

COVENANTS

OF

SHADOW RIDGE PHASE I

HOMEOWNERS ASSOCIATION, INC.

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ARTICLE I

DEFINITIONS

1.1 ASSOCIATION.

“Association” shall mean and refer to SHADOW RIDGE PHASE I HOMEOWNERS’ ASSOCIATION, INC., its successors and assigns.

1.2 AREAS OF COMMON RESPONSIBILITY.

“Areas of Common Responsibility” shall mean (i) the monument sign for the Development located within the median of Strait Lane north of the Property, (ii) the screening fence or hedge beginning near the northernmost corner of the Property and the western right of way line of Strait Lane and continuing from such point in a northerly direction to the intersection of Strait Lane and FM 3040, and (iii) the wall and/or screening fence located adjacent to the Property along the northern right of way line of Lexington Drive, the locations of which are more particularly described or identified on Exhibit “B” attached hereto and made a part hereof.

1.3 DECLARANT

The term “Declarant” shall mean FM PROPERTIES OPERATING CO., and its successors and assigns.

1.4 CITY

“City” shall mean the Town of Flower Mound, Texas.

1.5 HOME

“Home” shall mean a single-family residential unit constructed on a Lot, including the parking garage utilized in connection therewith and the Lot upon which the Home is located.

1.6 LIENHOLDER OR MORTGAGEE

“Lienholder” or “Mortgagee” shall mean the holder of a first mortgage lien, either on any Home and/or any Lot.

1.7 LOT

“Lot” shall mean and refer to any portion of the Property designated as a Lot on the Subdivision Plat of the Property, excluding Open Space, streets, alleys and any Area of Common Responsibility. Where the context requires or indicates, the term Lot shall include the Home and all other improvements which are or will be constructed on the Lot.

1.8 MEMBER

“Member” shall mean and refer to every person or entity who holds membership in the Association. The Declarant and each Owner shall be a Member in the Association.

1.9 OPEN SPACE

Open Space shall mean the areas of land which shall be owned by the Association and are more particularly described on Exhibit "C" attached hereto and made a part hereof.

1.10 OWNER

"Owner" shall mean and refer to the record Owner, other than Declarant, whether one (1) or more persons or entities, of a fee simple title to any Lot and shall include the homebuilders, but shall exclude those having such interest merely as security for the performance of an obligation. However, the term "Owner" shall include any Lienholder or Mortgagee who acquires fee simple title to any Lot which is a part of the Property, through a deed in lieu of foreclosure or through judicial or nonjudicial foreclosure.

1.11 PROPERTY, PREMISES OR DEVELOPMENT

"Property" shall mean and refer to that certain real property known as the SHADOW RIDGE, PHASE I described as Exhibit "A" hereto.

1.12 SUBDIVISION PLAT

"Subdivision Plat" shall mean or refer to the map or plat which has been or will be filed with respect to the Property in the Map or Plat Records of Denton County, Texas, as same may be amended from time to time.

ARTICLE II

PROPERTY RIGHTS

2.1 USE OF OPEN SPACE

It is contemplated that the Open Space will remain in its natural state. As such, the Association shall not, except as the Association may reasonably deem appropriate to comply with applicable laws or to protect the health, safety or welfare of the Development or the Members, cause (i) any buildings or permanent structures to be constructed on the Open Space; (ii) the Open Space to be graded or cleared; or (iii) any interference with the natural growth of vegetation or trees in the Open Space. Rather, the vegetation and trees located in the Open Space will be permitted to grow in their natural state. The foregoing shall not imply any obligation on the part of the Association to provide any enhancements to the Open Space or render the Association in any way responsible for the actions of any Members or other parties on or in connection with the Open Space, unless such actions are undertaken at the written instructions of the Association. The Association shall have the following rights with regard to the Open Space:

- a. the right to dedicate or transfer all of any part of the Open Space to any public agency or authority subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless (i) an instrument of agreement to such dedication or transfer, signed by two-thirds (2/3) of each class entitled to vote (determined pursuant to Section 3.2 hereof) is properly recorded, in the Deed Records of Denton County, Texas, and (ii) a written notice of proposed action under this Section is sent to every Owner (including Lienholders or Mortgagees) not less than thirty (30) days, nor more than sixty (60) days in advance of said action;
- b. the right to borrow money to be secured by a lien against the Open Space; however, the rights under such improvement mortgage shall be subordinate and inferior to the rights of the Owners hereunder; and
- c. the right to enter upon and make rules and regulations relating to the use of the Open Space.

2.2 TITLE TO THE OPEN SPACE

The Declarant shall dedicate and convey to the Association (at such time Declarant shall deem appropriate but in any event prior to such time as any mortgage lien which is insured by the Department of Housing and Urban Development is filed of record with respect to any Lot located within the Property), without consideration, the fee simple title to those portions of the Open Space owned by Declarant, free and clear of monetary liens and encumbrances other than those created in this Declaration.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

3.1 MEMBERSHIP

Declarant during the time it owns any Lots and each person or entity who is a record Owner of a fee or undivided fee interest in any Lot shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one (1) membership. Membership shall be appurtenant to and may not be separated from any ownership of any Lot which is subject to assessment by the Association. Transfer of ownership, either voluntarily or by operation of law, shall terminate such Owner's membership in the Association, and membership shall be vested in the transferee; provided, however, that no such transfer shall relieve or release such Owner from any personal obligation with respect to assessments which have accrued prior to such transfer.

3.2 VOTING RIGHTS

The Association shall have two (2) classes of voting membership:

- a. Class "A". The Class "A" Members shall be all Owners. The class "A" Members shall be entitled to one (1) vote for each Lot owned.

When more than one (1) person hold an interest in any Lot, all such persons shall be Members. 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 Lot.

- b. Class "B". The Class "B" Member shall be Declarant. The Declarant shall be entitled to three (3) votes for each Lot it owns; provided however, that Declarant shall cease to be a Class "B" Member and shall become a Class "A" Member entitled to one (1) vote per Lot on the happening of either of the following events:

(1) when the total votes outstanding in the Class "A" membership equals the total votes outstanding in the Class "B" membership, or

(2) the expiration of ten (10) years from the filing date hereof in the Deed Records of Denton County, Texas.

3.3 NO CUMULATIVE VOTING

At all meetings of the Homeowners' Association there shall be no cumulative voting. Prior to all meetings, the Board of Directors shall determine the total number of votes outstanding and entitled to vote by the Members.

ARTICLE IV

COVENANT FOR ASSESSMENTS

4.1 CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS

Each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be expressed in any such deed of other conveyance, covenants and agrees to pay to the Association: (i) annual assessments or charges, and (ii) special assessments for capital improvements. Such assessments (collectively, the “Assessments”) are to be fixed, established and collected as provided herein. Assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the Lot and shall be secured by a continuing lien which is hereby created and impressed for the benefit of the Association upon the Lot against which each such Assessment is made. Each such Assessment, together with such interest, costs and reasonable attorney’s fees shall also be the personal obligation of the person who was the Owner of such property at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to this successors in title unless expressly assumed by such successors, however the lien upon the Lot shall continue until paid.

4.2 PURPOSE OF ASSESSMENTS

The Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Owners of the Lots, the improvement and maintenance of the Areas of Common Responsibility and any property owned by the Association, and the performance and/or exercise of the rights and obligations of the Association arising hereunder. Assessments shall include, but not be limited to, funds to cover actual Association costs for all taxes, insurance, repair, replacement, maintenance and other activities as may from time to time be authorized by the Board of Directors; legal and accounting fees, and any fees for management services; expenses incurred in complying with any laws, ordinances or governmental requirements applicable to the Association or the Property; reasonable replacement reserves and the cost of other facilities and service activities, including, but not limited to, mowing grass, grounds care, sprinkler system, landscaping, and other charges required or contemplated by this Declaration of Covenants, Conditions and Restrictions and/or that the Board of Directors of the Association shall determine to be necessary to meet the primary purpose of the Association, including the establishment and maintenance of a reserve for repair, maintenance, taxes and other charges as specified herein.

4.3 BASIS AND MAXIMUM OF ANNUAL ASSESSMENTS

- a. Until January 1st of the year next following the conveyance of the first lot to an Owner, the regular maximum annual Assessment shall be *one hundred fifty-six (\$156.00)* per Lot.
- b. Any increase over and above 10% of the previous year’s regular annual assessment shall be done only by the prior written approval of *fifty-one*

percent (51%) of the outstanding votes (determined pursuant to Section 3.2 hereof) held by the Members at a meeting at which a quorum is present.

4.4 SPECIAL ASSESSMENTS

In addition to the regular annual Assessment authorized above, the 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 costs incurred by the Association pursuant to the provisions of this Declaration, provided that any such Assessment shall have the prior written approval of *fifty-one percent (51%)* of the outstanding votes (determined pursuant to Section 3.2 hereof) held by the Members at a meeting at which a quorum is present. Any special Assessments shall be prorated based on the period of time the Owner owns the Lot during such year.

4.5 NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED. UNDER SECTIONS 4.3 AND 4.4

Written notice of any meeting called for the purpose of taking any action authorized under Sections 4.3 and 4.4 shall be sent to all Members not less than ten (10) days nor more than twenty (20) days in advance of the meeting. At the meeting, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes entitled to be cast by the Members of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

4.6 UNIFORM RATE OF ASSESSMENT

Both the regular annual and special Assessments shall be fixed at a uniform rate for all Lots, and shall commence and be due in accordance with the provisions of Section 4.7 hereof. Each Owner shall pay one hundred percent (100%) of the established Assessment for each Lot it owns. Declarant shall pay twenty-five percent (25%) of the established Assessment for each Lot it owns.

4.7 DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATES

The obligation to pay regular annual assessments provided for herein shall commence on the first day of the month next following Declarant's conveyance of the Open Space to the Association. The Assessments shall be due on such payment dates as may be established by the Association. Assessments shall be due and payable on an annual basis unless otherwise designated by the Association.

- a. As long as Declarant is a Class "B" Member pursuant to Section 3.2 hereof, Declarant shall pay the deficiency resulting in the event the cost of maintenance exceeds the amount of the Assessments received from the Owners; provided, however, in such event, Declarant shall not otherwise be required to pay Assessments with respect to portions of the Property owned by Declarant; and further, provided, however, in no event shall Declarant be required to pay an amount which is in excess of one hundred percent (100%) of the established Assessment for each Lot it owns. When the Declarant is

converted to a Class "A" Member, the Declarant (i) shall no longer be responsible for contributing the shortfalls outlined in the preceding sentence but rather (ii) shall commence making regular annual and special Assessments pursuant to Sections 4.3 and 4.4 hereof calculated on the number of Lots Declarant owns.

- b. The annual Assessments for the first Assessment year shall be fixed by the Association prior to the sale of the first Lot to an Owner. Except for the first Assessment year, the Association shall fix the amount of the annual Assessment at least thirty (30) days in advance of each Assessment year, which shall be the calendar year; provided, however, that the Association shall have the right to adjust the regular annual Assessment upon thirty (30) days written notice given to each Owner, as long as any such adjustment does not exceed the maximum permitted pursuant to Section 4.3 hereof. Written notice of the regular annual Assessment shall be sent as soon as is practicable to every Owner subject thereto. The Association shall, upon demand at any time, furnish a certificate in writing signed by an officer or Director of the Association setting forth whether the annual and special Assessments on a specified Lot have been paid and the amount of any delinquency. A reasonable charge may be made by the Association for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid.
- c. No Owner may exempt himself from liability for Assessments by waiver of the use or enjoyment of any portion of the Development or by abandonment of his Home.

4.8 EFFECT OF NON-PAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION

- a. All payments of the Assessments shall be made to the Association at its principal place of business in Dallas County, Texas, or at such other place as the Association may otherwise direct or permit. Payment shall be made in full regardless of whether any Owner has any dispute with Declarant, the Association, any other Owner or any other person or entity regarding any matter to which this Declaration relates or pertains. Payment of the Assessments shall be both a continuing affirmative covenant personal to the Owner and a continuing covenant running with the Property.
- b. Any Assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such Assessment is not paid within thirty (30) days after the date of delinquency, *the Association may assess a \$50 delinquency fee. An additional \$50 delinquency fee may be assessed for each additional 30 day period that the Assessment has not been paid.* The Association may, at its option, bring an action at law against the Owner personally obligated to pay the same; or, upon compliance with the notice provisions hereof, foreclose the lien against the Lot as provided in Subsection 4.8d hereof. There shall be added to the amount of such Assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is

obtained, such judgment shall include a reasonable attorney's fee, together with costs of action. Each Owner vests in the Association or its assigns, the right and power to bring all actions at law or in equity foreclosing such lien against such Owner, and the expenses incurred in connection therewith, including costs and reasonable attorney's fees shall be chargeable to the Owner in default. Under no circumstances, however, shall Declarant or the Association be liable to any Owner or to any other person or entity for failure or inability to enforce or attempt to enforce any Assessments.

- c. No action shall be brought to foreclose said Assessment lien or to proceed under the power of sale herein provided less than thirty (30) days after the date a notice of claim of lien is deposited with the postal authority, certified or registered, postage prepaid, to the Owner or said Lot, and a copy thereof is recorded by the Association in the Office of the County Clerk of Denton County; said notice of claim must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which may, at the Association's option, include interest on the unpaid Assessment at the legal rate, plus reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the Association.
- d. Any such sale provided for above is to be conducted in accordance with the provisions applicable to the exercise of powers of sale in mortgages and deeds of trust, as set forth in Section 51.002 of the Property Code of the State of Texas, or in any other manner permitted by law. Each Owner, by accepting a deed to his Lot, expressly grants to the Association a power of sale, as set forth in said Section 51.002 of the Property Code, in connection with the Assessment lien. The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.
- e. Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the officers of the Association are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association but not to exceed the actual cost of preparing and filing or recording the lien and the release.
- f. The Assessment lien and the right to foreclosure sale hereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its successors or assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid Assessments, as above provided.

4.9 SUBORDINATION OF THE LIEN TO FIRST LIEN MORTGAGES

The lien securing the Assessments provided for herein shall be subordinate to the lien of any first lien mortgage. The sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any first lien mortgage, pursuant to a decree of foreclosure or a non-judicial foreclosure under such first lien mortgage or any proceeding

in lieu of foreclosure thereof, shall extinguish the lien of such Assessments as to payments thereof which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any Assessment thereafter becoming due; according to the terms herein provided.

4.10 MANAGEMENT AGREEMENTS

The Association shall be authorized to enter into management agreements with third parties in connection with the operation and management of the development and the performance of its obligations hereunder. A copy of all such agreements shall be available to each Owner. Any and all management agreements entered into by the Association shall provide that said management agreement may be canceled with or without cause and without penalty by either party with thirty (30) days written notice. Any and all management agreements shall be for a term not to exceed one (1) year and shall be made with a professional and responsible party or parties with proven management skills and experience managing a project of this type. The Association may terminate the professional management of the Property and assume self management by the Association.

4.11 INSURANCE REQUIREMENTS

The Association through the Board of Directors, or its duly authorized agent, shall obtain insurance policies covering the Areas of Common Responsibility and Open Space and covering all damage or injury caused by negligence of the Association, any of its employees, officers, directors and/or agents, commercial general liability insurance, directors and officers liability insurance, and such other insurance as may from time to time be deemed necessary or appropriate.

4.12 TRANSFER FEE

A \$25.00 transfer fee will be assessed at the time of closing of the sale of a home. This fee is to offset the cost of preparing and mailing documents for loan closing of the seller. The paperwork for this transaction ensures full payment of all dues on the property prior to the close of the sale.

ARTICLE V

ARCHITECTURAL REVIEW

No building, fence, wall, parking area, hedge, mass planting, pole, mail box, driveway, fountain, pond, tennis court, sign, exterior illumination, change in exterior color or shape, or other structure shall be commenced, erected or maintained upon any Lot, or the patio or garage used in connection with any Lot after the purchase of any Lot from Declarant, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same are submitted to and approved in writing by the Architectural Review Committee (the "Committee") composed of three (3) representatives appointed by Declarant (during such time Declarant owns any Lots) and thereafter by the Association. Plans and specifications shall be submitted to the Committee at least fourteen (14) days prior to the commencement of any construction. The following shall be submitted for approval: a site plan showing the entire Lot with all improvements, and floor plans and elevations of all faces of the structure; and a description of all exterior construction materials. Copies of the above described plans and specifications shall be retained by Declarant. The Committee shall review the plans and specifications and notify the Owner in writing of its approval or disapproval. If said Committee fails to approve or disapprove said plans and specifications within fourteen (14) days after the same has been submitted to it, *the Owner must secure a response*. Any disapproval shall set forth the elements disapproved and the reason or reasons thereof, but need not contain suggestions as to methods of curing any matters or things disapproved. The judgment of the Committee in this respect in the exercise of its sole and absolute discretion shall be final and conclusive and the Owner shall promptly correct the plans and specifications (if disapproved) and resubmit them for approval. No construction, alteration, change or modification shall commence until approval of the Committee is obtained. The Committee may approve any deviation from these covenants and restrictions as the Committee, in its sole and absolute discretion, deems consistent with the purpose hereof. No member of the Committee shall be liable to any Owner for any claims, causes of action or damages arising out of the grant of any deviation to an Owner. Future request for deviations submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a deviation to any Owner shall not constitute a waiver of the Committee's rights to strictly enforce the Declaration and the architectural standards provided herein against any other Owner. Approval by the Committee of the plans and specifications or its determination that the completed building, fence or other structure has been constructed in accordance with the plans and specification shall be deemed to be an acknowledgment by the Committee that such are in accordance with these covenants and restrictions and such acknowledgment shall be binding against the Owners of the Lots and the Property. Until Declarant no longer owns a Lot, as vacancies in the Committee occur by resignation or otherwise, successor members shall be appointed by Declarant. Thereafter, the members of the Committee shall be selected and appointed by the Board of Directors of the Association. In the event that such Directors fail to designate members of the Committee within thirty (30) days after any vacancies appear thereon, then the remaining members of the Committee shall be entitled to appoint a successor to fill any vacancies. Members

of the Committee may at any time and without cause, be removed by Declarant, or following the date referred to above, by the Board of Directors of the Association. Neither the Declarant, the Association, the Board, the Committee nor any employees, officers, directors or members thereof shall be liable in damages or otherwise to anyone submitting plans and specifications for approval or to any Owner affected by this Declaration by reason of mistake of judgment, negligence or nonfeasance arising out or in connection with the approval or disapproval or failure to approval or disapprove any plans or specifications. Any errors in or omissions from the plans or the site plan submitted to the Committee shall be the responsibility of the Owner of the Lot to which the improvements relate, and the Committee shall have no obligation to check for errors in or omissions from any such plans, or to check for such plans' compliance with the general provisions of this Declaration, City codes, state statutes or the common law, whether the same relate to Lot lines, building lines, easements or any other issue. Notwithstanding anything to the contrary contained herein, once a particular set of plans and specifications submitted by a homebuilder (which for purposes hereof shall be defined as any entity or person in the business of constructing single family residences for the purpose of sale to third parties) has been approved by the Committee or deemed approved, such homebuilder may construct homes in the Subdivision on any lots using such plans and specifications without the necessity of obtaining approvals hereunder, so long as there are no material changes in the plans and specifications.

ARTICLE VI

CONSTRUCTION OF IMPROVEMENTS AND USE OF LOTS

6.1 RESIDENTIAL USE

The Property shall be used for single-family residential purposes only. No building shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single family residence per Lot, which residence may not exceed two (2) stories in height, and a private garage as provided below, which residence shall be constructed to minimum Federal Housing Authority (“FHA”) and Veteran’s Administration (“VA”) standards, unless otherwise approved in writing by the Committee (as hereinafter defined).

6.2 SINGLE-FAMILY USE

Each residence may be occupied by only one family consisting of persons related by blood, adoption or marriage or no more than two (2) unrelated persons living and cooking together as a single housekeeping unit, together with any household servants.

6.3 GARAGE REQUIRED

Each residence shall have a garage suitable for parking a minimum of two (2) standard size automobiles, which garage conforms in design and materials with the main structure. Garage locations may vary, with the written approval of the Committee.

6.4 RESTRICTIONS ON RESUBDIVISION

None of the Lots shall be subdivided into smaller Lots.

6.5 DRIVEWAYS

All driveways shall be surfaced with concrete or similar substance approved by the Committee.

6.6 USES SPECIFICALLY PROHIBITED

- a. No temporary dwelling, shop, trailer or mobile home of any kind or any improvement of a temporary character (except children’s playhouses, dog houses, greenhouses, gazebos and buildings for storage of lawn maintenance equipment, which may be placed on a Lot only in places which are not visible from any street on which the Lot fronts) shall be permitted on any Lot except that the builder or contractor may have temporary improvements (such as a sales office and/or construction trailer) on a given Lot during construction of the residence on that Lot. No building material of any kind or character shall be placed or stored upon the Property until the owner thereof is ready to commence construction of improvements, and then such material shall be placed within the property lines of the Lot upon which the improvements are to be erected.
- b. No boat, marine craft, hovercraft, aircraft, recreational vehicle, pick-up camper, travel trailer, motor home, camper body or similar vehicle or equipment may be parked for storage in the driveway or front yard of any

dwelling or parked on any public street on the Property, nor shall any such vehicle or equipment be parked for storage in the side or rear yard of any residence unless completely concealed from public view. No such vehicle or equipment shall be used as a residence or office temporarily or permanently. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance or repair of a residence in the immediate vicinity.

- c. Trucks with tonnage in excess of one ton and any vehicle with painted advertisement shall not be permitted to park overnight on the Property except those used by a builder during the construction of improvements.
- d. No vehicle of any size which transports inflammatory or explosive cargo may be kept on the Property at any time.
- d. No vehicles or similar equipment shall be parked or stored in an area visible from any street except passenger automobiles, passenger vans, motorcycles, pick-up trucks and pick-up trucks with attached bed campers that are in operating condition and have current license plates and inspection stickers and are in daily use as motor vehicles on the streets and highways of the State of Texas.
- e. No structure of a temporary character, such as a trailer, basement, tent, shack, barn or other out-building shall be used on the Property at any time as a dwelling house; provided, however, that any builder may maintain and occupy model houses, sales offices and construction trailers during the construction period.
- f. No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted in or on the Property, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any part of the Property. No derrick or other structure designed for using in quarrying or boring for oil, natural gas or other minerals shall be erected, maintained or permitted on the Property.
- g. No animals, livestock or poultry of any kind shall be raised, bred or kept on the Property except that dogs, cats or other household pets may be kept for the purpose of providing companionship for the private family. Animals are not to be raised, bred or kept for commercial purposes or for food. It is the purpose of these provisions to restrict the use of the Property so that no person shall quarter on the premises cows, horses, bees, hogs, sheep, goats, guinea fowls, ducks, chickens, turkeys, skunks or any other animals that may interfere with the quietude, health or safety of the community. No more than four (4) pets will be permitted on each Lot. Pets must be restrained or confined on the homeowner's back Lot inside a fenced area or within the house. It is the pet owner's responsibility to keep the Lot clean and free of pet debris. All animals must be properly tagged for identification.
- h. No Lot or other area on the Property shall be used as a dumping ground for rubbish or a site for the accumulation of unsightly materials of any kind,

including without limitation, broken or rusty equipment, disassembled or inoperative cars and discarded appliances and furniture. Trash, garbage or other waste shall not be kept except in sanitary containers. All containers for the storage or other disposal of such material shall be kept in clean and sanitary condition. Materials incident to construction of improvements may be stored on Lots during construction so long as construction progresses without undue delay.

- i. No individual water supply system shall be permitted on the Property.
- j. No individual sewage disposal system shall be permitted on the Property.
- k. No garage, garage house or other out-building (except for sales offices and construction trailers during the construction period) shall be occupied by any Owner, tenant or other person prior to the erection of a residence.
- l. No air-conditioning apparatus shall be installed on the ground in front of a residence. No air-conditioning apparatus shall be attached to any front wall or window of a residence. No evaporative cooler shall be installed on the front wall or window of a residence.
- m. Except with the written permission of the Committee, no antennas, discs or other equipment for receiving or sending sound or video messages shall be permitted in or on the Property except antennas for AM or FM radio reception and UHF and VHF television reception. All antennas shall be located inside the attic of the main residential structure except that, with the written permission of the Committee, one (1) antenna may be permitted to be attached to the roof of the main residential structure and to extend above said roof a maximum of five (5) feet and one (1) satellite disc or other instrument or structure may be placed in the backyard so long as it is completely screened from view from any street, alley, park or other public area.
- n. No Lot or improvement shall be used for business, professional, commercial or manufacturing purposes of any kind. No activity, whether for profit or not, shall be conducted which is not related to single family residential purposes. No noxious or offensive activity shall be undertaken on the Property, nor shall anything be done which is or may become an annoyance or nuisance to the neighborhood. Nothing in this subparagraph shall prohibit a builder's temporary use of a residence as a sales office until such builder's last residence on the Property is sold. Nothing in this subparagraph shall prohibit an Owner's use of a residence for quiet, inoffensive activities such as tutoring or giving art lessons so long as such activities do not materially increase the number of cars parked on the street or interfere with adjoining homeowners' use and enjoyment of their residences and yards.
- o. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between three (3) and six (6) feet above the roadway shall be placed or permitted to remain on any corner Lot within the triangular area formed by the Street right-of-way lines and a line connecting them at points ten (10) feet from the intersection of the street right-of-way lines, or in the

case of a rounded property corner, from the intersection of the street right-of-way lines as extended. The same sight-line limitations shall apply on any Lot within ten (10) feet from the intersection of a street right-of-way line with the edge of a private driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

- p. Except for children's playhouses, dog houses, greenhouses, gazebos and buildings for storage of lawn maintenance equipment, no building previously constructed elsewhere shall be moved onto any Lot, it being the intention that only new construction be placed and erected thereon.
- q. Within easements on each Lot, no structures, planting or materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, which may change the direction of flow within drainage channels or which may obstruct or retard the flow of water through drainage channels.
- r. The general grading, slope and drainage plan of a Lot may not be altered without the approval of the City and other appropriate agencies having authority to grant such approval.
- s. No sign of any kind shall be displayed to the public view on any Lot except one (1) professional sign of not more than one (1) square foot, one (1) sign of not more than five (5) square feet advertising the property for rent or sale, or signs used by a builder to advertise the property during the construction and sales period. Declarant or its agents shall have the right 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.
- t. The drying of clothes in full public view is prohibited. The owners and occupants of any Lots at the intersections of streets or adjacent to parks, playgrounds or other facilities where the rear yard is visible to full public view shall construct a drying yard or other suitable enclosure to screen from public view the equipment which is incident to normal residences, such as clothes drying equipment, yard equipment and storage piles.
- u. Except within fireplaces in the main residential dwelling and except for outdoor cooking, no burning of anything shall be permitted anywhere on the Property.

6.7 MINIMUM FLOOR AREA

The total air-conditioned living area of the main residential structure, as measured to the outside of exterior walls but exclusive of open porches, garages, patios and detached accessory buildings, shall be not less than one thousand four hundred fifty (1,450) square feet or the minimum habitable floor area as specified by the City, whichever is the greater.

6.8 BUILDING MATERIALS

The total exterior wall area (excluding windows, doors and gables) of each building constructed or placed on a lot shall be not less than Seventy Percent (70%) (or such higher percentage as may be required by the City) brick, brick veneer, stone, stone veneer, masonry or other material approved by the Committee. Windows, doors, openings, gables or other areas above the height of the top of standard height first-floor windows are excluded from the calculation of the total exterior wall area. Roofing shall be of a substance acceptable to the City, the FHA, the VA and the Committee and shall have a minimum 6' to 12' roof pitch on the major portions of the building.

6.9 SIDE LINE AND FRONT LINE SETBACK RESTRICTIONS

No dwelling shall be located on any Lot nearer to the front lot line or nearer to the side lot line than the minimum setback lines shown on the Subdivision Plat or required by the City.

6.10 WAIVER OF FRONT SETBACK REQUIREMENTS

With the written approval of the Committee, any building may be located further back from the front property line of a lot than provided above, where, in the opinion of the Committee, the proposed location of the building will add to the appearance and value of the Lot and will not substantially detract from the appearance of the adjoining Lots.

6.11 FENCES AND WALLS

Any fence or wall must be constructed of masonry, brick, wood or other material approved by the Committee. No fence or wall shall be permitted to extend nearer to any street than the front of any residence. However, all side yard fencing on corner Lots shall run parallel to the curb, shall not extend beyond a point of five (5) feet behind the front of the residence on that side, and shall be set back from the side property line abutting the street as follows:

- a. Lots 14, 15 and 38, Block A; Lots 1, 6, 12, 15, 21 and 32, Block B; and Lots 12 and 13, Block C: The side yard fence shall be set back at least ten (10) feet from the side property line abutting the street.
- b. Lots 1 and 44, Block A and Lots 1 and 28, Block C: The side yard fence shall be set back at least one (1) foot from the side property line abutting the street.

No portion of any fence shall extend eight (8) feet in height. Any fence or portion thereof that faces a public street shall be so constructed so that all structural members and posts will be on the side of the fence away from the Street so that they are not visible from any public right-of-way.

6.12 SIDEWALKS

All sidewalks shall conform to the City, FHA and VA specifications and regulations.

6.13 MAILBOXES

Mailboxes shall be standardized and shall be constructed of a material and design approved by the Committee (unless gangboxes are required by the U.S. Postal Service).

6.14 CHIMNEY FLUES

Chimney flues on exterior walls that are visible from the street shall be enclosed One Hundred Percent (100%) in brick except for that side of the chimney that faces the roof.

6.15 WINDOWS

Windows jambs and mullians shall be composed of anodized aluminum or wood. Street-front elevations shall have baked-on painted aluminum divided light windows (no mill finish).

6.16 LANDSCAPING

The landscaping of each Lot shall be completed within sixty (60) days, subject to extension for delays caused by inclement weather, after the Home is finished and shall include grass front and side yards, a minimum of eight (8) two (2) gallon shrubs, and a minimum of two (2) two-inch (2") caliper trees.

6.17 GENERAL MAINTENANCE

- a. Following occupancy of the Home upon any Lot, each Owner shall maintain and care for the Home, all improvements and all trees, foliage, plants, and lawns on the Lot and otherwise keep the Lot and all improvements thereon in good condition and repair and in conformity with the general character and quality of properties in the immediate area, such maintenance and repair to include but not be limited to: (i) the replacement of worn and/or rotten parts; (ii) the regular painting of all surfaces; (iii) the maintenance, repair and replacement of roofs, rain gutters, downspouts, exterior walls, windows, doors, walks, driveways, parking areas and other exterior portions of the improvements in an attractive manner; and (iv) regular mowing and edging of lawn and grass areas so as to maintain the Lot in a neat and attractive manner. Upon failure of any Owner so to maintain any such Lot owned by him, the Declarant or the Association, or either of them, may, at its option, enter upon such Owner's Lot and undertake to maintain and care for such Lot to the condition required hereunder and the Owner thereof shall be obligated, when presented with an itemized statement, to reimburse said Declarant and/or Association for the cost of such work. This provision, however, shall in no manner be construed to create a lien in favor of any party on any Lot for the cost or charge of such work or the reimbursement for such work.
- b. The Owners of Lots 1 through 7, inclusive, of Block C of the Property as shown on the Subdivision Plat shall maintain, repair and replace the screening fence located along the northern boundary of such lots in good condition and repair. If the Owners fail to maintain such items as required pursuant to the provisions of this paragraph and such failure continues uncured for a period of ten (10) days following written notice thereof from the Association or the Declarant, the Association or the Declarant, or either of them, may, at its option, enter upon such Owner's Lot and undertake to maintain, repair and replace such items, and the defaulting Owner shall be obligated, when presented with an itemized statement, to reimburse the Association and/or the Declarant for all costs incurred in connection therewith and such costs shall be

deemed additional Assessments payable by such Lot Owner, and shall be secured by a lien against the Lot of the defaulting Owner which shall have all of the same attributes and may be enforced in the same manner as liens for Assessments as provided herein.

- c. The Association shall maintain, repair and replace the Areas of Common Responsibility.

ARTICLE VII

GENERAL PROVISIONS

7.1 EASEMENTS

Easements for the installation and maintenance of utilities and drainage facilities shall be reserved as shall be shown on the Subdivision Plat. Easements are also reserved for the installation, operation, maintenance and ownership of utility service lines from the property lines to the residences. Declarant reserves the right to make changes in and additions to the above easements for the purpose of most efficiently and economically installing improvements.

7.2 ENFORCEMENT

The Declarant, Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the By-Laws and Articles of Incorporation. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. With respect to any litigation hereunder, the prevailing party shall be entitled to recover reasonable attorneys' fees from the nonprevailing party.

7.3 SEVERABILITY

Invalidation of any one (1) of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

7.4 TERM

The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by Declarant during the time it owns any Lots, the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless by vote the then Owners of 67% of the Lots and the City agree in writing to terminate or change this Declaration in whole or in part and such writing is recorded in the Real Property Records of Denton County, Texas.

7.5 AMENDMENT

- a. This Declaration may be amended or modified upon the express written consent of at least *fifty-one (51%)* of the outstanding votes (determined pursuant to Section 3.2 hereof) held by Members at a meeting at which a quorum is present. If the proposed amendment involves a modification of any of the Association's agreements, covenants or restrictions pertaining to the use, maintenance, operation, maintenance and/or supervision of any Areas of Common Responsibilities, the approval of the City must also be obtained for such amendment. Any and all amendments, if any, shall be recorded in the

office of the County Clerk of Denton County, Texas. Notwithstanding the foregoing, Declarant shall have the right to execute and record amendments to this Declaration without the consent or approval of any other party if the sole purpose of the amendment is for the purpose of correcting technical errors or for purposes of clarification.

- b. The Declarant intends that this Declaration may be amended to comply (if not in compliance) with all requirements of the Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), VA and FHA. Notwithstanding anything to the contrary contained herein, if this Declaration does not comply with FHLMC, FNMA, VA or FHA requirements, the Board and/or the Declarant shall have the power in its discretion (on behalf of the Association and each and every Owner) to amend the terms of this Declaration or to enter into any agreement with FHLMC, FNMA, VA, and FHA, or the respective designees, reasonably required by FHLMC, FNMA, VA or FHA to allow this Declaration to comply with such requirements. Should the FHLMC, FNMA, VA or FHA subsequently delete any of their respective requirements which necessitate any of the provisions of this Declaration or make any such requirements less stringent, the Board and/or the Declarant, without approval of the Owners, may cause an amendment to this Declaration to be executed and recorded to reflect such changes.

7.6 GENDER AND GRAMMAR

The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, in all cases shall be assumed as though fully expressed in each case.

7.7 ENFORCEMENT

Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity, including, without limitation, an action for injunctive relief, it being acknowledged and agreed that a violation of the covenants, conditions and restrictions contained herein could cause irreparable injury to Declarant and/or the other Owners and that the Declarant's and/or the other Owner's remedies at law for any breach of the Owners' obligations contained herein would be inadequate. Enforcement may be commenced by the Association, the Declarant, or any Owner against any person or persons violating or attempting to violate them; and failure by the Association, the Declarant or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

7.8 NOTICES TO MEMBER/OWNER

Any notice required to be given to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly delivered when deposited in the United States Mail, postage prepaid, addressed to the last known address of the person

who appears as Member or Owner on the records of the Association at the time of such mailing.

7.9 HEADINGS

The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration. Words of any gender used herein shall be held and construed to include any other gender and words in the singular shall be held to include the plural and visa versa unless the context requires otherwise.

7.10 FORMATION OF ASSOCIATION: INSPECTION OF DOCUMENTS, BOOKS AND RECORDS

The Association shall be formed by Declarant as a non-profit corporation in accordance with the laws of the State of Texas. Management and governance of the Association shall be implemented and/or undertaken in accordance with its Articles of Incorporation, in accordance with this Declaration, and in accordance with the Bylaws which shall be adopted by the Association following its formation. The Association shall make available copies of the Declaration, Bylaws, Articles of Incorporation, rules and regulations governing the Association as well as the books, records and financial statements of the Association for inspection by Owners or any Mortgagee during regular business hours or other reasonable times.

7.11 INDEMNITY

The Association shall indemnify, defend and hold harmless the Declarant, the Board, the Committee and each director, officer, employee and agent of the Declarant, the Board and the Committee from all judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses (including attorneys' fees) incurred by such indemnified person under or in connection with this Declaration or the Property to the fullest extent permitted by applicable law. Such indemnity to include matters arising as a result of the sole or concurrent negligence of the indemnified party, to the extent permitted by applicable law.

7.12 FHA/VA APPROVAL REQUIREMENT

As long as there remains any Class B membership and any first lien mortgage is in effect with respect to any Lot which is insured by FHA or VA, the following actions shall require prior approval of FHA or VA (to the extent such approval is required under the then applicable FHA or VA regulations): amendment of the Articles of Incorporation, Declaration or Bylaws; annexation of additional property; mortgaging or dedication of the Open Space; and dissolution of the Association.

7.13 FAILURE OF ASSOCIATION TO PERFORM DUTIES

Should the Association fail to carry out its duties as specified in this Declaration, the City or its lawful agents shall have the right and ability, after due notice to the Association, to remove any landscape systems, features or elements that are the responsibility of and cease to be maintained by the Association; to perform the responsibilities of the Association if the Association fails, to do so in compliance with any of the provisions of this Declaration or of any applicable City codes or regulations; to assess the Association

EXHIBIT "A"

SHADOW RIDGE PHASE I

BEING a tract of land situated in the W. H. Gibson Survey, Abstract No. 464, Town of Flower Mound, Denton County, Texas and being part of a 256.56 acre tract described in a Special Warranty Deed from NCNB Texas National Bank, a National Banking Association to Longhorn Development Company, a Delaware corporation, recorded in Volume 2916, Page 134, Real Property Records, Denton County, Texas, and being more particularly described as follows:

BEGINNING at a 1-inch re-bar found at the intersection of the west right—of-way line of Strait Lane (a 64-foot right-of-way) and the northwest right-of-way line of Lexington Avenue (an 80-foot right-of-way); said point being the beginning of a curve to the left having a central angle of $48^{\circ} 36' 40''$, radius of 690.00 feet, a tangent of 311.63 feet, and a chord bearing and distance of $S 49^{\circ} 42' 16'' W$, 568.01 feet;

THENCE in a southwesterly direction along said curve to the left and along the northwest right-of-way line of said Lexington Avenue, an arc distance of 585.41 feet to a 1-inch re-bar found at the end of said curve;

THENCE $S 25^{\circ} 23' 56'' W$, continuing along the northwest right-of-way line of said Lexington Avenue, a distance of 855.80 feet to a 1-inch re-bar found at the beginning of a curve to the left having a central angle of $25^{\circ} 37' 35''$, a radius of 465.00 feet, a tangent of 105.76 feet, and a chord bearing and distance of $S 12^{\circ} 35' 09'' W$, 206.25 feet;

THENCE along said curve to the left and along the northwest right-of-way line of said Lexington Avenue, an arc distance of 207.98 feet to a 1-inch re-bar found at the southeast corner of a 3.727 acre tract described in a Quitclaim Deed to Bob Rhuedasil, recorded in Volume 1239, Page 483, Real Property Records, Denton County, Texas;

THENCE $N 03^{\circ} 09' 39'' W$, departing said Lexington Avenue and along the east line of said 3.727 acre tract, a distance of 631.69 feet to a 1/2-inch re-bar found at the northeast corner of said 3.727 acre tract;

THENCE $S 86^{\circ} 15' 35'' W$, along the north line of said 3.727 acre tract, a distance of 260.25 feet to a 1-inch re-bar found in the east line of Flower Mound Farms Addition, an addition to the Town of Flower Mound, recorded in Volume 4, Page 46, Map Records, Denton County, Texas;

THENCE $N 03^{\circ} 09' 39'' W$, along the east line of said Flower Mound Farms Addition, a distance of 1547.13 feet to a 1-inch re-bar found for corner;

THENCE $N 87^{\circ} 15' 42'' E$, passing at 28.57 feet a 2-inch iron pipe found at the southwest corner of a 1 acre tract described in Warranty Deed to J. V. Dyer, Trustee, Murrell Cemetery of the County of Denton, recording in Volume 359, Page 153, and continuing along the south line of said 1 acre tract a total distance of 414.97 feet to a 2-inch iron pipe found at the southeast corner of said 1 acre tract;

THENCE $N 01^{\circ} 48' 20'' W$, along the east line of said 1 acre tract, a distance of 112.56 feet to a 1-inch re-bar found at the northeast corner of said 1 acre tract and the southwest

corner of a 2.00 acre tract described in a Warranty Deed to Flower Mound Cemetery Association, recorded in Volume 516, Page 224;

THENCE N 88° 06' 10" E, along the south line of said 2.00 acre tract, a distance of 174.94 feet to a 5/8—inch re-bar found at the southeast corner of said 2.00 acre tract;

THENCE N 03° 08' 50" W, along the east line of said 2.00 acre tract, a distance of 170.88 feet to a 1-inch re-bar found in the west right-of-way line of Strait Lane (an 80-foot right-of-way at this point);

THENCE S 12° 14' 15" E, along the west right-of-way line of said Strait Lane, a distance of 50.64 feet to a 1-inch re-bar found at the beginning of a non-tangent curve to the left having a central angle of 50° 52' 53", a radius of 282.00 feet, a tangent of 134.15 feet, and a chord bearing and distance of S 28° 35' 16" E, 242.28 feet; said point being at the south end of a right-of-way width transition from 80-foot right-of-way to a 64-foot right-of-way;

THENCE in a southeasterly direction along said curve to the left and along the southwest right-of-way line of said Strait Lane, an arc distance of 250.43 feet to a 1-inch re-bar found at the end of said curve;

THENCE S 54° 01' 43" E, continuing along the southwest right-of-way line of said Strait Lane, a distance of 381.07 feet to a 1-inch re-bar found at the beginning of a curve to the right having a central angle of 57° 57' 32", a radius of 401.34 feet, a tangent of 222.28 feet, and a chord bearing and distance of S 25° 02' 57" E, 388.89 feet;

THENCE in a southeasterly direction along said curve to the right and continuing along the southwest right-of-way line of said Strait Lane, an arc distance of 405.98 feet to a 1-inch re-bar found at the end of said curve;

THENCE S 03° 55' 49" W, continuing along the west right-of-way line of said Strait Lane, a distance of 13.20 feet to a 1-inch re-bar found at the beginning of a curve to the left having a central angle of 20° 56' 31", a radius of 492.00 feet, a tangent of 90.93 feet, and a chord bearing and distance of S 06° 32' 26" E, 178.83 feet;

THENCE in a southerly direction along said curve to the left and continuing along the west right-of-way line of said Strait Lane, an arc distance of 179.83 feet to a 1-inch iron re-bar found at the end of said curve;

THENCE S 17° 00' 41" E, continuing along the west right-of-way line of Strait Lane, a distance of 100.74 feet to the POINT OF BEGINNING and CONTAINING 35.5161 acres of land.

APPENDIX

REVISION HISTORY

Article: IV

Title: Covenant for Assessments

Section: 4.3 Basis and Maximum of Annual Assessments

Date Revised: June 23, 1998

Amendment:

a. Until January 1st of the year next following the Conveyance of the first lot to an Owner, the regular maximum annual Assessment shall be one hundred fifty-six (\$156.00) per Lot.

b. Any increase over and above 10% of the previous year's regular annual assessment shall be done only by the prior written approval of fifty-one percent (51%) of the outstanding votes (determined pursuant to Section 3.2 hereof) held by Members at a meeting at which a quorum is present.

Article: IV

Title: Covenant for Assessments

Section: 4.4 Special Assessments

Date Revised: June 23, 1998

Amendment: In addition to the regular annual Assessment authorized above, the Association may levy, in any assessment year, special Assessment applicable that year only, for the purpose of defraying, in whole or in part, the costs incurred by the Association pursuant to the provisions of this Declaration, provided that such Assessment shall have the prior written approval of fifty-one percent (51%) of the outstanding votes determined pursuant to Section 3.2 hereof held by the Members at a meeting at which a quorum is present. Any special Assessment shall be prorated based on the period of time the Owner owns the Lot during such year.

Article: IV

Title: Covenant for Assessments

Section: 4.8 Effect on Non-Payment of Assessment; Remedies of the Association

Date Revised: June 23, 1998

Amendment:

b. Any Assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such Assessment is not paid within thirty (30) days after the date of delinquency, the Assessment shall bear interest from the date of delinquency, until paid, at the rate of 10 percent (10%) per annum. The Association, in addition, may assess a \$25.00 delinquency fee for an Assessment not paid 60 days after the due date. The Association may, at its option, bring action at law against the Owner personally obligated to pay the same; or, upon compliance with the notice provisions hereof, foreclose the lien against the Lot as provided in Subsection 4.8d hereof. There shall be added to the amount of such Assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment is obtained, such judgment shall

include said interest and a reasonable attorney's fee, together with costs of action. Each Owner vests in the Association or its assigns, the right and power to bring all actions at law or in equity foreclosing such lien against such owner, and the expenses incurred in connection therewith, including interest, costs and reasonable attorney's fees shall be chargeable to the Owner in default. Under no circumstances, however, shall Declarant or the Association be liable to any Owner or to any other person or entity for failure or inability to enforce or attempt to enforce any Assessments.

Article: IV

Title: Covenant for Assessments

Section: 4.12 Transfer Fee

Date Revised: June 23, 1998

Amendment: A \$25.00 transfer fee will be assessed at the time of closing of the sale of a home. This fee is to offset the cost of preparing and mailing documents for loan closing of the seller. The paperwork for this transaction ensures full payment of all dues on the property prior to the close of the sale.

Article: V

Title: Architectural Review

Section: N/A

Date Revised: June 3, 1999

Amendment: No building, fence, wall, parking area, hedge, mass planting, pole, mail box, driveway, fountain, pond, tennis court, sign, exterior illumination, change in exterior color or shape, or other structure shall be commenced, erected or maintained upon any Lot, or the patio or garage used in connection with any Lot after the purchase of any Lot from Declarant, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same are submitted to and approved in writing by the Architectural Review Committee (the "Committee") composed of three (3) representatives appointed by Declarant (during such time Declarant owns any Lots) and thereafter by the Association. Plans and specifications shall be submitted to the Committee at least fourteen (14) days prior to the commencement of any construction. The following shall be submitted for approval: a site plan showing the entire Lot with all improvements, and floor plans and elevations of all faces of the structure; and a description of all exterior construction materials. Copies of the above described plans and specifications shall be retained by Declarant. The Committee shall review the plans and specifications and notify the Owner in writing of its approval or disapproval. If said Committee fails to approve or disapprove said plans and specifications within fourteen (14) days after the same has been submitted to it, the Owner must secure a response. Any disapproval shall set forth the elements disapproved and the reason or reasons thereof, but need not contain suggestions as to methods of curing any matters or things disapproved. The judgment of the Committee in this respect in the exercise of its sole and absolute discretion shall be final and conclusive and the Owner shall promptly correct the plans and specifications (if disapproved) and resubmit them for approval. No construction, alteration, change or modification shall commence until approval of the Committee is obtained. The

Committee may approve any deviation from these covenants and restrictions as the Committee, in its sole and absolute discretion, deems consistent with the purpose hereof. No member of the Committee shall be liable to any Owner for any claims, causes of action or damages arising out of the grant of any deviation to an Owner. Future request for deviations submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a deviation to any Owner shall not constitute a waiver of the Committee's rights to strictly enforce the Declaration and the architectural standards provided herein against any other Owner. Approval by the Committee of the plans and specifications or its determination that the completed building, fence or other structure has been constructed in accordance with the plans and specification shall be deemed to be an acknowledgment by the Committee that such are in accordance with these covenants and restrictions and such acknowledgment shall be binding against the Owners of the Lots and the Property. Until Declarant no longer owns a Lot, as vacancies in the Committee occur by resignation or otherwise, successor members shall be appointed by Declarant. Thereafter, the members of the Committee shall be selected and appointed by the Board of Directors of the Association. In the event that such Directors fail to designate members of the Committee within thirty (30) days after any vacancies appear thereon, then the remaining members of the Committee shall be entitled to appoint a successor to fill any vacancies. Members of the Committee may at any time and without cause, be removed by Declarant, or following the date referred to above, by the Board of Directors of the Association. Neither the Declarant, the Association, the Board, the Committee nor any employees, officers, directors or members thereof shall be liable in damages or otherwise to anyone submitting plans and specifications for approval or to any Owner affected by this Declaration by reason of mistake of judgment, negligence or nonfeasance arising out or in connection with the approval or disapproval or failure to approval or disapprove any plans or specifications. Any errors in or omissions from the plans or the site plan submitted to the Committee shall be the responsibility of the Owner of the Lot to which the improvements relate, and the Committee shall have no obligation to check for errors in or omissions from any such plans, or to check for such plans' compliance with the general provisions of this Declaration, City codes, state statutes or the common law, whether the same relate to Lot lines, building lines, easements or any other issue. Notwithstanding anything to the contrary contained herein, once a particular set of plans and specifications submitted by a homebuilder (which for purposes hereof shall be defined as any entity or person in the business of constructing single family residences for the purpose of sale to third parties) has been approved by the Committee or deemed approved, such homebuilder may construct homes in the Subdivision on any lots using such plans and specifications without the necessity of obtaining approvals hereunder, so long as there are no material changes in the plans and specifications.

Article: VII

Title: General Provisions

Section: 7.5 Amendment

Date Revised: June 23, 1998

Amendment:

a. This Declaration may be amended or modified upon the express written consent of at least fifty-one (51%) of the outstanding votes (determined pursuant to Section 3.2 hereof) held by Members at a meeting at which a quorum is present. If the proposed amendment involves a modification of any of the Association's agreements, covenants or restrictions pertaining to the use, maintenance, operation, maintenance and/or supervision of any Areas of Common Responsibilities, the approval of the City must also be obtained for such amendment. 'Any and all amendments, if any, shall be recorded in the office of the County Clerk of Denton County, Texas. Notwithstanding the foregoing, Declarant shall have the right to execute and record amendments to this Declaration without the consent or approval of any other party of the sole purpose of the amendment is for the purpose of correcting technical errors or for purposes of clarification.

Article: IV

Title: Covenant for Assessments

Section: 4.8 Effect on Non-Payment of Assessment; Remedies of the Association

Date Revised: July 31, 2006

Amendment:

b. Any Assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such Assessment is not paid within thirty (30) days after the date of delinquency, the Association may assess a \$50.00 delinquency fee. An additional \$50.00 delinquency fee may be assessed for each additional 30 day period that the Assessment has not been paid. The Association may, at its option, bring action at law against the Owner personally obligated to pay the same; or, upon compliance with the notice provisions hereof, foreclose the lien against the Lot as provided in Subsection 4.8d hereof. There shall be added to the amount of such Assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include a reasonable attorney's fee, together with costs of action. Each Owner vests in the Association or its assigns, the right and power to bring all actions at law or in equity foreclosing such lien against such owner, and the expenses incurred in connection therewith, including costs and reasonable attorney's fees, shall be chargeable to the Owner in default. Under no circumstances, however, shall Declarant or the Association be liable to any Owner or to any other person or entity for failure or inability to enforce or attempt to enforce any Assessments.