited Structures. No trailer, mobile home, modular home, tent, camper vehicle or temporary house shall be placed or erected on any lot for use as a dwelling. No temporary buildings or structures of any kind may be placed on any lot, except that the Committee may grant permission for temporary buildings or structures to be

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placed on lots or the Common Properties for storage of materials during construction by the persons doing such work and for a temporary sales office for Developer or any other person engaged in the sale of lots within the Addition. If permission is granted, the temporary buildings or structures shall be removed within thirty (30) days after written notice from the Committee to remove the buildings or structures.

4.08 Destruction of Improvements. Any dwelling or other structure on any lot which is fully or partially destroyed or damaged by fire, storm or any other means, must be fully rebuilt, repaired or removed within six (6) months after the date such destruction or damage occurs unless an extension in writing is obtained from the Committee.

4.09 Diversion of Water. No structures, ditches, changes in the terrain or landscaping shall be allowed that would materially cause an increase in the normal flow of water across other lots unless the approval of the Committee is obtained in advance.

4.10 Construction Periods. The work of constructing, painting, altering or remodeling any building or improvements on any lot shall be prosecuted diligently from the commencement until the completion thereof and in any event shall be completed within six (6) months after commencement of the work.

4.11 Lot Grading. All lot or tract grading shall result in the diversion of surface water to the street, or alley immediately adjacent to the respective lot or tract. No such grading shall be permitted which would materially cause an increase in the normal flow of water across an adjacent lot.

4.12 Removal of Trees. No trees planted in the Addition may be removed without first obtaining written consent of the Committee.

4.13 Parking Requirements. There shall be a completely enclosed garage with a minimum of two (2) automobile parking stalls of at least 8 ft. x 18 ft. each for each single family residence or dwelling unit constructed on any lot. The vehicle doors of all garages shall open toward the alley, if any, adjacent to said lot and shall in no event open toward an adjacent street, save and except in the case of: (a) Patio Lots, in which case said doors shall be permitted to open toward an adjacent street, and (b) Lots 14 through 32 of Block A, Lots 1 through 6 of Block E, in which case said doors shall be permitted to open toward an adjacent street. Enclosures, shelters, screens and other improvements constructed for the purpose of automobile parking and other vehicles shall be attached to and a part of the structure of the building to which they apply.

4.14 Pets and Other Animals. No horses, livestock or animals of any description may be kept or permitted on any lot with the exception of dogs, cats and other animals which are of the customary household variety (including birds) and which do not make objectionable noise or constitute a nuisance or inconvenience to owners of other lots nearby. No commercial raising or dealing in dogs, cats or any other animals will be permitted on or from any lot.

4.15 Appearance of Residential Property. Each lot (and the parkway area existing between the lot line and the adjacent curb) at all times shall be kept in a clean, sightly and wholesome condition and all weeds or grass shall be kept neatly cut or mowed, both prior to, during and after construction. In the case of those lots other than Patio Lots, the lot owner shall possess the duty of such lot and parkway area maintenance. In the case of the Patio Lots, the Patio Association shall possess the duty of such maintenance as to the Yard and parkway area applicable to such Patio Lot (provided the Patio Association shall have elected to maintain the Courtyard as provided in Section 8.25 hereof) and the Patio Lot Owner shall maintain all other portions of such respective Patio Lot. Until the Patio Association shall elect to possess the duty of maintenance as to the Courtyard, if ever, such duty shall be the obligation of the respective Patio Lot Owner. No boxes, containers, cans, implements, machinery, lumber, or other building materials shall be permitted to remain exposed upon any lot so they are visible from any neighboring lot or street except as necessary during the period of construction. No lot shall be used in whole or in part as a dumping ground for rubbish or for the storage of any property

or thing that will cause such lot to appear in an unclean, disorderly or untidy condition or that will be otherwise obnoxious. No trash, litter, junk, bottles, grass or weed clippings, debris or other unsightly materials shall be permitted to remain exposed upon any lot so they are visible from any neighboring lot or street and shall be kept only in sanitary containers. The exterior of all structures shall be continuously maintained and never allowed to fall into disrepair. No obnoxious or offensive activity shall be carried on upon any lot nor shall anything be done, placed or stored thereon which may be or become an annoyance or nuisance to the Addition or any part thereof, or occasion any noise or odor which will or might disturb the peace, quiet, comfort or serenity of the occupants of nearby lots (such as, but not limited to, loud music or amplifiers, outside lights beamed directly at adjoining lots or noisy machinery). Structures such as pet facilities, play swings, basketball boards, etc., which are unsightly and not in harmony with the external design and appearance of surrounding structures shall be hidden from view from the street. Air conditioners, coolers, pool filters and pool heaters, meters, gas, electric and water equipment shall be adequately screened or otherwise hidden from view from the street.

4.16 Fences and Boundary Plantings. No wall, coping or fence shall extend nearer to any street than the front line of the dwelling on any lot. No wire or woven fence is permitted on any portion of any lot that exposes it to view from streets or surrounding lots. No fence may be constructed or erected on any lot without approval of the Committee as to materials, appearance, and height. All lots shall be kept in a well-landscaped condition so as to produce the best aesthetic effect. Boundary planting along front lot lines or side lot lines adjacent to a street, except trees with single trunks, shall not be permitted to grow higher than 3 ft.. No boundary planting shall be allowed outside rear lot lines. Each lot owner shall cut and maintain all of his trees, shrubs, and hedges so that no part thereof shall extend across any lot boundary line without the permission of the owner of the lot across which the planting extends.

4.17 Vehicles. Operable boats and boat trailers may be kept upon a lot only if housed within a garage. Inoperable boats or motor vehicles shall not be kept upon any lot except within a completely enclosed garage. The overhauling of boats or any motor vehicle is prohibited upon any lot unless done within a completely enclosed garage. Trucks with a tonnage in excess of 3/4 ton shall not be permitted to park on the roads, streets, alleys or driveways overnight.

4.18 Signs. No signs for advertising purposes shall be displayed to the public view on any lot excepting only signs of customary dimensions (3 ft. x 4 ft.) maximum advertising the lot for sale.

4.19 Antennas and Aerials. All television antennas and other antennas and aerials shall be located inside the attic or under roof, unless otherwise expressly permitted by the Committee.

4.20 Sprinkler System. Each Patio Lot on which a single family residential dwelling is constructed shall have an underground water sprinkler system for the purpose of providing sufficient water to the Yard area. The Patio Association shall have the right to operate each sprinkler system, or require the Patio Lot owner to do so, in conjunction with a common maintenance plan although the respective Patio Lot Owner shall bear all costs and expenses related to the water consumption arising from its operation. The Patio Association will bear the cost of repairs to the sprinkler system made necessary by the negligence of employees, agents or officers of the Patio Association. Otherwise, the Patio Lot Owner shall, at his sole cost, be responsible for the repair and replacement of any sprinkler system located upon such Patio Lot, as well as maintenance of such sprinkler system in a good and workable condition.

4.21 Limitation of Developer's Responsibility. Developer shall not be responsible for nor liable hereunder for performance or non-performance of any of the provisions of this Part Four whether or not Developer is technically an owner under the provisions hereof.

PART FIVE

ARCHITECTURAL COMMITTEE

5.01 Committee. The Developer shall have authority to appoint the Architectural Committee and to remove without cause any person serving on the Committee. The Architectural Committee shall consist of not less than one (1) nor more than three (3) members. The Committee shall receive no fee or compensation for its services.

5.02 Submission of Plans. Prior to the commencement of any work, there shall be submitted to the Committee two (2) complete sets of plans and specifications of any and all proposed construction of any dwelling, building, structure or improvements on any lot and of any changes in the terrain of any lot, and two (2) complete sets of plans and specifications of the proposed painting, remodeling, reconstruction, alterations, or additions to any dwelling, building, structure or improvements. All plans and specifications for any dwelling, building, structure or improvements to be erected on any lot shall include plot plans showing the proposed location thereof on the lot, the dimensions and exterior color schemes thereof. The approval of the Committee must be obtained prior to the commencement of any such painting, remodeling, reconstruction, alterations, additions, new construction or changes in terrain thereon in the same manner as set forth in Section 5.03.

5.03 Approval or Disapproval. Before any work is commenced on any lot, the Committee, as the same is from time to time composed, shall approve or disapprove plans and specifications by majority vote of the members then serving. One (1) set of said plans and specifications with the approval or disapproval endorsed thereon, shall be returned to the person submitting them and the other copy thereof shall be retained by the Committee. The signature of any member of the Committee on any such plans and specifications with "approved" or "disapproved" thereon written or stamped shall be prima facie evidence as to such approval or disapproval being the act of the full Committee. In the event the Committee fails to approve or disapprove any such plans or specifications within thirty (30) days after actual receipt of same by a member of the Committee and if all terms contained in this Declaration have been complied with, the Committee shall be deemed to have approved such plans and specifications.

5.04 Criteria for Disapproval. The Committee shall have the right to disapprove any plans and specifications submitted to it as aforesaid in the event such plans and specifications are not in accordance with all of the provisions of this Declaration, if the external design, appearance, location or color scheme of the proposed dwelling, building or other structure is not in harmony with the general surroundings of such lot or with the adjacent dwellings, buildings, or structures or with the topography, if the plans and specifications submitted are incomplete, if the design, appearance or location of any landscaping is not in harmony with the general surroundings or topography, or in the event the Committee deems the plans and specifications, or any part thereof, to be contrary to the interests, welfare or rights of any or all parts of the Addition, or the owners in general, all in the sole discretion of the Committee. The decisions of the Committee shall be final.

5.05 Vacancies on Committee. A vacancy shall be created on the Committee by the resignation, removal, death or failure to act of any member thereof. The Developer is authorized to fill any vacancy by appointment. If Developer should fail or refuse to appoint a successor

to fill any vacancy on the Committee within thirty (30) days after receipt of a written demand by any owner to make an appointment, the owners of a majority of the lots shall have the right to elect or appoint a successor or successors to fill any such vacancy.

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

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PART SIX

MINING AND EASEMENTS

6.01 Mining. Mining or drilling of oil, gas, or other minerals, or water drilling or development operations, refining, mining operations of any kind, or the operation of quarries, gravel or sand pits, soil removing or top soil stripping are prohibited on all lots without the prior written approval of the Committee.

6.02 Easements. Each lot owner and the lot owner's heirs, legal representatives, successors and assigns, are hereby granted the right of ingress and egress to and from their respective lots over the streets and alleys shown on the recorded plats of the Addition. Within these streets and alleys, no structure, planting, or other material shall be placed or permitted to remain. Easements for installation and maintenance of utilities and drainage facilities are reserved over, across and along all streets shown on the recorded plats and are reserved as shown on the recorded map and/or reserved in recorded deeds. The easement area of each lot shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

6.03 Ingress and Egress by the Patio Association. Full rights of ingress and egress shall be had by the Patio Association at all times over and upon each Patio Lot for maintenance and repair as provided in Part Eight hereof, and for the carrying out by the Patio Association of its functions, duties and obligations hereunder; provided that any such entry by the Patio Association upon any Patio Lot shall be made with as little inconvenience to the Patio Lot Owner as practical, and any damage caused thereby shall be repaired by the Patio Association at the expense of the Patio Association.

6.04 Ingress and Egress by Patio Lot Owners. Each Patio Lot Owner shall possess a right of ingress and egress to and upon any Patio Lot adjacent to such Patio Lot for the purpose of maintaining and repairing any exterior wall, roof overhang or guttering located at or upon the boundary line separating said Patio Lot and adjacent Patio Lot. Such access shall be permitted during daylight hours, Monday through Saturday, for fifteen (15) cumulative days per calendar year at a time prescribed by said Patio Lot Owner to said adjacent Patio Lot Owner upon five (5) days' prior written notice.

PART SEVEN

VARIANCES AND AMENDMENTS

7.01 Reasonable Variances. Save the provisions of Part Eight and Part Nine hereof, the Committee may allow reasonable variances and adjustments of these Restrictions in order to overcome practical difficulties and prevent unnecessary hardships in the application of the

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regulations contained herein; provided, however, that such is done in conformity with the intent and purposes hereof and provided also that in every instance such variance or adjustment will not be materially detrimental or injurious to other property or improvements in the Addition.

7.02 Conflicts with Governmental Regulations. In the event there shall be governmental regulations which conflict with or prevent works of construction or improvements in the manner as required by this Declaration, these circumstances shall be deemed to constitute practical difficulties justifying allowances of variances and adjustments in application of the provisions of this Declaration in order to prevent unnecessary hardship; provided, however, that in every instance the variance or adjustment shall not be materially detrimental or injurious to property or improvements in the Addition.

7.03 Amendments. This Declaration may be revoked, supplemented or amended in the following manner:

(1) Developer reserves and shall have the right, from time to time, unilaterally, without joinder by other owners or persons who may have an interest in the Addition of any kind or character to exercise the following rights:

(a) Until such time as the first lot owned by Developer is deeded by Developer, Developer, at its discretion, may revoke or amend this Declaration or change it in any respect in whole or in part, by instrument duly acknowledged and recorded in the Deed Records of the Office of the County Clerk of Collin County, Texas.

(b) Upon and after the first lot or tract owned by Developer is deeded by Developer but only for as long as Developer owns any lot or tract, Developer, at its discretion may supplement this Declaration by instrument duly acknowledged and recorded in the Deed Records of the Office of the County Clerk of Collin County, Texas for the purposes of adding additional lots, tracts and/or real estate to this Declaration.

(2) Upon and after the first lot or tract owned by Developer is deeded by Developer but only for as long as Developer owns any lot or tract, a majority of the owners and Developer may, from time to time, amend this Declaration by instrument bearing the signatures of seventy percent (70%) of the owners and the Developer, duly acknowledged and recorded in the Deed Records of the County Clerk of Collin County, Texas for the purpose of:

- (a) Complying with any requirements of financial institutions, title companies or governmental authorities; or
- (b) Facilitating the marketing of the Addition;
- (c) Correcting any errors in this Declaration.

(3) In addition to, and not in limitation of the foregoing subparagraphs, all of the owners may, from time to time, revoke or amend this Declaration for any purpose by instrument bearing the signatures of all owners, duly acknowledged and recorded in the Deed Records of the Office of the County Clerk of Collin County, Texas. Notice of revocation, executed by said owners shall be filed with the City Secretary of the City of Plano, Texas six (6) months preceding the filing of any revocation instrument in the Deed Records of Collin County, Texas.

PART EIGHT

MEMBERSHIP IN THE PATIO ASSOCIATION

THE PROVISIONS OF THIS PART EIGHT SHALL BE APPLICABLE SOLELY TO THE PATIO LOTS AND THE PATIO LOT OWNERS.

8.01 Membership. Every Patio Lot Owner shall automatically be a member of the Patio Association.

8.02 Voting Rights. Patio Lot Owners shall be entitled to one vote for each Patio Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Patio Lot, all such persons shall be members, and the vote for such Patio Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any such Patio Lot.

Notwithstanding the voting rights within the Patio Association, until the Developer no longer owns record title to any real property within the confines of the Addition, the Patio Association shall take no action or inaction with respect to any matter whatsoever without the consent and approval of the Developer.

8.03 Voting/Meetings. The election of the Board of Directors referred to in paragraph 8.12 and the action authorized in paragraph 8.10(c) shall require the assent of the votes of the majority of Patio Lot Owners, in person or by proxy at a duly convened meeting, written notice of which shall be given to all members not less than ten (10) days nor more than fifty (50) days in advance thereof, said notice setting forth with specificity the purpose of said meeting. Meetings of the members of the Patio Association may be held at such time and place as shall be determined by the Board of Directors, but at least one (1) such meeting shall be held during each calendar year.

8.04 Majority. As used in this Part Eight, the term "majority of Patio Lot Owners" shall mean those Patio Lot Owners holding in excess of one-half (1/2) of the votes in accordance with paragraph 8.02.

8.05 Quorum. Except as otherwise provided herein, the presence in person or by proxy of a majority of Patio Lot Owners shall constitute a quorum for meetings of the Patio Association.

8.06 Proxies. Votes of the Patio Lot Owners at meetings of the Patio Association may be cast in person or by proxy. All proxies must be filed with the Board of Directors before the appointed time of each meeting of the Patio Association.

8.07 Consent. Notwithstanding anything to the contrary contained in Part Eight hereof, any action referred to in paragraph 8.03 may be taken with the assent given in writing and signed by the members of the Patio Association possessing fifty-one percent (51%) of the outstanding votes.

8.08 Assessments/Lien. Developer, for each Patio Lot within the Addition, hereby covenants, each purchaser or Patio Lot Owner by acceptance of the deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree (and such covenant and agreement shall be deemed to constitute a portion of the purchase money and consideration for acquisition of the Patio Lot) to pay to the Patio Association (or to an entity or agency which may be designated by the Patio Association to receive such monies): (1) annual assessments or charges for maintenance of the Private Open Spaces, Private Parking Areas and the Courtyard, (2) special assessments for capital improvements upon the Private Open Spaces, Private Parking Areas and the Courtyard, such assessments to be fixed, established and collected from time to time as hereinafter provided, (3) individual special assessments levied against individual Patio Lot Owners to reimburse the Patio Association for costs of maintenance and repairs to Private Open Spaces, Private Parking Areas and the Courtyard (or repairs to the sprinkler system located thereon) caused by the willful or negligent acts or omissions of said individual, such assessments to be fixed, established and collected from time to time as hereinafter provided, (4) assessments for taxes on the Private Open Spaces, Private

Parking Areas and insurance thereon, and (5) liability insurance and/or bond premiums. The annual, special capital, insurance, and special individual assessments, together with such interest thereon at the highest rate per annum permitted by applicable law, and the reasonable costs of collection thereof as hereinafter provided, shall be a charge on the land, inferior and subordinate to any first deed of trust lien and shall be a continuing lien upon each Patio Lot against which each such assessment shall have been due. No Patio Lot Owner may waive or otherwise escape liability for the assessment provided herein by the non-use of such Private Open Spaces and Private Parking Areas or by the abandonment of his Patio Lot.

8.09 Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the health, safety and welfare of the residents of the Patio Lots in the Addition, and in particular for the improvement and maintenance of such Private Open Spaces, Private Parking Areas and the Courtyard, including but not limited to the payment of taxes upon the Private Open Spaces, Private Parking Areas, public liability insurance premiums (if any) in connection with the protection of the Patio Association and its members; insurance in connection with the Private Open Spaces and Private Parking Areas; the payment of the cost of labor, equipment (including the expense of leasing any equipment) and materials required for the maintenance of the Courtyard and of such Private Open Spaces and Private Parking Areas; materials required for and management of the Private Open Spaces and Private Parking Areas; and the payment of those expenses associated with the execution of the duties of the Board of Directors of the Patio Association.

8.10 Annual Assessments/Special Assessments.

(A) The annual assessment for each respective Patio Lot shall be Five Hundred Fifty and No/100 Dollars (\$550.00).

(B) The Board of Directors of the Patio Association may fix the actual annual assessment at an amount equal to, less than or twenty percent (20%) greater than the stated annual assessment for the immediately preceding year.

(C) In addition to the annual assessments, the Patio Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or maintenance upon the Private Open Spaces and Private Parking Areas or maintenance upon the Courtyard, or the cost of any unexpected repair to any sprinkler system referred to in paragraph 4.20 hereof; provided that any such assessment shall have the affirmative approval of the members of the Patio Association.

(D) In addition to the annual assessments authorized by paragraph 8.10(A) hereof, the Patio Association is authorized to levy an assessment(s) for the purpose of collecting each Patio Lot Owner's prorata share of: (i) the cost of insuring the Private Open Spaces and Private Parking Areas and (ii) the taxes and governmental assessments levied on the Private Open Spaces and Private Parking Areas. However, the first mortgagee of each respective Patio Lot Owner shall have the right and election to collect and disburse such funds for the benefit of the Patio Lot Owner and the Patio Association.

(E) Both annual and special capital assessments must be fixed at a uniform rate for all Patio Lots. Unless a majority of the Patio Lot Owners and their respective first mortgagees have given prior written approval, the Board of Directors of the Patio Association

shall not change the prorata interest or obligations of any Patio Lot (or owner thereof) for purposes of levying annual and special capital assessments and charges. The Patio Association may add to the assessment to an individual Patio Lot Owner such additional maintenance expenses as may be required to care for such Patio Lot Owner's Yard to the extent the added expense is due to special landscaping installed by said Patio Lot Owner beyond that which is routine among the other Patio Lot Owners.

8.11 Date of Commencement of Assessments: Due Dates. The annual assessments provided for herein shall commence on the date fixed by the Board of Directors of the Patio Association to be the date of commencement, and as may be prescribed by said Board, shall be payable annually in advance, on the first day of each year. The first annual assessment shall be made for the balance of the calendar year in which it is levied. The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in paragraph 8.10 hereof as the remaining number of months in that year shall bear to twelve; provided, however, that if the date of commencement falls on other than the first day of a month, the assessment for such month shall be prorated by the number of days remaining in the month. The due date or dates, if it is to be paid in installments, or any other assessment or special assessment, shall be fixed in the respective resolution of the Board of Directors of the Association authorizing such assessment.

8.12 Duties of Board of Directors of the Patio Association. The affairs of the Patio Association shall be governed by a Board of Directors composed of three (3) persons who shall serve without fee or compensation. The Developer shall select and appoint the initial Board of Directors, each of whom shall be the owner of a Patio Lot or Patio Lots. The Board may do all acts and things necessary to execute the purposes of the Patio Association including, but not limited to:

- (A) Effectuating the care, maintenance, operation and general appearance of the Private Open Spaces and the Private Parking Areas, and the furnishing and upkeep of any desired personal property for use in the Private Open Spaces and the Private Parking Areas.
- (B) Effectuating the care and maintenance of the general appearance of the Courtyard to include the regular mowing of grass, trimming of shrubbery, application of pesticides, fertilizing, and replacement of landscaping under the terms of paragraph 8.08(3).
- (C) Determination, preparation and delivery of written notices of regular and special assessments of the respective members of the Patio Association.
- (D) Collection of all assessments from the members of the Patio.
- (E) If deemed prudent by the Board of Directors, the acquisition of such public liability or other insurance in the interest of the Patio Association and its members.
- (F) Preparation and delivery of a written annual accounting for each member of the Patio Association as to all receipts and disbursements of the Patio Association for the calendar year, said accounting to be prepared and delivered within sixty (60) days after December 31 of the respective year ended.
- (G) Effectuating the care and maintenance of grounds, including the care of trees, shrubs and grass of the Private Parking Areas and the Private Open Spaces.
- (H) The acquisition of services of a person or firm to manage the Patio Association or any separate portion thereof.

(I) Engage legal and accounting services.

(J) The purchase of any other materials, supplies, alterations, or the satisfaction of taxes or assessments which the Board of Directors is required or may reasonably determine to be necessary or proper for the enforcement of this Declaration.

(K) Make reasonable rules and regulations for the use and operation of the Private Parking Areas and the Private Open Spaces, and to amend the same, provided any such rule may be amended or repealed by an instrument in writing, signed by a majority of the members of the Patio Association

(L) Enter into agreements, engage in contracts, and carry out the terms thereof.

(M) Such other and further activities as shall be necessary and prudent to effect the purposes hereof.

8.13 Vacancies in Board of Directors. Vacancies in the Board of Directors caused by any reason other than the removal of a Board member by the vote of the Patio Association, shall be filled by vote of the majority of the remaining members of the Board, even though they may constitute less than a quorum; and each person elected shall be a Board member until a successor is elected at the next annual meeting of the Patio Association.

8.14 Terms of Office. All Board members shall serve terms of two (2) years. Each individual serving shall hold office until his successor shall have been elected.

8.15 Removal of Board Members. At any regular or special meeting of the Patio Association members duly called, any one or more of the Board members may be removed without or with cause by a majority of the Patio Lot Owners, and a successor may then and there be elected to fill the vacancy thus created. Any Board member whose removal has been proposed by the Patio Lot Owners shall be given an opportunity to be heard at the meeting.

8.16 Regular Meetings of the Board of Directors. 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 Board members, but at least two (2) such meetings shall be held during each calendar year. Notice of regular meetings of the Board of Directors shall be given to each Board member personally or by mail, telephone or telegraph, at least three (3) days prior to such meeting.

8.17 Quorum. At all meetings of the Board of Directors a majority of the Board members shall constitute a quorum for the transaction of business, and acts of a majority of the Board members present at a meeting at which a quorum is present shall be acts of said Board. If at any meeting of the Board of Directors there be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

8.18 Fidelity Bonds. The Board of Directors may require that all members of the Board of Directors of the Patio Association handling or responsible for the Patio Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Patio Association.

8.19 Ingress and Egress. The Patio Association, its agents or representatives, shall possess the right of ingress and egress at all times over and upon the Private Open Spaces and Private Parking Areas and the Yard of each Patio Lot for the purpose of maintaining the same as set forth in this Part Eight.

8.20 Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate and inferior to the lien of any bona fide first mortgage or deed of trust now or hereafter placed upon the Patio Lots subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale, whether public or private, of such property pursuant to the terms and conditions of any such deed of trust. Such sale shall not relieve such Patio Lots from liability for the amount of any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

8.21 Improvement and Maintenance of the Common Properties Prior to Conveyance to the Association. Until the date of the conveyance of the title to the Private Open Spaces and the Private Parking Areas to the Patio Association, the Developer, on behalf of the Patio Association, shall have the responsibility and duty of improving and maintaining the Private Open Spaces and the Private Parking Areas, including, but not limited to, the payment of taxes on and insurance in connection with the Private Open Spaces and the Private Parking Areas and the cost of repairs, replacements and additions thereto, and for paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Private Open Spaces and the Private Parking Areas. In this regard, and until such time, all assessments, both annual and special, collected by the Patio Association (less such amounts required for the operation of the Patio Association) shall be forthwith paid by the Patio Association to Developer, to the extent that such assessments are required by Developer to improve and maintain the Private Open Spaces and the Private Parking Areas as set forth in this paragraph. The Patio Association may rely upon a certificate executed and delivered by the Developer with respect to the amount required by Developer to improve and maintain the Private Open Spaces and the Private Parking Areas hereunder.

8.22 Exempt Property. The following property subject to this Declaration shall be exempt from the assessments, charge and lien created herein:

(A) All properties dedicated and accepted by the local public authority and devoted to public use.

(B) All Private Open Spaces and Private Parking Areas as defined in paragraph 1.15 and paragraph 1.16 hereof.

8.23 Insurance Proceeds. Proceeds of insurance on the Private Open Spaces and Private Parking Areas or under policies carried by the Patio Association shall be disbursed by the insurance carrier to the Patio Association or contractors designated by the Patio Association as the Board of Directors may direct. The Patio Association shall use the net insurance proceeds to repair and replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of insurance paid to the Patio Association remaining after satisfactory completion of repair and replacement, shall be retained by the Patio Association as part of a general reserve fund for repair and replacement of Private Open Space and Private Parking Areas.

8.24 Use of Private Open Spaces. The Private Open Spaces may be occupied and used as follows:

(A) No Patio Lot Owner shall permit anything to be done on the Private Open Spaces which would violate any applicable public law or zoning ordinances or which will result in the cancellation of or increase of any insurance carried by the Patio Association, or which would be in violation of any law. No waste shall be committed in the Private Open Spaces.

(B) Each Patio Lot Owner shall be liable to the Patio Association for any damage to the Private Open Spaces caused by the negligence or willful misconduct of the Patio Lot Owner or his family, guests, or invitees.

(C) All Patio Lot Owners and occupants shall abide by any rules and regulations adopted by the Board of Directors. The Board of Directors shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and a Patio Lot Owner determined by judicial action to have violated said rules and regulations shall be liable to the Patio Association for all damages and costs, including reasonable attorney's fees.

(D) Use of the Private Open Spaces shall be limited to the Patio Lot Owners, their families and guests.

8.25 Courtyard Maintenance Election. NOTWITHSTANDING ANYTHING HEREIN CONTAINED OR INFERRED TO THE CONTRARY, THE DUTY OF MAINTENANCE OF THE COURTYARD BY THE PATIO ASSOCIATION SHALL BE EXPRESSLY CONTINGENT UPON THE ELECTION BY THE PATIO ASSOCIATION AS EVIDENCED BY THE WRITTEN DECLARATION OF ELECTION OF SUCH ASSOCIATION RECORDED IN THE DEED RECORDS OF COLLIN COUNTY, TEXAS. SUCH ELECTION SHALL BE MADE ON OR BEFORE THE DATE THE DEVELOPER OWNS NO REAL PROPERTY WITHIN THE ADDITION. Failure to issue and record such written declaration on or before the date the Developer owns no real property within the Addition shall be deemed the election by the Patio Association not to maintain such Courtyard.

PART NINE

MEMBERSHIP IN THE RECREATION ASSOCIATION

9.01 Membership. Every lot owner shall automatically be a Member of the Recreation Association.

9.02 Voting Rights. Members shall be entitled to one vote for each lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any lot, all such persons shall be Members, and the vote for such lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any such lot.

Notwithstanding the voting rights within the Recreation Association, until the Developer no longer owns record title to any real property within the confines of the Addition, the Recreation Association shall take no action or inaction with respect to any matter whatsoever without the consent and approval of the Developer.

9.03 Voting/Meetings. The election of the Board of Directors referred to in paragraph 9.12 and the action authorized in paragraph 9.10(c) shall require the assent of the votes of the majority of lot owners, in person or by proxy at a duly convened meeting, written notice of which shall be given to all Members not less than ten (10) days nor more than fifty (50) days in advance thereof, said notice setting forth with specificity the purpose of said meeting. Meetings of the Members of the Recreation Association may be held at such time and place as shall be determined by the Board of Directors, but at least one (1) such meeting shall be held during each calendar year.

9.04 Majority. As used in this Part Nine, the term "majority of lot owners" shall mean those lot owners holding in excess of one-half (1/2) of the votes in accordance with paragraph 9.02.

9.05 Quorum. Except as otherwise provided herein, the presence in person or by proxy of a majority of lot owners shall constitute a quorum for meetings of the Recreation Association.

9.06 Proxies. Votes of the lot owners at meetings of the Recreation Association may be cast in person or by proxy. All proxies must be filed with the Board of Directors before the appointed time of each meeting of the Recreation Association.

9.07 Consent. Notwithstanding anything to the contrary contained in Part Nine hereof, any action referred to in paragraph 9.03 may be taken with the assent given in writing and signed by the Members of the Recreation Association possessing fifty-one percent (51%) of the outstanding votes.

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9.08 Assessments/Lien. Developer, for each lot within the Addition, hereby covenants, each purchaser or lot owner by acceptance of the deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree (and such covenant and agreement shall be deemed to constitute a portion of the purchase money and consideration for acquisition of the lot) to pay to the Recreation Association (or to an entity or agency which may be designated by the Recreation Association to receive such monies): (1) annual assessments or charges for maintenance of the Common Properties, (2) special assessments for capital improvements upon the Common Properties, such assessments to be fixed, established and collected from time to time as hereinafter provided, (3) individual special assessments levied against individual lot owners to reimburse the Association for costs of maintenance and repairs to the Common Properties caused by the willful or negligent acts or omissions of said individual, such assessments to be fixed, established and collected from time to time as hereinafter provided, (4) assessments for taxes on the Common Properties and insurance thereon, and (5) liability insurance and/or bond premiums. The annual, special capital, insurance, and special individual assessments, together with such interest thereon at the highest rate per annum permitted by applicable law, and the reasonable costs of collection thereof as hereinafter provided, shall be a charge on the land, inferior and subordinate to any first deed of trust lien and shall be a continuing lien upon each lot against which each such assessment is made and shall also be the continuing personal obligation of the lot owner commencing at the time when said assessment shall have been due. No owner may waive or otherwise escape liability for the assessment provided herein by the non-use of the Common Properties or the abandonment of his lot.

9.09 Purpose of Assessments. The assessments levied by the Recreation Association shall be used exclusively for the purpose of promoting the health, safety and welfare of the residents of the lots in the Addition, and in particular for the improvement and maintenance of the Common Properties, including but not limited to the payment of taxes upon the Common Properties, public liability insurance premiums (if any) in connection with the protection of the Recreation Association and its Members; insurance in connection with the Common Properties; the payment of the cost of labor, equipment (including the expense of leasing any equipment) and materials required for the maintenance of the Common Properties; the mowing of grass and removal of debris within the Common Properties; materials required for and management of the Common Properties; and the payment of those expenses associated with the execution of the duties of the Board of Directors of the Recreation Association.

9.10 Annual Assessments/Special Assessments.

(A) The annual assessment for each respective lot shall be Three Hundred and No/100 Dollars (\$300.00).

(B) The Board of Directors of the Recreation Association may fix the actual annual assessment at an amount equal to, less than or twenty percent (20%) greater than the stated annual assessment for the immediately preceding year.

(C) In addition to the annual assessments, the Recreation Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or maintenance upon the Common Properties; provided that any such assessment shall have the affirmative approval of the Members.

(D) In addition to the annual assessments authorized by paragraph 9.10(A) hereof, the Recreation Association is authorized to levy an assessment(s) for the purpose of collecting each lot owner's prorata share of: (i) the cost of insuring the Common Properties and (ii) the taxes and governmental assessments levied on the Common Properties. However, the first mortgagee of each respective lot owner shall have the right and election to collect and disburse such funds for the benefit of the lot owner and the Recreation Association.

(E) Both annual and special capital assessments must be fixed at a uniform rate for all lots. Unless a majority of the lot owners and their respective first mortgagees have given prior written approval,

the Board of Directors of the Recreation Association shall not change the prorata interest or obligations of any lot (or owner thereof) for purposes of levying annual and special capital assessments and charges. The Recreation Association may add to the assessment to an individual lot owner such additional maintenance expenses as may be required to care for such owner's Yard to the extent the added expense is due to special landscaping installed by the Lot Owner beyond that which is routine among the other owners.

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9.11 Date of Commencement of Assessments: Due Dates. The annual assessments provided for herein shall commence on the date fixed by the Board of Directors of the Recreation Association to be the date of commencement, and as may be prescribed by said Board, shall be payable annually, in advance, on the first day of each year. The first annual assessment shall be made for the balance of the calendar year in which it is levied. The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in paragraph 9.10 hereof as the remaining number of months in that year shall bear to twelve; provided, however, that if the date of commencement falls on other than the first day of a month, the assessment for such month shall be prorated by the number of days remaining in the month. The due date or dates, if it is to be paid in installments, or any other assessment or special assessment, shall be fixed in the respective resolution of the Board of Directors of the Recreation Association authorizing such assessment.

9.12 Duties of Board of Directors of the Recreation Association. The affairs of the Recreation Association shall be governed by a Board of Directors composed of three (3) persons who shall serve without fee or compensation. The Developer shall select and appoint the initial Board of Directors, each of whom shall be the owner of a lot or lots. The Board may do all acts and things necessary to execute the purposes of the Recreation Association including, but not limited to:

- (A) Effectuating the care, maintenance, operation and general appearance of the Common Properties, and the furnishing and upkeep of any desired personal property for use in the Common Properties.
- (B) Determination, preparation and delivery of written notices of regular and special assessments of the respective Members.
- (C) Collection of all assessments from the Members.
- (D) If deemed prudent by the Board of Directors, the acquisition of such public liability or other insurance in the interest of the Recreation Association and its Members.
- (E) Preparation and delivery of a written annual accounting for each Member as to all receipts and disbursements of the Recreation Association for the calendar year, said accounting to be prepared and delivered within sixty (60) days after December 31 of the respective year ended.
- (F) Effectuating the care and maintenance of exterior grounds, including the care of trees, shrubs and grass (lying outside fences and walls and to which the Association has access), any exterior brick wall, and parking facilities of the Common Properties.
- (G) The acquisition of services of a person or firm to manage the Association or any separate portion thereof.
- (H) Engage legal and accounting services.

(I) The purchase of any other materials, supplies, furniture, alterations, or the satisfaction of taxes or assessments which the Board of Directors is required or may reasonably determine to be necessary or proper for the enforcement of this Declaration.

(J) Make reasonable rules and regulations for the use and operation of the Common Properties, and to amend the same, provided any such rule may be amended or repealed by an instrument in writing, signed by a majority of the Members.

(K) Enter into agreements, engage in contracts, and carry out the terms thereof.

(L) Such other and further activities as shall be necessary and prudent to effect the purposes hereof.

9.13 Vacancies in Board of Directors. Vacancies in the Board of Directors caused by any reason other than the removal of a Board member by the vote of the Recreation Association, shall be filled by vote of the majority of the remaining members of the Board even though they may constitute less than a quorum; and each person so elected shall be a Board member until a successor is elected at the next annual meeting of the Recreation Association.

9.14 Terms of Office. All Board members shall serve terms of two (2) years. Each individual serving shall hold office until his successor shall have been elected.

9.15 Removal of Board Members. At any regular or special meeting of the Recreation Association Members duly called, any one or more of the Board members may be removed without or with cause by a majority of the lot owners, and a successor may then and there be elected to fill the vacancy thus created. Any Board member whose removal has been proposed by the lot owners shall be given an opportunity to be heard at the meeting.

9.16 Regular Meetings of the Board of Directors. 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 Board members, but at least two (2) such meetings shall be held during each calendar year. Notice of regular meetings of the Board of Directors shall be given to each Board member personally or by mail, telephone or telegraph, at least three (3) days prior to such meeting.

9.17 Quorum. At all meetings of the Board of Directors a majority of the Board members shall constitute a quorum for the transaction of business, and acts of a majority of the Board members present at a meeting at which a quorum is present shall be acts of said Board. If at any meeting of the Board of Directors there be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

9.18 Fidelity Bonds. The Board of Directors may require that all members of the Board of Directors of the Recreation Association handling or responsible for the Recreation Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

9.19 Ingress and Egress. The Recreation Association, its agents or representatives, shall possess the right of ingress and egress at all times over and upon the Common Properties for the purpose of maintaining the same as set forth in this Part Nine.

9.20 Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate and inferior to the lien of any bona fide first mortgage or deed of trust now or hereafter placed upon the lots subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale, whether public or private, of such property pursuant to the terms and conditions of any such deed of trust. Such sale shall not relieve such lots from liability for the amount of any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

9.21 Improvement and Maintenance of the Common Properties Prior to Conveyance to the Recreation Association. Until the date of the conveyance of the title to the Common Properties to the Recreation Association, the Developer, on behalf of the Recreation Association, shall have the responsibility and duty of improving and maintaining the Common Properties, including, but not limited to, the payment of taxes on and insurance in connection with the Common Properties and the cost of repairs, replacements and additions thereto, and for paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties. In this regard, and until such time, all assessments, both annual and special, collected by the Association (less such amounts required for the operation of the Association) shall be forthwith paid by the Association to Developer, to the extent that such assessments are required by Developer to improve and maintain the Common Properties as set forth in this paragraph. The Association may rely upon a certificate executed and delivered by the Developer with respect to the amount required by Developer to improve and maintain the Common Properties hereunder.

9.22 Exempt Property. The following property subject to this Declaration shall be exempt from the assessments, charge and lien created herein:

- (A) All properties dedicated and accepted by the local public authority and devoted to public use.
- (B) All Common Properties as defined in paragraph 1.06 hereof.

9.23 Insurance Proceeds. Proceeds of insurance on the Common Properties or under policies carried by the Recreation Association shall be disbursed by the insurance carrier to the Recreation Association or contractors designated by the Association as the Board of Directors may direct. The Recreation Association shall use the net insurance proceeds to repair and replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of insurance paid to the Recreation Association remaining after satisfactory completion of repair and replacement, shall be retained by the Association as part of a general reserve fund for repair and replacement of Common Properties.

9.24 Use of Common Properties. The Common Properties may be occupied and used as follows:

- (A) No owner shall permit anything to be done on or in the Common Properties which would violate any applicable public law or zoning ordinances or which will result in the cancellation of or increase of any insurance carried by the Association, or which would be in violation of any law. No waste shall be committed in the Common Properties.
- (B) Each owner shall be liable to the Recreation Association for any damage to the Common Properties caused by the negligence or willful misconduct of the owner or his family, guests, or invitees.
- (C) All owners and occupants shall abide by any rules and regulations adopted by the Board of Directors. The Board of Directors shall have the power to enforce compliance with said rules and regulations by

all appropriate legal and equitable remedies, and an owner determined by judicial action to have violated said rules and regulations shall be liable to the Recreation Association for all damages and costs, including reasonable attorney's fees.

(D) Use of the Common Properties shall be limited to the owners, their families and guests. No alcoholic beverages may be sold in this area nor will any private locker or bottle club be permitted, and the only consumption of alcoholic beverages which will be permissible will be those beverages carried into the Common Properties by individual Members of the Recreation Association, their families and guests.

PART TEN

REMEDIES FOR VIOLATIONS

10.01 Remedies. The Restrictions shall be binding on the lots and tracts and the owners thereof, regardless of the source of title of such owners, and any breach thereof, if continued for a period of thirty (30) days from and after the date that Developer, or its successors or assigns, the Recreation Association or the Patio Association (as the case may be), or any owners, shall have notified in writing the owner or resident in possession of the lot or tract upon which or as to which such breach has been committed to refrain from a continuance of such action and to correct such breach. Developer, its successors or assigns, the Recreation Association or the Patio Association (as the case may be) or other owner or owners shall have the right to bring an action in any court having jurisdiction thereof for an injunction and they shall be entitled to such injunction and their costs of court on the mere proof of the breach and without the necessity of proving any actual damages or injury or any reasonable prospect thereof. In addition to an injunction, Developer, its successors or assigns, the Recreation Association or the Patio Association (as the case may be), or other owner or owners shall be entitled to bring suit for damages or other proper relief in the event any such breach causes actual damages or injury, or any reasonable prospect thereof, and the court shall award to the plaintiff in either such action reasonable attorney's fees and all costs of court should the plaintiff be successful in such action.

10.02 Mortgages Protected. Violation of any part of this Declaration shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith for value as to any lot, or portion thereof, but the Restrictions shall be enforceable against any portion thereof acquired by any person through foreclosure or by deed in lieu of foreclosure for any violation of this Declaration occurring after the acquisition of said property through foreclosure, or deed in lieu of foreclosure.

PART ELEVEN

GRANTEE'S ACCEPTANCE

Each grantee of any lot or tract, by acceptance of a deed conveying title thereto, shall accept such title upon and subject to the Restrictions and the jurisdiction, rights and powers of the Recreation Association (and, if applicable the Patio Association), the Committee and of Developer, whether or not it shall be so expressed in any such deed; and by such acceptance, shall for themselves, their heirs, personal representatives, successors and assigns, covenant, consent and agree to and with the Developer, and to and with all other grantees and subsequent owners of each of said lots or tracts, to keep, observe, comply with and perform said Restrictions.

PART TWELVE

DELAYS AND LIABILITIES

No delay or omission on the part of the Recreation Association, the Patio Association, the Committee, or the Developer, or its successors, appointees or assigns in interest, or of any owner or owners, in exercising any breach of any of the Restrictions shall be construed as a waiver thereof or acquiescence therein unless a time period set forth herein applicable to the particular provision breached has expired; and no right of action shall accrue, nor shall any action be brought or maintained by anyone whomsoever against the Recreation Association, the Patio Association, the Committee, or the Developer, its successors, assigns, or appointees, for or on account of its failure or neglect to exercise any right, power or remedy herein provided for in the event of any such breach, or for imposing herein agreements, conditions, restrictions, charges or covenants which may be unenforceable.

PART THIRTEEN

PARTIAL INVALIDITY

In the event that any one or more of the agreements, conditions, restrictions, charges and covenants herein set forth shall be held by any court of competent jurisdiction to be null and void, all remaining agreements, conditions, restrictions, charges and covenants herein set forth shall continue unimpaired and in full force and effect.

PART FOURTEEN

REMEDIES CUMULATIVE

The various rights and remedies of Developer and the owners of lots as hereinbefore set out are and shall be cumulative. All of them may be used, relied upon, resorted to, and enforced without in any way affecting the ability of the Recreation Association, the Patio Association, the Committee, or the Developer or the said lot owners to use, rely upon, resort to or enforce the other, or any of them.

PART FIFTEEN

CAPTIONS

The captions of the various Parts and paragraphs of this Declaration are for convenience only and are not a part of this Declaration and do not in any way limit or amplify the terms or provisions thereof.

IN WITNESS WHEREOF, the undersigned have executed this Declaration the day and year first above written.

STILES LAND CORPORATION

By:

Jerry D. Stiles

 Jerry D. Stiles, President

1598-690

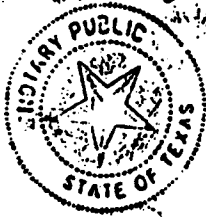
THE STATE OF TEXAS
COUNTY OF COLLIN

1538-691

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared JERRY D. STILES, President of Stiles Land Corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said STILES LAND CORPORATION, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of

July, 1982.



M. B. Tidwell
Notary Public in and for
Collin County, T e x a s

M. B. Tidwell
Print Name

My Commission Expires:

2/10/84

EXHIBIT B

Each residence on each lot shall contain not less than the number of square feet of fully enclosed area devoted to living purposes as shown for said respective lot below. Said floor area shall be exclusive of roofed or unroofed porches, terraces, garages, and other outbuildings and shall be computed from faces of exterior walls.

1598-692

<u>BLOCK NO.</u>	<u>LOT(S) NO.</u>	<u>MINIMUM SQUARE FEET REQUIRED</u>
A	1 through 26	1,600
B	9 through 16	1,600
C	10 through 18	1,600
A	27 through 32	1,400
B	1 through 8	1,400
B	17 through 24	1,400
C	1 through 9	1,400
D	1 through 7	1,400
E	1 through 6	1,400
E	7 through 13	1,200
F	1 through 24	1,200
F	26 through 28	1,200
G	1 through 15	1,200
H	1 through 19	1,200

BLOCK

E
F
F
G
H

LOT

7 through 13
1 through 24
26 through 28
1 through 15
1 through 19

1538-693

FILED FOR RECORD 24th DAY OF January A.D. 1983, at 1033A M.
RECORDED 24th DAY OF January A.D. 1983.
HELEN STARNES, COUNTY CLERK, COLLIN COUNTY, TEXAS.
BY: Carbara Spear DEPUTY.